

Hong Kong Prospectus – April 2020

# Franklin Sealand China Prospect Mixed Assets Fund

Mainland – Hong Kong Mutual Recognition of Funds

Fund Manager:

**国海富兰克林基金管理有限公司**  
Franklin Templeton Sealand Fund Management Co., Ltd.

Distributor in Hong Kong:

 **FRANKLIN  
TEMPLETON**

# **FRANKLIN SEALAND CHINA PROSPECT MIXED ASSETS FUND**

a fund established pursuant to  
a Fund Contract taking effect from 22 March 2007 (and as amended from time to time)  
between the Fund Manager and the Fund Custodian and regulated under the *Securities  
Investment Funds Law of the People's Republic of China*

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## **HONG KONG COVERING DOCUMENT**

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**This document (herein the “Hong Kong Covering Document”) is supplemental to, forms part of and should be read in conjunction with the prospectus for Franklin Sealand China Prospect Mixed Assets Fund (the “Fund”) as updated from time to time (the “Prospectus”) and the Product Key Facts Statement of the Fund. Unless otherwise provided in this Hong Kong Covering Document, terms defined in the Prospectus shall have the same meaning in this Hong Kong Covering Document.**

February 2020

## IMPORTANT INFORMATION FOR INVESTORS

**If you are in doubt about the contents of the Prospectus, this Hong Kong Covering Document or the Product Key Facts Statement, you should consult your bank manager, legal adviser, accountant or other independent financial adviser.**

Franklin Templeton Sealand Fund Management Co., Ltd., the Fund Manager of the Fund, accepts full responsibility for the accuracy of the information contained in the Prospectus, this Hong Kong Covering Document and the Product Key Facts Statement of the Fund, 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 in these documents misleading. However, neither the delivery of the Prospectus, this Hong Kong Covering Document or the Product Key Facts Statement of the Fund nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained therein is correct as of any time subsequent to the date of publication. These documents may from time to time be updated.

The Fund is an open-ended contract-type investment fund established under a Fund Contract taking effect from 22 March 2007 (and as amended from time to time) between the Fund Manager and the Fund Custodian. The Fund has been registered with and is subject to the on-going supervision of the China Securities Regulatory Commission (“CSRC”).

The Fund has been authorised by the Securities and Futures Commission (“SFC”) in Hong Kong under Section 104 of the Securities and Futures Ordinance of Hong Kong (“SFO”) and is available for sale to the public in Hong Kong. Such authorisation 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 the Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

This Hong Kong Covering Document is prepared for distribution in Hong Kong only. This Hong Kong Covering Document contains additional details of the Fund in connection with its authorisation for distribution in Hong Kong. It must be read in conjunction with the Fund’s latest available Prospectus and the Product Key Facts Statement.

**Units are offered only on the basis of the information contained in the Prospectus, this Hong Kong Covering Document and the Product Key Facts Statement, which are valid only if accompanied by a copy of the latest annual report and, if published thereafter, the latest half-yearly and quarterly report.**

### THE CHINA-HONG KONG MUTUAL RECOGNITION OF FUNDS (“MRF”)

On 22 May 2015, the SFC and the CSRC signed a “*Memorandum of Regulatory Cooperation concerning Mutual Recognition of Funds between the Mainland and Hong Kong*” (the “Memorandum”). The Memorandum provides a framework for mutual recognition of publicly offered funds between the CSRC and the SFC so that these recognised funds may be offered to the public in both markets.

Under the MRF framework, securities investment funds regulated by the CSRC and offered for sale to the public in Mainland China (i.e. the People’s Republic of China, which for the purpose of this Hong Kong Covering Document excludes Hong Kong, Macau and Taiwan) may be authorised by the SFC and offered to the public in Hong Kong, subject to any additional requirements imposed by the SFC.

The Fund is registered with and regulated by the CSRC and has been authorised by the SFC under the SFO pursuant to the terms of the MRF. MRF operates under the following principles:

- a) the Fund meets the prevailing eligibility requirements released by the SFC;
- b) the Fund remains registered with the CSRC and is allowed to be marketed to the public within Mainland China;
- c) the Fund generally operates and is managed in accordance with the relevant laws and regulations in Mainland China and its constitutive documents (i.e. the Fund Contract);
- 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 authorisation, post-authorisation and ongoing compliance, and the sale and distribution of the Fund in Hong Kong; and
- f) during the period the Fund remains authorised by the SFC, the Fund Manager shall ensure Unitholders of both Mainland China 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 Manager confirms that Unitholders of both Mainland China and Hong Kong will receive fair and the same treatment pursuant to (f) above.

The Fund is an MRF fund which is subject to the following eligibility requirements:

- a) the Fund is of an eligible fund type under MRF;
- b) the Fund is established and managed and operates in accordance with Mainland China 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 Funds Law of the People's Republic of China*;
- d) the Fund has been 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 Hong Kong investors shall not be more than 50% of the value of the Fund's total assets.

The Fund Manager is registered and operates in Mainland China in accordance with Mainland China laws and regulations and is licensed by the CSRC to manage publicly offered securities investment funds.

The Fund Custodian is qualified to act as custodian for publicly offered securities investment funds pursuant to Mainland China laws and regulations.

Following SFC authorisation, if the Fund ceases to meet the requirements prescribed by the SFC from time to time, the Fund Manager shall notify the SFC immediately. The Fund may not continue to be marketed to the public in Hong Kong and may not accept new subscriptions.

Investors should note that, when the value of Units in the Fund sold to Hong Kong investors is approaching the 50% limit mentioned in sub-paragraph (g) above, the Fund should notify the SFC in writing immediately, and suspend subscription or apply a fair arrangement to apportion subscription orders until the 50% limit is reached. In these circumstances, there is a risk that Hong Kong investors may not be able to subscribe for the number of Units they desire (or not able to subscribe for any Units at all). For the avoidance of doubt, even if the limit is reached, Hong Kong investors can continue to hold their existing Units in the Fund and such Units will not be compulsorily redeemed.

## **HONG KONG REPRESENTATIVE**

The Hong Kong Representative is Franklin Templeton Investments (Asia) Limited. The Hong Kong Representative has been appointed by the Fund Manager in accordance with the Code on Unit Trusts and Mutual Funds (the “**Code**”). The fees (if any) of the Hong Kong Representative are borne by the Fund Manager.

### Contact details of the Hong Kong Representative:

Address: 17/F Chater House, 8 Connaught Road Central, Hong Kong  
Telephone: (852) 2805 0111

## **ENQUIRIES AND COMPLAINTS**

Investors may contact the Hong Kong Representative for any queries or complaints in relation to the Fund at the Hong Kong Representative’s address as set out in the section headed “**Hong Kong Representative**” above or by phone at (852) 2805 0111 or by electronic mail at [fti-hk@franklintempleton.com](mailto:fti-hk@franklintempleton.com).

The Hong Kong Representative will address any enquiry or complaint verbally or in writing, depending on the nature of such enquiry or complaint, and shall respond as appropriate as soon as reasonably practicable.

## **SERVICES FOR FUND UNITHOLDERS**

Without prejudice to the principle of equal treatment for Mainland China and Hong Kong investors, some of the services mentioned in the Prospectus may not be available to Hong Kong investors (for example, the services set out in the section headed “**XXII. Services for Fund Unitholders**” of the Prospectus). Hong Kong investors should check with authorised distributors for further details. Different authorised distributors may provide different types of services associated with investment in the Fund. Please check with the authorised distributors for details.

## **FURTHER INFORMATION**

Investors may access the website of the Hong Kong Representative at [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk) for further information on the Fund, including the offering documents, notices relating to the Fund, the financial reports and latest Net Asset Value per Unit. This website has not been reviewed by the SFC.

## **SCHEMES NOT AUTHORISED BY SFC**

In relation to fund(s) as set out in the Hong Kong offering documents, the Fund is authorised by the SFC for offering to the public in Hong Kong pursuant to section 104 of the SFO.

**Warning:** Please note that the other fund(s) mentioned in the Hong Kong offering documents may not be authorised 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 authorised by the SFC to the public in Hong Kong unless an exemption under section 103 of the SFO applies. Intermediaries should take note of this.

## **CLASSES OF UNITS FOR HONG KONG INVESTORS**

Only Class H-CNH Units, Class H-USD Units and Class H-HKD Units are available to Hong Kong investors. Hong Kong investors should pay attention to the details and specific features of such Class H-CNH Units, Class H-USD Units and Class H-HKD Units as disclosed in this Hong Kong Covering Document. If there are inconsistencies with the Prospectus concerning any information about Class H-CNH Units, Class H-USD Units and Class H-HKD Units, the disclosure in this Hong Kong Covering Document shall prevail.

Class H-CNH Units, Class H-USD Units and Class H-HKD Units are denominated in RMB, US dollar (USD) and Hong Kong dollars (HKD) respectively. The initial values of Class H-CNH Units, Class H-USD Units and Class H-HKD Units are as follows:

- Class H-CNH Units: RMB1.00
- Class H-USD Units: USD equivalent to RMB1.00
- Class H-HKD Units: HKD equivalent to RMB1.00

The Net Asset Value per Unit for Class H-CNH Units is calculated after the market closes by dividing the Net Asset Value for Class H Units by the total number of the Class H Units in the Fund on the relevant Hong Kong Dealing Day. The Net Asset Values per Unit for Class H-USD and Class H-HKD are calculated by applying the CNH/USD and CNH/HKD exchange rates respectively against the Net Asset Value per Unit for Class H-CNH. Investors should note that any gains or losses arising from such currency conversion as well as currency conversion costs will be borne by Class H as a whole.

Dealing in Class H-CNH Units, Class H-USD Units and Class H-HKD Units will be in accordance with the procedures set out below under “**Dealing and Settlement Procedures in Hong Kong**”.

## **CHANGES AND NOTIFICATION**

Changes to the Fund will be made in accordance with the applicable Mainland China laws and regulations and the provisions of the Fund’s constitutive documents. Such changes shall be effective upon approval by the CSRC or compliance with the appropriate procedures in Mainland China, and thereafter, the changes shall be submitted to the SFC for filing. Changes that concern the eligibility of the Fund under the MRF arrangement (e.g. changes in investment objective, investment strategy or key operators) will generally require the SFC’s prior approval. Also, in respect of certain issues that affect Hong Kong investors only (e.g. change of Hong Kong Representative), the SFC’s prior approval may be required. Unitholders will be notified of the changes pursuant to applicable regulatory requirements. In general, notices (in both English and traditional Chinese) in relation to changes that affect Hong Kong investors will be posted on the Hong Kong Representative’s website at [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk). This website has not been reviewed by the SFC.

The Fund Manager shall take reasonable steps and measures to ensure that notices affecting both Mainland China and Hong Kong investors are dispatched to investors in the Mainland China and Hong Kong at the same time.

## **INVESTMENT OBJECTIVES AND STRATEGIES**

Investors' attention is drawn to the investment objectives, strategies and other details on the Fund's investments in "**Part X. Fund Investment**" of the Prospectus and the KFS.

The Fund's investments will be made in the Mainland China market only. The Fund may invest more than 30% of its Net Asset Value in (i) stocks listed or traded on the ChiNext market; (ii) stocks listed or traded on the Small and Medium Enterprise (SME) board; and/or (iii) stocks listed or traded on the Science and Technology Innovation Board ( "STAR Board" ). The Fund may also invest in urban investment bonds, asset-backed securities (including asset-backed commercial paper) and debt securities which are rated BB+ or below by a Mainland China credit rating agency or unrated.

The total extent of leverage of the Fund will not exceed 40% of the Fund's Net Asset Value and will be in the form of repurchase / reverse repurchase transactions only.

The Fund will not use derivatives for any purposes.

## **ADDITIONAL DISCLOSURE ON SECURITIES LENDING AND/OR REPURCHASE TRANSACTIONS**

The Fund does not engage in securities lending. Prior regulatory approval will be sought and at least one month's prior notice will be given to Unitholders in Hong Kong if there is a change in this policy.

However, provided that the minimum investment requirements for meeting the Fund's investment objective and strategy and the other applicable regulatory requirements are complied with, the Fund may engage in repurchase transactions or reverse repurchase transactions on the exchange market in Mainland China and/or in the interbank market in Mainland China, for up to 40% of the Fund's Net Asset Value.

The Fund will only enter into pledged repurchase / reverse repurchase transactions (i.e. ownership of the underlying bonds as collaterals will not be transferred to the other party but rather the bonds will be in the custody of the securities clearing company until a repayment of the cash lent is made) on both the exchange market and the interbank market in Mainland China.

The repurchase / reverse repurchase transactions may be carried out through the Fund Manager, the Fund Custodian or their connected person, and in such case each of the parties (as the case may be) shall be entitled to retain a fee on a commercial basis, provided that all transactions shall be effected at arm's length and on best available terms (i.e. the fee shall be no greater than the prevailing market rates for a transaction of the same scale and nature) and periodic disclosure (including the fee retained by the Fund Manager, the Fund Custodian or their connected persons) is made in the Fund's annual reports.

In respect of repurchase / reverse repurchase transactions carried out on the exchange market in Mainland China, all such transactions are centrally cleared and settled with China Securities Depository and Clearing Corporation Limited ("**CSDCCL**") which in effect, acts as the sole counterparty to such transactions. Where the Fund enters into repurchase transactions, the Fund will receive cash (i.e. borrow cash) and pledge bonds as collateral. With respect to a reverse repurchase transaction, the Fund will pay cash (i.e. lend out cash) to CSDCCL and is subject to the counterparty risk of CSDCCL and collateral will be pledged by the counterparties borrowing cash from CSDCCL via separate reverse repurchase

transactions in favour of CSDCCL. The collaterals are placed under the custody of CSDCCL and the stock exchanges determine the types of bonds which may be used as collateral. In general, collateral may include government bonds, local government bonds and/or corporate bonds with a credit rating of AA or above as rated by a Mainland Chinese credit rating agency. The stock exchanges also provide prescribed haircut rates for different types of bonds. The collateral is held in specific pledged accounts of CSDCCL and is marked to market daily. Where the value of collateral falls below the secured amount, the relevant participant participating in the relevant transaction is required to deliver additional cash or collateral, failing which CSDCCL has the right to dispose of the existing collateral securities and collect any outstanding amount from the defaulting participant.

Where the Fund carries out repurchase / reverse repurchase transactions in the interbank market in Mainland China, the Fund Manager will take into account the following factors in selecting the counterparties: (a) whether the counterparties satisfy the Fund Manager's prescribed credit rating criteria; (b) the types of licence held by the counterparties such as whether they are dealers of government securities or first class market participants; (c) the transaction volume of the individual counterparty; and/or (d) the financial status or strength of the individual counterparty. In a repurchase transaction, the Fund will receive cash (i.e. borrow cash) and pledge bonds as collateral which will be received by and kept under custody of Shanghai Clearing House Co., Ltd. ("**SCH**") or China Central Depository & Clearing Co., Ltd. ("**CCDC**"). With respect to a reverse repurchase transaction, the Fund will pay cash (i.e. lend out cash) and collateral will be pledged by the counterparties borrowing cash via the reverse repurchase transactions in favour of the Fund which will be received by and kept under custody of SCH or CCDC. In respect of reverse repurchase transactions conducted on the interbank market in Mainland China, collateral acceptable to the Fund may include government bonds, local government bonds, central bank bills, commercial bank bonds, non-bank financial institution bonds, corporate bonds, commercial papers and/or mid-term notes. Unlike the reverse repurchase transactions on exchange market, the collateral will not be marked to market daily. The transactions entered into on interbank market are generally on a short-term basis to mitigate the market risk on collateral taken.

Cash received by the Fund from repurchase transactions will be used for liquidity management and re-investment. Given the bonds received as collaterals from reverse repurchase transactions will be placed under the custody of CSDCCL, SCH or CCDC, there will be no re-investment of collaterals and the Fund will not use them as collaterals of other repurchase transactions to acquire cash.

After deduction of costs relating to the management of, and additional administrative work involved in, entering into and monitoring the repurchase / reverse repurchase transactions for the Fund by (i) the security clearing body or financial institution arranging the repurchase / reverse repurchase transactions and (ii) the Fund Manager, the Fund Custodian or their respective agents or delegates, any incremental income generated from repurchase / reverse repurchase transactions will be credited to the account of the Fund.

## **RISK FACTORS**

**Investors should refer to "Part XVIII. Risk Disclosures" 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:**

### **1. Risks associated with the MRF arrangement**

- *Quota restrictions:* The Mainland-Hong Kong Mutual Recognition of Funds (MRF) scheme 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 authorisation 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.
- *Mainland China 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.
- *Different market practices:* Market practices in the Mainland China 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 day when both Mainland China 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.

## **2. Investment risk**

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

## **3. Substantial redemption risk**

- Substantial redemptions may require the Fund Manager to liquidate investments of the Fund rapidly which would adversely affect the Net Asset Value of the Fund, and may result in suspension or delay in redemption process in the worst case. Pursuant to Mainland China regulations, the payment of proceeds of redemption may be deferred by not more than 20 Working Days (as defined in the Prospectus), where a situation of continuous Substantial Redemption (as defined in the Prospectus) occurs.

## **4. Concentration risk / Mainland China market risk**

- The Fund invests primarily in securities related to the Mainland China market and may be subject to additional concentration risk. Investing in the Mainland China market may give rise to different risks including political, policy, tax, economic, foreign exchange, legal, regulatory and liquidity risks.

## **5. RMB currency and conversion risks**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions. There is no guarantee that RMB will not depreciate.
- Investments acquired by the Fund will be denominated in RMB whereas the classes of units of the Fund may be denominated in other currencies which may also be different from the investor's base currency. This may expose unitholders to movements of the exchange rate between the currency of the class of units and the currency in which the assets of the Fund are held.
- All or part of the subscription monies of investors in a non-CNH class of Units will be converted into RMB for investment in underlying securities. It is possible that

there is not sufficient RMB for currency conversion in case of sizeable subscriptions in other currencies. There may thus be a delay in the application of subscription proceeds to the acquisition of investments for the Fund in RMB, which may adversely affect the performance of the Fund.

- The Fund Manager may sell the Fund's investments denominated in RMB and/or convert RMB into non-RMB currency at the applicable exchange rate for payment of redemption proceeds and/or dividends to investors of non-CNH classes of Units. Investors of non-CNH classes may therefore incur currency conversion costs and may suffer losses depending on the exchange rate movements of RMB relative to such non-RMB currency.
- On the other hand, investors of the H-CNH class may not receive RMB upon redemption of investments and/or dividend payment or such payment may be delayed due to the exchange controls and restrictions applicable to RMB.

## **6. Mainland China equity risk**

- *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 China equity markets 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.
- *Policy risk:* Securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. 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.
- *High valuation risk:* The stocks listed on the Mainland China stock exchanges may have a higher price-earnings ratio; and such high valuation may not be sustainable.
- *Liquidity risk:* Securities markets in Mainland China 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.
- *Risk associated with small-capitalisation / mid-capitalisation companies:* The stock 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.

## **7. Mainland China debt securities risk**

- *Volatility and liquidity risks:* The Mainland China 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.
- *Downgrading risk:* The credit rating of a debt instrument or its issuer may subsequently be downgraded. 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 Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China rating agencies

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 Mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Fund could suffer substantial loss and the Net Asset Value of the Fund could be adversely affected.
- *Risk associated with asset-backed securities:* The Fund may invest in asset-backed securities (including asset-backed commercial papers) which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.
- *Risk associated with debt securities which are rated BB+ or below by a Mainland China credit rating agency or unrated:* The Fund may invest in debt securities rated BB+ or below by a Mainland China 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.

#### **8. Risks associated with the Small and Medium Enterprise (SME) board, ChiNext market and/or the Science and Technology Innovation Board (STAR Board)**

- *Higher fluctuation on stock prices and liquidity risk:* Listed companies on the SME board, ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board.
- *Over-valuation risk:* Stocks listed on SME board, ChiNext and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.
- *Differences in regulation:* The rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main board and SME board.
- *Delisting risk:* It may be more common and faster for companies listed on the SME board, ChiNext market and/or STAR Board to delist. In particular, STAR Board has stricter criteria for delisting compared to other boards. This may have an adverse impact on the Fund if the companies that it invests in are delisted.
- *Concentration risk:* STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Fund to higher concentration risk.  
Investments in the SME board, the ChiNext market and/or STAR Board may result in significant losses for the Fund and its investors.

#### **9. Additional risks associated with the STAR BOARD**

- *Depository receipt special risk:* Depository receipts represent the rights of overseas underlying securities, but the holder does not directly own overseas underlying securities.

- *Systematic risk*: All of STAR Board enterprises are highly recognized by the market and have similar business operation and profit model. Therefore, the correlation of individual stocks of STAR Board is high, and the systemic risk will be more significant when the market performance is poor.
- *Policy risk*: Government's support and attitude on STAR Board and high-tech might change which influence STAR Board a lot. The change in international economics tendency also brings policy influence on STAR Board and strategic emerging industries.

#### **10. Distribution out of capital risk**

- If the net distributable income attributable to the relevant Class H-CNH Units, Class H-USD Units or Class H-HKD Units during the relevant period is insufficient to pay distributions as declared, the Fund Manager may in its discretion determine such dividends to be paid from capital. Investors should note that the payment of distributions out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that. Any distributions involving payment of dividends out of capital of the Class H-CNH Units, Class H-USD Units and Class H-HKD Units will result in an immediate decrease in the Net Asset Value per Unit of the relevant Class H-CNH Units, Class H-USD Units and Class H-HKD Units.

#### **11. Risks relating to repurchase / reverse repurchase transactions**

- The Fund Manager may enter into repurchase / reverse repurchase transactions for the account of the Fund.
- The collateral pledged under the reverse repurchase transactions in the interbank market may not be marked-to-market.
- For repurchase transaction, the Fund may suffer substantial loss as there may be delay and difficulties in recovering the 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.
- For reverse repurchase transactions, the Fund may suffer substantial loss as there may be delay and difficulties in recovering the 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.

#### **12. Taxation risk**

- 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 remaining in the Fund. Investors who have sold/redeemed their interests prior to such change will not be impacted. Investors may be advantaged or disadvantaged depending upon whether and how the gains arising from the disposal of Units and distributions from the Fund will ultimately be taxed and when the investors invest in the Fund. There are certain risks relating to Mainland China tax regime and FATCA, as further described in the section headed "Taxation" below.

### **DEALING AND SETTLEMENT PROCEDURES IN HONG KONG**

For Hong Kong investors, the details on the minimum initial investment, minimum subsequent investment, minimum redemption and the minimum holding in respect of the

Fund are set out below:

<b>Unit Class</b>	<b>Minimum initial investment</b>	<b>Minimum subsequent investment</b>	<b>Minimum redemption</b>	<b>Minimum holding</b>
Class H-CNH Units	RMB0.01	RMB0.01	0.01 unit	Nil
Class H-USD Units	USD20	USD20	100 unit	Nil
Class H-HKD Units	HKD100	HKD100	100 unit	Nil

For the purpose of dealing in Units through authorised distributors, a “**Hong Kong Dealing Day**” shall mean a Working Day (as defined in in the Prospectus) on which banks in Hong Kong and Mainland China are also open for normal banking business. Where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong and Mainland China are open on any day is reduced, such day shall not be a Hong Kong Dealing Day unless the Fund Manager determines otherwise.

Subscription and redemption of Units in Hong Kong take place on each Hong Kong Dealing Day, save for a period of suspension of valuation of and dealing in Units of the Fund set out below under the sub-headed “**Suspension of Valuation and Dealing**” under the section headed “**Net Asset Value**” below.

### ***Subscription Procedures***

Applications by Hong Kong investors may be sent to the authorised distributors. Investors should consult with the relevant authorised distributors for the dealing procedures applicable to dealing through such authorised distributors. The authorised distributors will forward the applications to the Fund Manager.

To purchase Units in the Fund at the Net Asset Value per Unit on a Hong Kong Dealing Day (calculated as of the close of the relevant market), investors should submit a properly documented subscription request to the authorised distributors. To be dealt with on a Hong Kong Dealing Day, a subscription request must be received by an authorised distributor at or before 3 p.m. (Hong Kong time) on the relevant Hong Kong Dealing Day. Where a subscription request is received after 3 p.m. (Hong Kong time), the request will be dealt with on the next following Hong Kong Dealing Day. Units are usually allotted within 2 Hong Kong Dealing Days after the relevant request is accepted.

The number of Units allotted will be calculated by reference to the Net Asset Value per Unit on a Hong Kong Dealing Day, after taking into account the subscription fee.

Investors must pay subscription proceeds fully to the authorised distributor in cleared funds at the time the subscription request is submitted. Otherwise, the subscription request will be considered invalid and will not be processed. Any late subscription proceeds will be refunded to the investor (without interest after deduction of any bank charges incurred).

Notwithstanding the foregoing, individual authorised distributors may have different dealing arrangements and procedures (including supporting documents and means of transmission of dealing requests) that must be complied with when Units are acquired through such distributors. Investors should consult with the distributors for the dealing procedures applicable to dealing through such distributors. Individual authorised distributors may impose earlier dealing deadlines for receiving instructions for subscriptions. Investors should pay

attention to the arrangements of the authorised distributors concerned.

Hong Kong investors may not switch from the Fund to any other investment funds that have not been authorised by the SFC.

### ***Distribution Restriction***

The Fund is not registered in the United States of America under the Investment Company Act of 1940 (the “1940 Act”). Units of the Fund have not been registered in the United States of America under the Securities Act of 1933. Units made available under this offer may not be directly or indirectly offered or sold in the United States of America or any of its territories or possessions or areas subject to its jurisdiction or to or for the benefit of nationals or residents thereof, unless pursuant to an exemption from registration requirements available under US law, any applicable statute, rule or interpretation. US Persons are not eligible to invest in the Fund. Prospective investors shall be required to declare that they are not a US Person and are not applying for Units on behalf of any US Person. In the absence of written notice to the Fund to the contrary, if a prospective investor provides a non-US address on the application form for investment in the Fund, this will be deemed to be a representation and warranty from such investor that he/she/it is not a US Person and that such investor will continue to be a non-US Person unless and until the Fund is otherwise notified of a change in the investor’s US Person status.

The term “US Person” shall mean any person that is a United States person within the meaning of Regulation S under the United States Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission for this purpose, as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

The Fund is not registered in any provincial or territorial jurisdiction in Canada and Units have not been qualified for sale in any Canadian jurisdiction under applicable securities laws. Units made available under this offer may not be directly or indirectly offered or sold in any provincial or territorial jurisdiction in Canada or to or for the benefit of residents thereof. Prospective investors may be required to declare that they are not a Canadian resident and are not applying for Units on behalf of any Canadian residents. If an investor becomes a Canadian resident after purchasing Units, the investor will not be able to purchase any additional Units.

### ***Redemption Procedures***

To redeem Units in the Fund at the Net Asset Value per Unit on a Hong Kong Dealing Day (calculated as of the close of the relevant market), investors should submit a properly documented request for redemption to the authorised distributors. Investors should consult with the relevant authorised distributors for the dealing procedures applicable to dealing through such authorised distributors. To be dealt with on a Hong Kong Dealing Day, a redemption request must be received by an authorised distributor at or before 3 p.m. (Hong Kong time) on the relevant Hong Kong Dealing Day. Where a redemption request is received after 3 p.m. (Hong Kong time), the request will be dealt with on the next following Hong Kong Dealing Day. Units are usually redeemed within 2 Hong Kong Dealing Days after the relevant request is accepted.

The redemption proceeds to be paid will be calculated by reference to the Net Asset Value per Unit on a Hong Kong Dealing Day, after taking into account the redemption fee.

Notwithstanding the foregoing, individual authorised distributors may have different dealing

arrangements and procedures (including supporting documents and means of transmission of dealing requests) that must be complied with when Units are redeemed through such distributors. Investors should consult with the distributors for the dealing procedures applicable to dealing through such distributors. Individual authorised distributors may impose earlier dealing deadlines for receiving instructions for redemption. Investors should pay attention to the arrangements of the distributors concerned.

### ***Settlement***

Payment of the subscription monies must be made at the time of application. Payment must be made in the currency of denomination of the relevant Unit Class. No currency exchange service will be available from the Hong Kong Representative or the Fund Manager. Investors should consult with the relevant authorised distributors for the settlement procedures applicable to dealing through such authorised distributors.

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

Proceeds from redemption will be paid in the currency of denomination of the relevant Unit Class to the registered Unitholder by telegraphic transfer usually within 7 Working Days of receipt by the Fund Manager of a properly documented redemption request given to and through the authorised distributor. If the business operation is affected by Force Majeure (as defined in the Prospectus) or an event beyond the control of the Fund Manager, the Fund Registrar or the Fund Custodian, such as regulatory requirements or exchange controls, delay in data transmission on a stock exchange or trading market, failure of communication systems, failure of banks' data exchange systems, the redemption proceeds shall be transferred on the next following Hong Kong Dealing Day, when the Force Majeure event ceases to exist. Pursuant to Mainland China regulations, the payment of proceeds of redemption may be deferred by not more than 20 Working Days, where a situation of continuous Substantial Redemption (as defined in the Prospectus) occurs. All bank charges incurred in making the redemption payment will be borne by the redeeming Unitholder. Investors should check with authorised distributors for further details.

For dealing in Units through authorised distributors investors are advised to obtain further information on settlement from the authorised distributors concerned.

### ***Changes to Dealing and Cut-off Time Arrangements***

Investors should note that there may be changes to the dealing and cut-off time arrangements set out above as a result of market events. Investors should inquire with the Hong Kong Representative or the authorised distributors for the related dealing and cut-off time arrangements.

### ***Changes to Information and Anti-money Laundering Checks***

If there is any change in the information contained in a Unitholder's application form or the Unitholder's personal information or details, the Unitholders should notify the authorised distributors (who in turn will notify the Fund Manager) in writing of any such change and furnish the authorised distributors with such additional documents relating to such change as the authorised distributors or the Fund Manager may request.

In the event of delay or failure to produce any documents or information required for verification of identity or legitimacy of subscription monies, the Fund Manager, the Fund

Custodian and/or the Hong Kong Representative may refuse to accept an application and the subscription moneys relating thereto. Further, they may delay in paying any redemption proceeds if a Unitholder delays in producing or fails to produce any documents or information required for the purposes of verification of identity, and may refuse to make payment to a Unitholder if either of them suspects or is advised that (i) such payment may result in a breach or violation of any anti-money laundering law or other laws or regulations by any person in any relevant jurisdiction; or (ii) such refusal is necessary or appropriate to ensure compliance with any such laws or regulations in any relevant jurisdiction.

## **NOMINEE ARRANGEMENTS AND UNITHOLDER MEETINGS**

For Hong Kong investors, the holding of Units in the Fund will be through the relevant authorised distributors. As such, the authorised distributor will act as nominee and be recorded as the holder of the relevant Units by the Registrar. Therefore, the underlying investors will not be recorded as the holder of the relevant Units.

Each authorised distributor is expected to keep a record of the underlying holders on behalf of whom it holds Units in the Fund.

Because of the nominee arrangement, the relevant authorised distributor will be recorded as holder on the register of the Fund (nominee account holder), and it will be entitled to exercise the rights as a holder of Units (including but not limited to voting rights, the right to take legal action against the Fund Manager and Fund Custodian), instead of the individual underlying investors.

The Fund Manager will communicate details of all Unitholder Meetings such as meeting date, time and the resolutions relating to the Fund to the nominee account holders who are expected to further notify Hong Kong investors such details, together with the voting arrangements as soon as practicable. Hong Kong investors may vote by giving instructions to the nominee account holders. The nominee account holders will consolidate the voting instructions from Hong Kong investors and submit such voting instructions to the Fund Manager. These instructions will be processed pursuant to the provisions of the Fund Contract.

Investors must comply with the arrangements and deadlines specified by their authorised distributors, in order to participate in the voting process in Unitholder Meetings.

Hong Kong investors should consider the above and understand the difference in position as a result of holding Units by way of a nominee arrangement. In particular, Hong Kong investors will exercise their rights in the Fund through a nominee, whereas Mainland China investors holding Units directly are entitled to exercise their rights in the Fund directly.

## **NET ASSET VALUE**

### ***Publication of the Net Asset Value per Unit***

The Net Asset Value per Unit shall be made available on each Hong Kong Dealing Day on the website of the Hong Kong Representative at [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk) in accordance with “**Part XVII. Disclosure of Fund Information**” of the Prospectus. This website has not been reviewed by the SFC.

### ***Suspension of Valuation and Dealing***

Any suspension of the determination of the Net Asset Value of the Fund and the subscription



or redemption of Units of the Fund will be announced as soon as practicable on the website of the Hong Kong Representative at [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk) in accordance with and under the circumstances described in “**Part VIII. Subscription and Redemption of Fund Units**” of the Prospectus. This website has not been reviewed by the SFC. For any suspension or deferral of dealings of the Fund requiring notification to the CSRC, the SFC shall also be notified correspondingly.

Investors should note that the aforesaid website has not been reviewed by the SFC.

## **DISTRIBUTION**

Please refer to the “**Part XIV. Fund Income and Distribution**” of the Prospectus for the distribution policy applicable to Class H-CNH Units, Class H-USD Units and Class H-HKD Units.

The Fund Manager will also have the discretion to determine if and to what extent distributions will be paid out of capital attributable to the relevant Class H-CNH Units, Class H-USD Units or Class H-HKD Units.

The net distributable income attributable to the relevant Class H-CNH Units, Class H-USD Units or Class H-HKD Units during the relevant period may be insufficient to pay distributions as declared. In that circumstance, the Fund Manager may in its discretion determine such dividends be paid from capital. **Investors should note that where the payment of dividends are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount originally invested or capital gains attributable to that, and may result in an immediate decrease in the Net Asset Value of the Class H-CNH Units, Class H-USD Units and Class H-HKD Units and will reduce any capital appreciation for the Unitholders of such Class H-CNH Units, Class H-USD Units and Class H-HKD Units.**

The composition of the distributions in respect of the Class H-CNH Units, Class H-USD Units and Class H-HKD Units (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Hong Kong Representative on request and also on the Hong Kong Representative’s website [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk). Investors should note that the aforesaid website has not been reviewed or authorised by the SFC.

The Fund Manager may amend the dividend policy with respect to payment of distribution out of capital of the Class H-CNH Units, Class H-USD Units and Class H-HKD Units subject to prior regulatory approval and by giving not less than one month’s prior notice to Unitholders.

## **FEES AND EXPENSES**

The attention of prospective investors is drawn to details of the fees and expenses relating to the Fund as set out in the “**Part XV. Fund Expenses and Taxes**” of the Prospectus.

Subscription of Class H-CNH Units, Class H-USD Units and Class H-HKD Units is subject to a subscription fee of up to 5% of the subscription amount. The subscription charge will be retained by the Fund Manager which may in its discretion share this charge with distributors and intermediaries. Redemption of Class H-CNH Units, Class H-USD Units and Class H-HKD Units is subject to a redemption fee of 0.15% of the redemption amount. 100% of the redemption fee shall become the asset of the Fund.

## TAXATION

Investors may refer to the Prospectus for more information on the possible tax implications. Investors should inform themselves of, and where appropriate consult their professional advisors on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Units under the laws of their country of citizenship, residence, or domicile or incorporation.

### Mainland China

#### **(a) 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.

#### **(b) 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. However, the 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 pursuant to the Notice.

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 China tax position with regard

to their investment in the Recognised Mainland Fund.

### Hong Kong

Under current law and practice in Hong Kong, during such time as the Fund remains authorised by the SFC as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance, it is not expected to be subject to any Hong Kong profits tax arising from the carrying on of its activities as described in the Prospectus and this Hong Kong Covering Document.

Profits arising from the disposal or redemption of Units should only be subject to Hong Kong profits tax for Unitholders who carry on a trade, profession or business in Hong Kong, where the profits, not being regarded as capital in nature, arise from such trade or business and are sourced in Hong Kong. Unitholders who do not carry on a trade, profession or business in Hong Kong should not be liable to Hong Kong profits tax in respect of any gains from the disposal or redemption of such Units.

Distributions received by Unitholders from their investments in the Units generally should not be chargeable to tax in Hong Kong (whether by way of withholding or otherwise).

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

No Hong Kong stamp duty will be payable on the issue or transfer or redemption of Units provided the register of the Unitholders is not maintained in Hong Kong.

### Foreign Account Tax Compliance Act

Sections 1471 – 1474 (referred to as “**FATCA**”) of the U.S. Internal Revenue Code of 1986, as amended (“**IRS Code**”) impose rules with respect to certain payments to non-United States persons, such as the Fund, including interest and dividends from securities of U.S. issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the U.S. Internal Revenue Service (“**IRS**”) to identify United States persons (within the meaning of the IRS Code) with interests in such payments. To avoid such withholding on payments made to it, a foreign financial institution (an “**FFI**”), such as the Fund (and other investment funds organised outside the U.S.), generally will be required to register with the US IRS directly to obtain a global intermediary identification number (“**GIIN**”) and enter into an agreement (an “**FFI Agreement**”) with the U.S. IRS under which it will agree to identify its direct or indirect account holders who are United States persons and report certain information concerning such account holders to the U.S. IRS.

In general, an FFI which does not enter into an FFI Agreement or is not otherwise exempt will face a 30% withholding tax on all “withholdable payments” derived from U.S. sources, including dividends, interest and certain derivative payments made on or after 1 July 2014. In addition, starting from 1 January 2019 gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating U.S. source dividends or interest will be treated as “withholdable payments.”

Many governments have entered or will enter into an Inter-governmental Agreement (“**IGA**”) with the United States on FATCA compliance. The PRC government has not entered into an IGA with the United States as of the date hereof, although it has reached an agreement in substance with the United States as of 30 June 2014 and is treated as having a Model 1 IGA in place.

As of the date hereof, the Fund Manager has registered with the IRS as a sponsoring entity for funds under its management and has obtained its GIIN, and has agreed to perform, on behalf of the sponsored investment entities, all due diligence, reporting and other relevant FATCA requirements. For FATCA purposes, the Fund, as a sponsored investment entity, will be considered as a registered deemed compliant FFI sponsored by the Fund Manager. The Fund will rely on the Fund Manager performing the relevant FATCA requirements for the purpose of complying with FATCA.

The Fund will endeavour to satisfy the requirements imposed under FATCA to avoid any withholding tax. In the event that the Fund is not able to comply with the requirements imposed by FATCA and the Fund does suffer U.S. withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Fund may be adversely affected and the Fund may suffer significant loss as a result.

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund being subject to withholding tax under FATCA, the Fund Manager on behalf of the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, (i) reporting the relevant information of such Unitholder to the relevant authorities; and/or (ii) withholding or deducting from such Unitholder's redemption proceeds or distributions to the extent permitted by applicable laws and regulations. The Fund Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds and in accordance with its constitutive documents.

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

## **REPORTS**

Audited annual reports incorporating financial statements, unaudited half-yearly reports and quarterly reports shall be made available to each Unitholder in accordance with "**Part XVII. Disclosure of Fund Information**" of the Prospectus. Annual reports will be made available within 90 days after the end of each year. Half-yearly reports of the Fund will be made available within 60 days after the end of the first half of each year. Quarterly reports of the Fund will be made available within 15 Working Days after the end of each quarter.

Financial reports made available to Hong Kong investors will be supplemented with such additional information as required to be furnished to Hong Kong investors under the MRF arrangement (or otherwise required by the SFC from time to time).

Unitholders will be notified as and when the above reports are available. All the above reports shall be made available to Unitholders electronically on [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk). Investors should note that the aforesaid website has not been reviewed by the SFC. These reports will be also made available for inspection at the registered office of the Hong Kong Representative.

## **DOCUMENTS AVAILABLE TO INVESTORS**

Offering documents and ongoing disclosure of information of the Fund shall be made available to Mainland Chinese investors and Hong Kong investors at the same time, except for any notice to Mainland Chinese investors which is issued only in respect of classes of Units 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.

Copies of the following documents are available for inspection free of charge during normal business hours on weekdays (excluding Saturdays and public holidays) at the registered office of the Hong Kong Representative:-

- i. approval documents of the CSRC for the offering of the Fund
- ii. the Fund Contract of the Fund, as amended from time to time;
- iii. the Custody Agreement as referred to in the Prospectus;
- iv. the Prospectus of the Fund registered with the CSRC, this Hong Kong Covering Document and the Product Key Facts Statement, as amended from time to time;
- v. financial reports of the Fund under the above section headed “**Reports**”;
- vi. legal opinion (issued by Mainland China counsel);
- vii. the Hong Kong Representative Agreement;
- viii. notices and announcements of the Fund to Hong Kong investors;
- ix. such other documents as set out in the Prospectus to be available for public inspection.

Items (i), (ii), (iii), (v), (vi) and (ix) will be available in simplified Chinese only. Documents set out in item (iv) will be available in English and traditional Chinese only. Item (vii) will be available in English only.

Investors may request for specific information regarding items (ii) and (v) in traditional Chinese and/or English by submitting a request in writing to the Hong Kong Representative. The Hong Kong Representative will respond to such request as soon as practicable.

Copies of documents set out in items (iv) and (v) may also be obtained, free of charge, upon request at the registered office of the Hong Kong Representative. Copies of the other documents set out above may be obtained upon payment of a reasonable fee upon request at the registered office of the Hong Kong Representative.

As regards item (iv), the Prospectus of the Fund shall normally be updated every six months; and the Hong Kong Covering Document and the Product Key Facts Statement shall be updated where necessary to reflect corresponding changes.

All notices and announcements to Hong Kong investors set out in item (viii) will be provided in English and traditional Chinese.

**This announcement is important and requires your immediate attention.**

**If you are in doubt about the contents of this announcement, you should seek independent professional advice.**

**Franklin Templeton Sealand Fund Management Co., Ltd., the Fund Manager of the Franklin Sealand China Prospect Mixed Assets Fund, accepts full responsibility for the accuracy of the information contained in this announcement as at the date of its publication.**

**Announcement on the Resumption of Substantial  
Subscription, Fixed-Term and Fixed-Amount Investment and  
Switching in Businesses of Franklin Sealand China Prospect  
Mixed Assets Fund**

Delivery Date: December 18, 2020

1. Basic announcement information

Fund Name	Franklin Sealand China Prospect Mixed Assets Fund (the "Fund")
Abbreviation for Fund	FS China Prospect
Fund Code	450003
Name of Fund Manager	Franklin Templeton Sealand Fund Management Co., Ltd. (the "Company")
Basis of the announcement	Relevant provisions in the Measures for the Administration of Disclosure of Information on Publicly Offered Securities Investment Funds, the fund contract of Franklin Sealand China Prospect Mixed Assets Fund, the Prospectus of Franklin Sealand China Prospect Mixed Assets Fund, and related announcements, etc.

Starting date, amount and reasons for resuming relevant businesses	Starting date for the resumption of substantial subscription	December 18, 2020	
	Starting date for the resumption of substantial switching in	December 18, 2020	
	Starting date for the resumption of substantial fixed-term and fixed-amount investment	December 18, 2020	
	Reasons for the resumption of substantial subscription, fixed-term and fixed-amount investment and switching in businesses	To meet the requirements of investment operation	
Abbreviation for the Fund's structured fund	FS China Prospect A-CNY	FS China Prospect H-CNH	
Transaction code of the Fund's structured fund	450003	960021	
Are substantial subscription, fixed term and fixed-amount investment and switching in businesses of the structured fund resumed?	Yes	Yes	

## 2. Other necessary reminders

- (1) To strengthen the stability of investment of Franklin Sealand China Prospect Mixed Assets Fund and protect the interests of fund unitholders,

Franklin Templeton Sealand Fund Management Co., Ltd. issued an announcement on November 13, 2020, and decided to suspend the substantial transaction business of the Fund from November 13, 2020. During the period in which the substantial transaction business of the Fund is suspended, the amount of accumulative subscription, fixed-term and fixed-amount investments, and switching in businesses of each fund account in a single day shall not exceed RMB1,000,000 (inclusive of RMB1,000,000). If such amount exceeds RMB1,000,000 (inclusive of RMB1,000,000), the Company will have the right to reject the transaction.

- (2) In order to meet the requirements of investment operation, in accordance with laws and regulations and relevant provisions of the Fund contract, the Company has decided to cancel the above restrictions from December 18, 2020. (Fixed-term and fixed-amount investment and switching businesses are not available for FS China Prospect H-CNH.)
- (3) Investors can know or consult the details through the following methods:
- The Company's website: [www.ftsfund.com](http://www.ftsfund.com)<sup>1</sup>
- The Company's customer service number: 400-700-4518, 95105680, 021-38789555
- The Company's customer service mailbox: [service@ftsfund.com](mailto:service@ftsfund.com)
- The Hong Kong Representative website: [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk)<sup>1</sup>
- The Hong Kong Representative investor hotline: +852 2805 0111
- The Hong Kong Representative address: 17/F, Chater House, 8 Connaught Road Central, Hong Kong
- (4) Risk disclosure: The Company undertakes to manage and operate the Fund's assets based on the principles of good faith and due diligence, but does not guarantee that the Fund will make profits or the minimum return. Past performance of the Fund and the amount of its net value do not indicate its future performance. The performance of other funds managed by the Fund

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<sup>1</sup> The website has not been reviewed by the Securities and Futures Commission.



Manager does not constitute a guarantee of the performance of this Fund. The Fund manager reminds investors of the principle of “buyers beware” of fund investing. Investors themselves shall assume the investment risks and loss of principal after they have made their investment decisions. Prior to their investment in the Fund, investors should read the fund contract, the Prospectus, the Product Key Facts Statement and other relevant documents carefully to understand the risk-return characteristics of the Fund, and choose fund products that are suitable for their risk tolerance. Investors should pay proper attention to investment risks.

This announcement is hereby issued.

Franklin Templeton Sealand Fund Management Co., Ltd.

December 18, 2020

**This announcement is important and requires your immediate attention.**

**If you are in doubt about the contents of this announcement, you should seek independent professional advice.**

**Franklin Templeton Sealand Fund Management Co., Ltd., the Fund Manager of the Franklin Sealand China Prospect Mixed Assets Fund, accepts full responsibility for the accuracy of the information contained in this announcement as at the date of its publication.**

**Announcement of Dividend Distribution for  
Franklin Sealand China Prospect Mixed Assets Fund**

**Date of circulation: 15 December 2020**

## 1. General Information

Fund name		Franklin Sealand China Prospect Mixed Assets Fund (the “Fund”)	
Fund abbreviation		FS China Prospect	
Primary fund code		450003	
Effective date of fund contract		22 March 2007	
Fund Manager		Franklin Templeton Sealand Fund Management Co., Ltd. (the “Company” or the “Fund Manager”)	
Fund Custodian		Bank of China Limited	
Basis of announcement		Relevant provisions in the Measures for the Administration of Information Disclosure of Public Securities Investment Fund, the fund contract of Franklin Sealand China Prospect Mixed Assets Fund and the Prospectus of Franklin Sealand China Prospect Mixed Assets Fund	
Base date of profit distribution (the “Base Date”)		7 December 2020	
Indicators of the Base Date of profit distribution	Net asset value (the “NAV”)per fund unit (Unit: RMB Yuan)	1.918	
	Distributable profits of the Fund (RMB Yuan)	1,363,621,576.39	
	Dividends to be distributed according to the proportion agreed to in the fund contract (Unit: RMB Yuan)	455,748,984.59	
Explanation of the number of dividend distributions for the year		This is the first dividend distribution of the Fund in 2020	
Fund abbreviation of subordinate funds		FS China Prospect A-CNY	FS China Prospect H-CNH
Fund code of subordinate funds		450003	960021
Indicators for subordinate funds as of the Base Date	NAV per subordinate fund unit (Unit: RMB Yuan)	1.917	2.124
	Distributable profits of subordinate funds (Unit: RMB Yuan)	1,362,110,658.59	1,510,917.80
Dividend distribution plan of subordinate funds (Unit: Yuan/10 fund units)		3.451	2.605

Note: (1) Pursuant to the fund contract, the proportion of dividends to be distributed shall be no less than 75% of the net profits realized by the Fund for the year.

(2) Where dividends to be distributed by the proportion agreed to in the fund contract or dividend per 10 fund units as of the Base Date cannot match the realities related to this dividend distribution due to

substantial subscription or redemption or other objective reasons, the Fund Manager may adjust this dividend distribution with a timely announcement.

(3) This dividend distribution plan may be adjusted subject to distributable profits of the Fund and agreements in the fund contract before the rights registration date. In the case of a dividend adjustment, the Company will release an announcement about the adjustment on the date of dividend distribution, and the dividend distribution plan set forth therein shall be final, so as to ensure the compliance of this dividend distribution with relevant regulations and the requirements of the fund contract.

## 2. Other Information about the dividend distribution

Rights registration date	17 December 2020
Ex-dividend date	17 December 2020
Cash dividend payment date	18 December 2020
Dividend recipients	All the Fund unitholders of the Fund stated on the register of members on the rights registration date
Explanation of dividend reinvestment	<ol style="list-style-type: none"> <li>1. For investors choosing dividend reinvestment, their cash dividends will be converted into fund units at the NAV per fund unit on 17 December 2020.</li> <li>2. For investors choosing dividend reinvestment, their fund units converted from dividends will be credited into their fund accounts on 18 December 2020, and they can inquire about and redeem such units from 21 December 2020.</li> </ol>
Explanation of taxation	According to the Circular on Issues Concerning Taxation on Open-end Securities Investment Funds (Cai Shui Zi [2002] No. 128) of the Ministry of Finance and State Administration of Taxation, the income of investors from funds is temporarily exempted from personal income tax and corporate income tax. Pursuant to the Circular on Tax Policies regarding Mutual Recognition of Funds between the Mainland and Hong Kong (Cai Shui [2015] No. 125) issued jointly by the Ministry of Finance, the State Administration of Taxation and China Securities Regulatory Commission, income tax will not be withheld on fund income distributed by mainland funds to investors.
Explanation on fees and charges	<ol style="list-style-type: none"> <li>1. This dividend distribution is free of dividend distribution charges and dividend reinvestment fees.</li> <li>2. For investors choosing dividend reinvestment, their fund units converted from dividends are free of subscription fees.</li> </ol>

Note: (1) fund units effectively subscribed to and switched in on the rights registration date are not entitled to dividend distribution, whereas fund units effectively redeemed and switched out on the rights

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registration date are entitled to dividend distribution.

(2) For investors choosing a cash dividend, relevant cash dividends will be transferred to them from the custodial account of the Fund on 18 December 2020.

(3) If a fund account or fund units frozen and or a fund unit is en route (for example, fund units that have been transferred out but not transferred in during a transfer of custody) on the rights registration date, the method of profit distribution for the relevant fund unit will be determined pursuant to the Open-end Fund Business Management Rules of Franklin Templeton Sealand Fund Management Co., Ltd.

### **3. Other issues**

1. The Fund uses both cash dividends and dividend reinvestment in profit distribution. For investors having chosen neither of the two, the Fund will distribute cash dividends to them as a default arrangement.

2. The fund unitholder may choose or alter the method of dividend distribution by filling out a transaction application for resetting the method of dividend distribution through any sales agencies of the Fund within trading hours of each day on which trading is open for the Fund. The final method of dividend distribution will be the method stated in the last alteration prior to the rights registration date (exclusive), and alterations thereafter are not binding on this dividend distribution. Investors are advised to confirm their choice of method of dividend distribution through a sales agency of the Fund or by calling the customer service hotline of Franklin Templeton Sealand Fund Management Co., Ltd. If the actual method does not match the investor's choice, or if he/she wants to alter the method of dividend distribution, the investor shall complete the alteration prior to the set date above through a sales agency of the Fund.

3. If an investor choosing dividend reinvestment redeems the fund units converted from dividends, the corresponding redemption fees on him/her are calculated based on the period starting from the date of dividend distribution. When said investor applies for a fund switch of the same fund units, the switching fees are calculated by the same rules used to calculate redemption fees.

4. Channels of consultation on Class A Units:

(1) Website of Franklin Templeton Sealand Fund Management Co., Ltd.: <http://www.ftsfund.com><sup>1</sup>

(2) Customer service hotline of Franklin Templeton Sealand Fund Management Co., Ltd.:

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<sup>1</sup> The website has not been reviewed by the Securities and Futures Commission.

4007004518, 95105680 or 021-38789555

(3) Outlets of sales agencies of the Fund

5. Channels of consultation on Class H Units:

(1) The Hong Kong Representative Website: <http://www.franklintempleton.com.hk><sup>2</sup>

(2) The Hong Kong Representative Investor Hotline: +852 2805 0111

(3) The Hong Kong Representative Address: 17/F, Chater House, 8 Connaught Road Central, Hong Kong

6. Risk warning:

This dividend distribution will neither change the risk and return characteristics of the Fund nor decrease the investment risks or increase the investment returns of the Fund. Where the NAV per fund unit is adjusted to the book value because of this dividend distribution, investments in the Fund may suffer losses or the NAV per fund unit may dive below the book value due to market fluctuations or other reasons.

The Company undertakes to manage and operate the Fund's assets based on the principles of good faith and due diligence, but does not guarantee that the Fund will make profits or the minimum return. Past performance of the Fund and the amount of its net value do not indicate its future performance. The performance of other funds managed by the Fund Manager does not constitute a guarantee of the performance of this Fund. The Fund Manager reminds investors of the principle of “buyers beware” of fund investing. Investors themselves shall assume the investment risks and loss of principal after they have made their investment decisions. Prior to their investment in the Fund, investors should read the fund contract, the Prospectus, the Product Key Facts Statement and other relevant documents carefully to understand the risk-return characteristics of the Fund, and choose fund products that are suitable for their risk tolerance. Investors should pay proper attention to investment risks.

For a detailed composition of dividend payments, please refer to the Franklin Sealand China Prospect Mixed Assets Fund Dividend Composition.

The above is hereby notified.

Franklin Templeton Sealand Fund Management Co., Ltd.

15 December 2020

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<sup>2</sup> The website has not been reviewed by the Securities and Futures Commission.

**This announcement is important and requires your immediate attention.**

**If you are in doubt about the contents of this announcement, you should seek independent professional advice.**

**Franklin Templeton Sealand Fund Management Co., Ltd., the Fund Manager of the Franklin Sealand China Prospect Mixed Assets Fund, accepts full responsibility for the accuracy of the information contained in this announcement as at the date of its publication.**

**Announcement on the Suspension of Substantial Subscription, Fixed-Term and Fixed-Amount Investment and Switching in Businesses of Franklin Sealand China Prospect Mixed Assets Fund**

Delivery Date: November 13, 2020

1. Basic announcement information

Fund Name	Franklin Sealand China Prospect Mixed Assets Fund (the "Fund")	
Abbreviation for Fund	FS China Prospect	
Fund Code	450003	
Name of Fund Manager	Franklin Templeton Sealand Fund Management Co., Ltd. (the "Company" or the "Fund Manager")	
Basis of the Announcement	Relevant provisions in the Measures for the Administration of Disclosure of Information on Publicly Offered Securities Investment Funds, the Fund Contract of Franklin Sealand China Prospect Mixed Assets Fund and the Prospectus of Franklin Sealand China Prospect Mixed Assets Fund	
Starting date, amount and reasons for suspending	Starting date for the suspension of substantial subscription	November 13, 2020
	Starting date for the suspension of substantial switching in	November 13, 2020

relevant businesses	Starting date for the suspension of substantial fixed-term and fixed-amount investment	November 13, 2020	
	Subscription limit (Unit: RMB)	1,000,000.00	
	Limit of switching in (Unit: RMB)	1,000,000.00	
	Fixed-term and fixed-amount investment limit (Unit: RMB)	1,000,000.00	
	Reasons for the suspension of substantial subscription, fixed-term and fixed-amount investment and switching in businesses	To protect the interests of the Fund unitholders and strengthen the stability of investment of the Fund	
Abbreviation for the Fund's structured fund	FS	China	FS China Prospect
	Prospect A-CNY		H-CNH
Transaction code of the Fund's structured fund	450003		960021
Are substantial subscription, fixed term and fixed-amount investment and switching in businesses of the structured fund suspended?	Yes		Yes

## 2. Other necessary reminders

- (1) During the period in which the substantial transaction business of the Fund is suspended, the amount of accumulative subscription, fixed-term and fixed-amount investments, and switching in businesses of each fund account in a single day shall not exceed RMB1,000,000 (inclusive of RMB1,000,000). If such amount exceeds RMB1,000,000 (inclusive of RMB1,000,000), the Company will have the right to reject the transaction.
- (2) For the above rules, Class A Units and Class H Units of the Fund will be calculated and restricted on a separate basis.



- (3) During the period in which the above businesses of the Fund are suspended, switching out and redemption of the Fund and transactions of other open-ended funds managed by the Company will remain unaffected.
- (4) The specific time when the Fund will cancel or adjust the restrictions on the above substantial subscription, fixed-term and fixed-amount investment and switching in businesses will be announced separately.
- (5) The Company once again reminds investors to arrange their investment plans properly and apologises for any inconvenience caused to the investment.

- (6) Investors can know or consult the details through the following methods:

The Company's website: [www.ftsfund.com](http://www.ftsfund.com)<sup>1</sup>

The Company's customer service number: 400-700-4518, 95105680, 021-38789555

The Company's customer service mailbox: [service@ftsfund.com](mailto:service@ftsfund.com)

The Hong Kong Representative Website: [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk)<sup>1</sup>

The Hong Kong Representative Investor Hotline: +852 2805 0111

The Hong Kong Representative Address: 17/F, Chater House, 8 Connaught Road Central, Hong Kong

- (7) Risk disclosure: The Company undertakes to manage and operate the Fund's assets based on the principles of good faith and due diligence, but does not guarantee that the Fund will make profits or the minimum return. Past performance of the Fund and the amount of its net value do not indicate its future performance. The performance of other funds managed by the Fund Manager does not constitute a guarantee of the performance of this Fund. The Fund Manager reminds investors of the principle of "buyers beware" of fund investing. Investors themselves shall assume the investment risks and loss of principal after they have made their investment decisions. Prior to their investment in the Fund, investors should read the Fund Contract, the Prospectus, the Product Key Facts Statement and other relevant documents

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<sup>1</sup> The information in the website has not been reviewed by the Securities and Futures Commission.

carefully to understand the risk-return characteristics of the Fund, and choose fund products that are suitable for their risk tolerance. Investors should pay proper attention to investment risks.

This Announcement is hereby issued.

Franklin Templeton Sealand Fund Management Co., Ltd.

November 13, 2020

**This announcement is important and requires your immediate attention.**

**If you are in doubt about the contents of this announcement,  
you should seek independent professional advice.**

**Franklin Templeton Sealand Fund Management Co., Ltd., the Fund  
Manager of the Franklin Sealand China Prospect Mixed Assets Fund,  
accepts full responsibility for the accuracy of the information contained  
in this announcement as at the date of its publication.**

**Announcement on Revising the Legal Documents Concerning  
Franklin Sealand China Prospect Mixed Assets Fund  
According to the Measures for the Administration of  
Information Disclosure on Publicly Offered Securities  
Investment Funds**

Pursuant to relevant laws and regulations and the Fund Contract, Franklin Templeton Sealand Fund Management Co., Ltd. (hereinafter referred to as "the Fund Manager") has amended the Fund Contract, the custody agreement, the prospectus, the prospectus summary and other legal documents in connection with Franklin Sealand China Prospect Mixed Assets Fund (hereinafter referred to as "the Fund"), following consultation and consensus with the fund custodian. The amendments are hereby described as follows:

1. In accordance with the requirements of the Measures for the Administration of Information Disclosure on Publicly Offered Securities Investment Funds promulgated by the China Securities Regulatory Commission (CSRC) on 26 July 2019 and implemented on 1 September of the same year (hereinafter referred to as "the Measures for Administration of Information Disclosure"), the Fund Manager amended the Fund Contract, the custody agreement and other legal documents associated with the Fund. Please refer to the "Side-by-Side Comparison of the Original and Amended Fund Contracts for Franklin Sealand China Prospect Mixed Assets Fund" for further details about the amendments to the contract.

2. The content and procedures of the Fund Contract amendments are in compliance

with the provisions of the relevant laws and regulations and the Fund Contract. The amendments are revisions made as required due to changes in relevant laws and regulations, and do not have any materially adverse impact on the existing fund unitholders' interests. According to the Fund Contract, the Fund Manager may revise the contract after consulting with the fund custodian, without convening a meeting of fund unitholders. The amended contract has been filed with the Shanghai Office of the CSRC. The amended Fund Contract and custody agreement will take effect on the date of this Announcement and will be available at the registered office of the Hong Kong Representative.

3. In accordance with the Measures for Administration of Information Disclosure and the Provisions on the Issues in Connection with the Implementation of the Measures for the Administration of Information Disclosure on Publicly Offered Securities Investment Funds, once the contents of the Fund Contract are changed, the Fund Manager shall update the fund prospectus and publish the updated prospectus on the designated website within 3 working days. The Fund Manager will update the prospectus and the prospectus summary simultaneously according to the amendments to the Fund Contract. Investors are advised to carefully read the Fund Contract, the prospectus and updated versions thereof, risk disclosure and related business rules and guidelines, etc., before entering into any fund transactions.

4. Investors may visit the website of the Hong Kong Representative ([www.franklintempleton.com.hk](http://www.franklintempleton.com.hk)<sup>1</sup>) or make inquiries by calling the Hong Kong Representative's Investor Hotline at +852 2805 0111 or contact the Hong Kong Representative at 17/F, Chater House, 8 Connaught Road Central, Hong Kong.

Risk disclosure: The Fund Manager undertakes to manage and operate the Fund's assets based on the principles of good faith and due diligence, but does not guarantee that the Fund will be profitable, nor that it will earn a minimum return. Past performance of the Fund is not an indication of its future performance. Investment involves inherent risks. Investors are kindly advised to read legal documents related to the Fund carefully, and

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<sup>1</sup> The information in the website has not been reviewed by the Securities and Futures Commission.

select investment products that match their own risk tolerance.

This Announcement is hereby issued.

Franklin Templeton Sealand Fund Management Co., Ltd.

February 28, 2020

Appendix:

Side-by-Side Comparison of the Original and Amended Fund Contracts for Franklin  
Sealand China Prospect Mixed Assets Fund

**Side-by-Side Comparison of the Original and Amended Fund Contracts for Franklin Sealand China Prospect Mixed Assets Fund**

Chapter / section	Before Revision	After Revision
<p><b>I. Introduction</b></p>	<p>(I) Purpose, basis and principles for executing the Fund Contract of Franklin Sealand China Prospect Mixed Assets Fund (hereinafter referred to as the "Fund Contract")</p> <p>2. Basis for executing the Fund Contract</p> <p>This Fund Contract is formulated based on the General Principles of the Civil Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Securities Investment Fund Law of the People's Republic of China (hereinafter referred to as the "Fund Law"), Measures for the Administration of the Operation of Publicly Offered Securities Investment Funds (hereinafter referred to as the "Operation Measures"), Provisions on the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds (hereinafter referred to as the "Liquidity Risk Administration Provisions"), Measures for the Administration of Information Disclosures of Securities Investment Funds (hereinafter referred to as the "Information Disclosure Measures") and the Measures for the Administration of the Sale of Securities Investment Funds (hereinafter referred to as the "Sales Measures") and other relevant laws and regulations.</p>	<p>(I) Purpose, basis and principles for executing the Fund Contract of Franklin Sealand China Prospect Mixed Assets Fund (hereinafter referred to as the "Fund Contract")</p> <p>2. Basis for executing the Fund Contract</p> <p>This Fund Contract is formulated based on the General Principles of the Civil Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Securities Investment Fund Law of the People's Republic of China (hereinafter referred to as the "Fund Law"), Measures for the Administration of the Operation of Publicly Offered Securities Investment Funds (hereinafter referred to as the "Operation Measures"), Provisions on the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds (hereinafter referred to as the "Liquidity Risk Administration Provisions"), the Measures for the Administration of Information Disclosure on Publicly Offered Securities Investment Funds (hereinafter referred to as the "Measures for Administration of Information Disclosure") and the Measures for the Administration of the Sale of Securities Investment Funds (hereinafter referred to as the "Sales Measures") and other relevant laws and regulations.</p>
	<p>None</p>	<p>(IV) The Product Key Facts preparation, disclosure and update requirements set out in the Fund Contract will be implemented 1 year after the implementation date of the Measures for Administration of Information Disclosure.</p>

<b>II. Definitions</b>	Prospectus: means the Prospectus of Franklin Sealand China Prospect Equity Fund (and as from August 8, 2015, it was changed to Prospectus of Franklin Sealand China Prospect Mixed Assets Fund) and its regular amendments;	Prospectus: means the Prospectus of Franklin Sealand China Prospect Equity Fund (and as from August 8, 2015, it was changed to Prospectus of Franklin Sealand China Prospect Mixed Assets Fund) and its amendments;
	None	Product Key Facts: means the Product Key Facts of Franklin Sealand China Prospect Mixed Assets Fund and its amendments;
	Information Disclosure Measures: means the Administrative Measures on Information Disclosure of Securities Investment Funds that was promulgated on June 8, 2004 by the CSRC and came into force on July 1, 2004;	Information Disclosure Measures: means the Measures for the Administration of Information Disclosure on Publicly Offered Securities Investment Funds that was promulgated on July 26, 2019 by the CSRC and came into force on September 1, 2019, and amendments made by the issuing authority from time to time;
	The designated media: means the newspapers and Internet websites designated by the CSRC for information disclosure;	The designated media: means the national newspapers (hereinafter referred to as the "Designated Newspapers") and the Internet websites (hereinafter referred to as the "Designated Websites", including the Fund Manager's website, fund custodian's website, and the fund disclosure website of the CSRC);
<b>VI. Subsequent Subscription, Redemption and Transfer of Fund Units</b>	(I) Place of subsequent subscription and redemption The Fund's Sales Institutions include the Fund Manager and the Sales Agencies appointed by the Fund Manager. The sales outlets will be specified by the Fund Manager in the prospectus, the fund unit offering announcement or other announcements. The Fund Manager may change, increase or reduce its Sales Agencies based on changes in conditions, and shall make announcements accordingly. Investors may process Subsequent Subscription and Redemption of the Fund either at the Sales Institutions' place of business for processing the sales	(I) Place of subsequent subscription and redemption The Fund's Sales Institutions include the Fund Manager and the Sales Agencies appointed by the Fund Manager. The sales outlets will be specified by the Fund Manager in the prospectus, the fund unit offering announcement or on the Fund Manager's website. The Fund Manager may change, increase or reduce its Sales Agencies based on changes in conditions and publish the changes on the Fund Manager's website. Investors may process Subsequent Subscription and Redemption of the Fund either at the Sales Institutions' place of business for processing the sales business of the Fund, or in other ways offered by the Sales Institutions.

	business of the Fund, or in other ways offered by the Sales Institutions.	
	<p>(VII) Subscription and redemption fees and their usages</p> <p>5. The Fund Manager may change the Subsequent Subscription fee rate, Redemption fee rate of the Fund within the scope specified by the Laws and Regulations and the Fund Contract. Once the rate is changed, the Fund Manager shall publish an announcement on at least one of the Designated Media of the CSRC 2 Working Days prior to the implementation.</p>	<p>(VII) Subscription and redemption fees and their usages</p> <p>5. The Fund Manager may change the Subsequent Subscription fee rate, Redemption fee rate of the Fund within the scope specified by the Laws and Regulations and the Fund Contract. Once the rate is changed, the Fund Manager shall publish an announcement on the Designated Media of the CSRC prior to the implementation.</p>
	<p>(IX) Determination and handling of exceptionally substantial Redemption</p> <p>2. Handling exceptionally substantial Redemption requests</p> <p>(4) In case of substantial Redemption and the deferral thereof, the Fund Manager shall notify Unitholders within 3 trading days by post, fax or other ways stipulated in the Prospectus to explain the relevant handling, and shall at the same time publish an announcement on at least one of the Designated Media of the CSRC.</p> <p>(5) Suspension of acceptance and payment deferral: If the Fund encounters a substantial Redemption for more than two consecutive Business Days, the Fund Manager may suspend the acceptance of Redemption applications if it considers necessary. Payment of Redemption monies for those accepted Redemption applications may be deferred, but the deferral period shall not exceed 20 Working Days, and the Fund Manager shall publish an announcement on at least one of the Designated Media of the CSRC.</p>	<p>(IX) Determination and handling of exceptionally substantial Redemption</p> <p>2. Handling exceptionally substantial Redemption requests</p> <p>(4) In case of substantial Redemption and the deferral thereof, the Fund Manager shall notify Unitholders within 3 trading days by post, fax or other ways stipulated in the Prospectus to explain the relevant handling, and shall publish an announcement on the Designated Media of the CSRC within 2 days.</p> <p>(5) Suspension of acceptance and payment deferral: If the Fund encounters a substantial Redemption for more than two consecutive Business Days, the Fund Manager may suspend the acceptance of Redemption applications if it considers necessary. Payment of Redemption monies for those accepted Redemption applications may be deferred, but the deferral period shall not exceed 20 Working Days, and the Fund Manager shall publish an announcement on the Designated Media of the CSRC.</p>
	(X) Rejection or suspension of	(X) Rejection or suspension of subsequent



<p>subsequent subscription and suspension of redemption</p> <p>2. The Fund Manager may suspend the acceptance of the redemption applications by one or several classes of unitholders in the following circumstances:</p> <p>...</p> <p>Where one of the circumstances above occurs, the Fund Manager shall file the case with the CSRC and disclose the same in a public announcement on the same day. The Fund Manager shall issue full payments promptly for accepted redemption requests; if redemptions cannot be paid in full, the Fund Manager shall allocate partial payments to the unitholders according to the ratios of the redemption volumes requested by the unitholders, which have been accepted by the Fund Manager, to the total volume of redemptions accepted, and the remaining portions will be paid on the following business days.</p> <p>...</p> <p>3. The Fund Manager shall make an announcement and file with the CSRC for the suspension of Subsequent Subscription and Redemption.</p> <p>4. When the Fund is re-opened upon the end of the Subsequent Subscription or Redemption suspension period, the Fund Manager shall make an announcement and file with the CSRC in accordance with relevant provisions.</p> <p>(1) If the suspension lasts for one day, the Fund Manager will, on the re-open day, publish an announcement of re-opening of Subsequent Subscription or Redemption in at least one newspaper or on other relevant</p>	<p>subscription and suspension of redemption</p> <p>2. The Fund Manager may suspend the acceptance of the redemption applications by one or several classes of unitholders in the following circumstances:</p> <p>...</p> <p>The Fund Manager shall publish announcements in accordance with the relevant provisions of the Information Disclosure Measures. The Fund Manager shall issue full payments promptly for accepted redemption requests; if redemptions cannot be paid in full, the Fund Manager shall allocate partial payments to the unitholders according to the ratios of the redemption volumes requested by the unitholders, which have been accepted by the Fund Manager, to the total volume of redemptions accepted, and the remaining portions will be paid on the following business days.</p> <p>...</p> <p>3. The Fund Manager shall make an announcement for the suspension of Subsequent Subscription and Redemption in accordance with the relevant provisions of the Information Disclosure Measures.</p> <p>4. When the Fund is re-opened upon the end of the Subsequent Subscription or Redemption suspension period, the Fund Manager shall make an announcement in accordance with relevant provisions of the Information Disclosure Measures.</p> <p>(1) If the suspension lasts for one day, the Fund Manager will, on the re-open day, publish an announcement of re-opening of Subsequent Subscription or Redemption on the Designated Media of the CSRC, and announce the Net Asset Value per Unit on the latest Business Day.</p> <p>(2) If the suspension lasts for more than one day but less than two weeks, the Fund Manager shall, one Working Day prior to the re-open day of Subsequent Subscription or</p>
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	<p>media designated by the CSRC, and announce the Net Asset Value per Unit on the latest Business Day.</p> <p>(2) If the suspension lasts for more than one day but less than two weeks, the Fund Manager shall, in one Working Day prior to the re-open day of Subsequent Subscription or Redemption when the suspension ends, publish an announcement of re-opening of Subsequent Subscription for or Redemption of the Fund in at least one newspaper or on other relevant media designated by the CSRC, and shall on the re-open day of Subsequent Subscription or Redemption announce the Net Asset Value per Unit on the latest Business Day.</p> <p>(3) If the suspension lasts for more than two weeks, the Fund Manager shall publish an announcement of suspension at least once every two weeks during the suspension period. If the suspension lasts for more than two months, the frequency of such announcement of suspension may be adjusted. When the suspension ends and the Subsequent Subscription for or Redemption of the Fund is re-opened, the Fund Manager shall publish an announcement of the re-opening of Subsequent Subscription for or Redemption of the Fund in at least one newspaper or on other relevant media designated by the CSRC 3 Working Days in advance, and shall on the re-open day of Subsequent Subscription or Redemption announce the Net Asset Value per Unit on the latest Business Day.</p>	<p>Redemption when suspension ends, publish an announcement of re-opening of Subsequent Subscription for or Redemption of the Fund on the Designated Media of the CSRC, and shall on the re-open day of Subsequent Subscription or Redemption announce the Net Asset Value per Unit on the latest Business Day.</p> <p>(3) If the suspension lasts for more than two weeks, the Fund Manager shall publish an announcement of suspension at least once every two weeks during the suspension period. If the suspension lasts for more than two months, the frequency of such announcement of suspension may be adjusted. When the suspension ends and the Subsequent Subscription for or Redemption of the Fund is re-opened, the Fund Manager shall publish an announcement on the re-opening of Subsequent Subscription for or Redemption of the Fund on the Designated Media of the CSRC 3 working days in advance, and shall on the re-open day of Subsequent Subscription or Redemption announce the Net Asset Value per Unit on the latest Business Day.</p>
<p><b>VIII. Parties to the Fund</b></p>	<p>(I) Fund Manager 3. Fund Manager’s obligations</p>	<p>(I) Fund Manager 3. Fund Manager’s obligations</p>

<b>Contract and Their Rights and Obligations</b>	(10) To prepare the quarterly, semi-annual and annual reports of the Fund; (12) To calculate and announce the Net Asset Value of the Fund and determine the Subsequent Subscription and Redemption prices of units;	(10) To prepare the quarterly, interim and annual reports; (12) To calculate and announce the Net Asset Value of the Fund and determine the Subsequent Subscription and Redemption prices of units;
	(II) Fund Custodian 3. Obligations of the Fund Custodian (11) To issue opinions on the financial and accounting reports of the Fund and the semi-annual and annual reports of the Fund to state whether the Fund Manager's operation in all material aspects is in strict accordance with the provisions of the Fund Contract; in the event that the Fund Manager fails to act as required by the Fund Contract, it is also necessary to specify whether the proper measures have been taken by the Fund Custodian;	(II) Fund Custodian 3. Obligations of the Fund Custodian (11) To issue opinions on the financial and accounting reports of the Fund and the interim and annual reports of the Fund to state whether the Fund Manager's operation in all major aspects is in strict accordance with the provisions of the Fund Contract; in the event that the Fund Manager fails to act as required by the Fund Contract, it is also necessary to specify whether the proper measures have been taken by the Fund Custodian;
<b>IX. Unitholders' Meeting</b>	(V) Notice To convene a Unitholders' Meeting, the convener shall issue a public notice 30 days before the meeting on at least one of the media designated for information disclosure by the CSRC.	(V) Notice To convene a Unitholders' Meeting, the convener shall issue a public notice 30 days before the meeting on the media designated for information disclosure by the CSRC.
	(X) Effectiveness and Announcement 3. The resolutions of the Unitholders' Meeting shall be announced by the convener of the Unitholders' Meeting on at least one of the media designated for information disclosure by the CSRC within 2 days after the CSRC approves or issues non-dissenting opinion.	(X) Effectiveness and Announcement 3. The resolutions of the Unitholders' Meeting shall be announced by the convener of the Unitholders' Meeting on the media designated for information disclosure by the CSRC within 2 days after the CSRC approves or issues non-dissenting opinion.
<b>X. Conditions and Procedures for Replacement of Fund</b>	(II) Procedures for Replacement of Fund Manager and Fund Custodian 1. Procedures for Replacement of Fund Manager (3) Approval and announcement: The resolutions of the Unitholders' Meeting	(II) Procedures for Replacement of Fund Manager and Fund Custodian 1. Procedures for Replacement of Fund Manager (3) Approval and announcement: The resolutions of the Unitholders' Meeting shall

<b>Manager and Fund Custodian</b>	shall be reported by the convener to the CSRC for approval in 5 days after they are passed at the meeting and shall be announced on at least one of the media designated for information disclosure by the CSRC in 2 days after the approval by the CSRC.	be reported by the convener to the CSRC for approval in 5 days after they are passed at the meeting and shall be announced on the media designated for information disclosure by the CSRC in 2 days after the approval by the CSRC.
<b>XVII. Valuation of Fund Assets</b>	(IV) Valuation Methods ... According to the relevant Laws and Regulations, it is the obligation of the Fund Manager to calculate the Net Asset Value of the Fund and to review the accounting of the Fund. The accounting responsibility of the Fund shall be assumed by the Fund Manager, so if there are accounting issues related to the Fund, after being fully discussed by the relevant parties on the basis of equality, and if no consensus is reached, the Fund Manager's calculation results of the Net Asset Value of the Fund shall be announced to the public.	(IV) Valuation Methods ... According to the relevant Laws and Regulations, it is the obligation of the Fund Manager to calculate the Net Asset Value of the Fund and to review the accounting of the Fund. The accounting responsibility of the Fund shall be assumed by the Fund Manager, so if there are accounting issues related to the Fund, after being fully discussed by the relevant parties on the basis of equality, and if no consensus is reached, the Fund Manager's calculation results of the net value information of the Fund shall be announced to the public.
<b>XVIII. Expenses and Taxes of the Fund</b>	(I) Types of fund fees 4. Information disclosure expenses payable after effectiveness of the Fund Contract;	(I) Types of fund fees 4. Information disclosure expenses payable after effectiveness of the Fund Contract, unless otherwise specified by laws and regulations and the CSRC;
<b>XIX. Fund Income and Distribution</b>	(IV) Determination and Announcement of Income Distribution Plans The distribution plans for Fund Income shall be formulated by the Fund Manager, and shall be reviewed and approved by the Fund Custodian. Thereafter, the Fund Manager shall file the plans with the CSRC and make any necessary information disclosure to the public in accordance with the relevant Laws and Regulations.	(IV) Determination and Announcement of Income Distribution Plans The distribution plans for Fund Income shall be formulated by the Fund Manager, and shall be reviewed and approved by the Fund Custodian. Thereafter, the Fund Manager shall make announcement in accordance with the relevant Laws and Regulations.
<b>XX. Fund Accounting and Auditing</b>	(II) Fund auditing 1. The Fund Manager shall employ an accounting firm with the appropriate qualifications for auditing securities	(II) Fund auditing 1. The Fund Manager shall employ an accounting firm with the appropriate qualifications for auditing securities and

	<p>businesses and the relevant CPAs, independent from the Fund Manager and the Fund Custodian, to conduct the auditing on the Fund's annual financial statements and other required matters.</p> <p>3. The Fund Manager shall first obtain consent from the Fund Custodian and report to the CSRC for filing purposes in the event that the Fund Manager deems there to be sufficient reasons to replace the accounting firm responsible for auditing. The Fund Manager shall publicly disclose such information within 2 days after the replacement of the accounting firm.</p>	<p>futures businesses and the relevant CPAs, independent from the Fund Manager and the Fund Custodian, to conduct the auditing of the Fund's annual financial statements and other required matters.</p> <p>3. The Fund Manager shall obtain consent from the Fund Custodian in the event that the Fund Manager deems there to be sufficient reasons to replace the accounting firm responsible for auditing. The Fund Manager shall publicly disclose such information within 2 days after the replacement of the accounting firm.</p>
<p><b>XXI. Disclosure of Fund Information</b></p>	<p>The persons responsible for the disclosure of Fund information shall disclose such Fund information via at least one of the Designated Media, the Internet websites of both the Fund Manager and the Fund Custodian and other forms of media within the time period as required by the CSRC, and shall guarantee that Fund Investors can consult or duplicate publicly disclosed information in accordance with the specified time and method in the Fund Contract. Please see the Supplementary Documents to the Prospectus for details regarding the method of disclosure for information relating to Class H Fund Units that should be disclosed by those persons responsible.</p>	<p>The persons responsible for the disclosure of Fund information shall disclose such Fund information via the Designated Media of the CSRC within the time period as required by the CSRC, and shall guarantee that Fund Investors can consult or duplicate the publicly disclosed information in accordance with the specified time and method in the Fund Contract. Please see the Supplementary Documents to the Prospectus for details regarding the method of disclosure for information relating to Class H Fund Units that should be disclosed by those persons responsible.</p>
	<p>(I) Prospectus, Fund Contract and Fund Custody Agreement</p> <p>...</p> <p>After the Effective Date of the Fund Contract, the Fund Manager shall update the Prospectus and publicize it by uploading the entire updated Prospectus on its website and shall also publicize abstracts of the updated</p>	<p>(I) Prospectus, Product Key Facts, Fund Contract and Fund Custody Agreement</p> <p>...</p> <p>If there is any material change to the information in the Prospectus and Product Key Facts after the Fund Contract takes effect, the Fund Manager shall update the Prospectus and Product Key Facts and publish the updates on the Designated</p>

	<p>Prospectus in designated newspapers within 45 days after the end of every 6 months. The Fund Manager shall also submit the updated Prospectus to the CSRC 15 days prior to its public disclosure and provide a written explanation for the relevant updated contents.</p>	<p>Websites in 3 working days. In addition, the Product Key Facts shall also be published on the website or sales outlet of the Sales Institutions. Apart from the material changes, if there is any change to other information in the Prospectus and Product Key Facts, the Fund Manager shall update these documents at least once a year. In case the fund operation is terminated, the Fund Manager will no longer update the Prospectus and Product Key Facts.</p>
	<p>(IV) Announcement on Net Asset Value of the Fund and Net Asset Value per Unit</p> <p>After the effective date of the Fund Contract, the Fund Manager shall publicly announce the Net Asset Value of the Fund and the Net Asset Value per Unit at least once a week before processing the Subsequent Subscription or Redemption of Fund Units.</p> <p>After the commencement of Fund unit Subsequent Subscription or Redemption, the Fund Manager shall disclose the Net Asset Value per Unit and the accumulative Net Asset Value per Unit of various classes via websites, Fund Sales Outlets for the Fund units and other forms of media on the day following each Working Day (except the period of suspension of Subsequent Subscription or Redemption as announced by the Fund Manager in accordance with laws and regulations and the provisions of the Fund Contract).</p> <p>The Fund Manager shall publicly announce the Net Asset Value of the Fund and Net Asset Value per Unit on the last Trading Day of the semi-annual and annual year-ends respectively. On the day following the aforementioned last Trading Day, the</p>	<p>(IV) Announcement on Net Asset Value of the Fund</p> <p>After the effective date of the Fund Contract, the Fund Manager shall publicly announce the Net Asset Value per Unit and the accumulative Net Asset Value per Unit of the Fund on the Designated Websites at least once a week before processing the Subsequent Subscription or Redemption of Fund Units.</p> <p>After the commencement of Fund unit Subsequent Subscription or Redemption, the Fund Manager shall disclose the Net Asset Value per Unit and the accumulative Net Asset Value per Unit of various classes via the Designated Websites, websites of the Fund Sales institutions or the Sales Outlets no later than the day following each Working Day (except the period of suspension of Subsequent Subscription or Redemption as announced by the Fund Manager in accordance with laws and regulations and the provisions of the Fund Contract).</p> <p>The Fund Manager shall publish the Net Asset Value per Unit of various classes and the accumulative Net Asset Value per Unit of the Fund as of the last day of the half year and the year respectively on the Designated Websites no later than the day following the last day of the half year or the year.</p>

	<p>Fund Manager shall publicize the Net Asset Value of the Fund, Net Asset Value per Unit and accumulative Net Asset Value per Unit of the Class A-CNY Unit through the designated newspapers and websites, and publicize the Net Asset Value per Unit and the accumulative Net Asset Value per Unit of the Class H-CNH Unit, Class H-USD Unit and Class H-HKD Unit via the website of the Fund Manager.</p>	
	<p>(V) Periodic Reports of the Fund  The periodic reports of the Fund shall be independently prepared by the Fund Manager in accordance with the relevant Laws and Regulations, and the relevant documents released by the CSRC in connection to the content and form requirement for information disclosure by securities investment funds, and shall, thereafter, be reviewed by the Fund Custodian in accordance with the relevant Laws and Regulations. The periodic reports of the Fund shall include the annual report, the semi-annual report and the quarterly report.</p> <p>1. Annual report of the Fund: The Fund Manager shall prepare and complete the annual report of the Fund within 90 days after the end date of each year, and shall publicize the full annual report on its website and the abstract of the annual report on the Designated Newspapers. The financial statements in the annual report of the Fund shall be audited.</p> <p>2. Semi-annual report of the Fund: The Fund Manager shall prepare and complete the semi-annual report for the Fund within 60 days after the end date of the first half of the year, and shall publicize the full semi-annual</p>	<p>(V) Periodic Reports of the Fund  The periodic reports of the Fund shall be independently prepared by the Fund Manager in accordance with the relevant Laws and Regulations, and the relevant documents released by the CSRC in connection to the content and form requirement for information disclosure by securities investment funds, and shall, thereafter, be reviewed by the Fund Custodian in accordance with the relevant Laws and Regulations. The periodic reports of the Fund shall include the annual report, the interim report and the quarterly report (including the quarterly report for the asset portfolio).</p> <p>1. Annual report of the Fund: The Fund Manager shall prepare and complete the annual report of the Fund within 3 months after the end date of each year, and shall publicize the annual report on the Designated Websites and the indicative announcement of the annual report on the Designated Newspapers. The financial and accounting reports in the annual report of the Fund shall be audited by the accounting firm with the qualification for securities and futures businesses.</p> <p>2. Interim report of the Fund: The Fund Manager shall prepare and complete the interim report for the Fund within 2 months after the end date of the first half of the year,</p>

<p>report on its website and the abstract of the semi-annual report on the Designated Newspapers.</p> <p>3. Quarterly report of the Fund: The Fund Manager shall prepare and complete the quarterly report for the Fund within 15 Working Days after the end date of each quarter, and shall publicize the quarterly report on the Designated Newspapers and Websites.</p> <p>The Fund Manager does not have to prepare and complete the quarterly report, semi-annual report or annual report for the current period if the Fund Contract has only taken effect for less than 2 months.</p> <p>...</p> <p>During on-going operation of the Fund, the Fund Manager shall disclose in the Fund's annual and semi-annual reports such information as Fund asset portfolio and liquidity risk analysis thereof.</p> <p>...</p>	<p>and shall publicize the interim report on the Designated Websites and the indicative announcement of the interim report on the Designated Newspapers.</p> <p>3. Quarterly report of the Fund: The Fund Manager shall prepare and complete the quarterly report for the Fund within 15 Working Days after the end date of each quarter, and shall publicize the quarterly report on the Designated Websites and the indicative announcement of the quarterly report on the Designated Newspapers.</p> <p>The Fund Manager does not have to prepare and complete the quarterly report, interim report or annual report for the current period if the Fund Contract has only taken effect for less than 2 months.</p> <p>...</p> <p>During on-going operation of the Fund, the Fund Manager shall disclose in the Fund's annual and interim reports such information as Fund asset portfolio and liquidity risk analysis thereof.</p> <p>...</p>
<p>(VI) Provisional Report and Public Announcement</p> <p>In the event of major events for the Fund, the persons responsible for the disclosure of Fund information shall prepare and publicly announce a provisional report within 2 days, and shall, on the day of public disclosure, separately file with the CSRC and the local CSRC agency at the location of the main office of the Fund Manager.</p> <p>...</p> <p>2. Termination of the Fund Contract;</p> <p>3. Change of Fund operation mode;</p> <p>6. Changes to the shareholders of the Fund Manager and their relevant proportions of equity contribution;</p> <p>8. Changes to the Chairman of the Board, the general manager and other</p>	<p>(VI) Provisional Report and Public Announcement</p> <p>In case any major event involving the Fund occurs, the persons responsible for the disclosure of Fund-related information shall prepare provisional report within 2 days and publish it on the Designated Newspapers and Designated Websites.</p> <p>...</p> <p>2. Fund Contract Termination and Fund Liquidation;</p> <p>3. Change of Fund operation mode and merger of funds;</p> <p>5. If the Fund Managers entrusts the fund service agency to handle the fund unit registration, accounting and valuation, or the Fund Custodian entrusts the fund service agency to handle the fund accounting, valuation and verification;</p>



<p>senior management and portfolio manager of the Fund Manager and the principals of the Fund Custody Department of the Fund Custodian;</p> <p>9. Changes to the directors of the Fund Manager exceed 50% within a year;</p> <p>10. Changes to the main business staff of the Fund Manager or the Fund Custody Department of the Fund Custodian exceed 30% within a year;</p> <p>11. Lawsuits involving the Fund Manager, Fund properties or the Fund custody business;</p> <p>12. Investigations on the Fund Manager or the Fund Custodian by the regulatory authorities;</p> <p>13. If the Fund Manager and its Directors, general manager and other senior management, or portfolio manager receive serious administrative punishment; If the Fund Custodian and its principals of the Fund Custody Department receive serious administrative punishment;</p> <p>14. Major connected transaction matters;</p> <p>16. Changes to the accrual standard, accrual method and rates for management fee, custody fee and other expenses;</p> <p>19. Changes, increases, and decreases of Sales Agencies by the Fund;</p> <p>22. Changes to the rates for Subsequent Subscription and Redemption and their charging methods;</p> <p>23. In the event of a substantial Redemption and deferred payment;</p> <p>24. In the event of continuous substantial Redemptions and the suspension of Redemption application acceptances;</p> <p>25. In the event of the Fund renewing</p>	<p>7. Change of the shareholders who holds more than 5% of the equity of the Fund Manager and change of the actual controller of the Fund Manager;</p> <p>9. Changes to the senior management and portfolio manager of the Fund Manager and the principals of the department specially established for fund custody of the Fund Custodian;</p> <p>10. Changes to the directors of the Fund Manager exceed 50% in the last 12 months;</p> <p>11. Changes to the main business staff of the Fund Manager or the department specially established for fund custody of the Fund Custodian exceed 30% in the last 12 months;</p> <p>12. Lawsuits or arbitrations involving the Fund management business, Fund properties or the Fund custody business;</p> <p>13. The Fund Manager or its senior management and portfolio managers are subject to serious administrative punishment or criminal punishment due to the conducts in connection with the fund management business, the Fund Custodian or the principals of the department specially established for fund custody of the Fund Custodian are subject to serious administrative punishment or criminal punishment due to the conducts in connection with the fund custody business;</p> <p>14. The Fund Manager use the fund properties to trade in the securities issued by the Fund Manager, Fund Custodian or its controlling shareholders, actual controllers and companies of significant interest or the securities underwritten by the aforesaid persons within the underwriting period, or engage in other major connected transactions, unless otherwise specified by the CSRC;</p> <p>16. Changes to the accrual standard, accrual method and rates for management fee, custody fee, subscription fee,</p>
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	<p>its acceptances of Subsequent Subscription and Redemption applications after the suspension of Subsequent Subscriptions and Redemptions;</p> <p>29. Other matters as stipulated by the CSRC.</p>	<p>redemption fee and other expenses;</p> <p>21. In the event of a substantial Redemption and deferral of processing;</p> <p>22. In the event of continuous substantial Redemptions and the suspension of Redemption application acceptances or deferral of redemption payment;</p> <p>23. Suspension of acceptance of Subsequent Subscription and Redemption applications or re-acceptance of Subsequent Subscriptions and Redemptions applications;</p> <p>27. Any matter that the persons responsible for the disclosure of Fund-related information consider to have significant influence on the interests of the unitholders or the price of the fund units or other matters specified by the CSRC.</p>
	<p>(VII) Public Clarification Announcement</p> <p>During the term of the Fund Contract, the persons responsible for the disclosure of Fund-related information shall publicly clarify any information which may have a misleading impact on the Fund unit price or may give rise to larger fluctuations, after receiving knowledge that such information has appeared in the public media or has spread in the market, and shall also immediately report the relevant circumstances to the CSRC.</p>	<p>(VII) Public Clarification Announcement</p> <p>During the term of the Fund Contract, the persons responsible for the disclosure of Fund-related information shall publicly clarify any information which may have a misleading impact on the Fund unit price, give rise to larger fluctuations or prejudice the interests of the unitholders, after receiving knowledge that such information has appeared in the public media or has spread in the market, and shall also immediately report the relevant circumstances to the CSRC.</p>
	<p>None</p>	<p>(VIII) Liquidation Report</p> <p>In case the Fund Contract is terminated, the Fund Manager shall organize the fund property liquidation group to liquidate the fund property and prepare liquidation report according to the laws. The fund property liquidation group shall publicize the liquidation report on the Designated Websites and the indicative announcement of the liquidation report on the Designated Newspapers.</p>
	<p>(VIII) Preservation and Access of</p>	<p>(IX) Preservation and Access of Information</p>

	<p>Information Disclosure Documents</p> <p>After the announcement of the Prospectus, the Prospectus shall be separately preserved in the residences of the Fund Manager, the Fund Custodian and Fund Sales Agencies as a free reference for the Investors. Investors may also, after paying the costs, obtain duplicate copies of the aforementioned documents within a reasonable time.</p> <p>After the announcement of the Fund periodic reports, the Fund periodic reports shall be separately preserved in the residences of the Fund Manager and the Fund Custodian as a free reference for the Investors. Investors may also, after paying the costs, obtain duplicate copies of the aforementioned documents within a reasonable time.</p>	<p>Disclosure Documents</p> <p>After the information that should be disclosed according to the laws is released, the Fund Manager and Fund Custodian shall preserve the relevant information at their domiciles according to the relevant laws and regulations for the public access and duplication. Investors may also, after paying the costs, obtain duplicate copies of the aforementioned documents within a reasonable time.</p>
<p><b>XXII. Change and Termination of the Fund Contract and Liquidation of Fund Properties</b></p>	<p>(III) Liquidation of Fund Properties</p> <p>2. Fund Properties Liquidation Group</p> <p>(2) The Fund properties liquidation group shall consist of the Fund Manager, the Fund Custodian, as well as certified public accountants and lawyers qualified for securities related business, and persons designated by the CSRC. The Fund properties liquidation group may engage necessary staff.</p> <p>6. Announcement on Liquidation of the Fund Properties</p> <p>The liquidation report prepared by the Fund properties liquidation group shall be audited by the accounting firm, and after the law firm has issued legal opinions, shall be reported to the CSRC for filing and announcement.</p>	<p>(III) Liquidation of Fund Properties</p> <p>2. Fund Properties Liquidation Group</p> <p>(2) The Fund properties liquidation group shall consist of the Fund Manager, the Fund Custodian, as well as certified public accountants and lawyers qualified for securities and futures related business, and persons designated by the CSRC. The Fund properties liquidation group may engage necessary staff.</p> <p>6. Announcement on Liquidation of the Fund Properties</p> <p>The liquidation report prepared by the Fund properties liquidation group shall be audited by the accounting firm qualified for securities and futures related business, and shall be reported to the CSRC for filing and announced after the law firm has issued legal opinions. The Fund's properties liquidation group shall publish the liquidation report on the designated website and publish a notice of the liquidation report in the Designated Newspapers.</p>

**Announcement of Franklin Templeton Sealand Fund Management Co., Ltd. Concerning Amendments to the Fund Contract, the Custody Agreement and Other Legal Documents Associated with Franklin Sealand China Prospect Mixed Assets Fund**

Pursuant to relevant laws, regulations and the Fund Contract, Franklin Templeton Sealand Fund Management Co., Ltd. (hereinafter referred to as the "Company") has amended the Fund Contract, the Custody Agreement and other legal documents in connection with Franklin Sealand China Prospect Mixed Assets Fund (hereinafter referred to as the "Fund"), following consultation and consensus with the fund custodian. The amendments are hereby described as follows:

1. In accordance with the requirements of the Provisions on the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds issued by the China Securities Regulatory Commission (CSRC) on 31 August 2017 and implemented on 1 October of the same year, the Company amended the Fund Contract, the Custody Agreement and other legal documents associated with the Fund, and updated information of the fund custodian; please refer to the "Side-by-Side Comparison of the Original and Amended Fund

Contracts for Franklin Sealand China Prospect Mixed Assets Fund" and the "Side-by-Side Comparison of the Original and Amended Custody Agreements for Franklin Sealand China Prospect Mixed Assets Fund" for further details about the amendments to the contract and agreement, respectively.

2. The contents and procedures of the Fund Contract amendments comply with the provisions of relevant laws, regulations and the Fund Contract. The amendments are revisions made as required due to changes in relevant laws and regulations, and do not have any materially adverse impact on existing fund unitholders' interests. According to the Fund Contract, the fund manager may revise the contract after consulting with the fund custodian, without convening a meeting of fund unitholders. The amended contract has been filed with the Shanghai Regulatory Bureau of of the CSRC. The amended Fund Contract and Custody Agreement will come into force on the day this announcement is issued, and will be released on the Company's website. However, for the sake of the interests of existing fund unitholders, the provision that "The Fund will charge a redemption fee of no less than 1.5% on investors in class A-CNY units who hold fund units for less than 7 consecutive days, and the full amount charged will be included

in Fund properties" will not take effect until 31 March 2018. As from 31 March 2018, the Fund will charge a redemption fee of no less than 1.5% on investors in class A-CNY units who hold fund units for less than 7 consecutive days, and the full amount charged will be included in the Fund properties.

3. The regularly updated fund prospectus will be adjusted according to the amendments to the Fund Contract and the Custody Agreement. Investors are advised to carefully read the Fund Contract, the prospectus and updated versions thereof, risk disclosure and related business rules and guidelines, etc., before entering into any fund transactions.

4. Investors can seek information and make queries by logging on to the fund manager's website ([www.ftsfund.com](http://www.ftsfund.com))

or calling the fund manager's customer service number (400-700-4518, 95105680 or 021-38789555).

Risk disclosure: The fund manager undertakes to manage and operate the Fund's assets based on the principles of good faith and due diligence, but does not guarantee that the Fund will be profitable, nor that it will earn a minimum return. Past performance of the Fund is not an indication of its future performance. Investment involves inherent risks. Investors are

kindly advised to read legal documents related to the Fund carefully, and select investment products that match their own risk tolerance.

This Notice is hereby issued.

Franklin Templeton Sealand Fund Management Co., Ltd.

29 March 2018

Appendix:

1. Side-by-Side Comparison of the Original and Amended Fund Contracts for Franklin Sealand China Prospect Mixed Assets Fund
2. Side-by-Side Comparison of the Original and Amended Custody Agreements for Franklin Sealand China Prospect Mixed Assets Fund

### Side-by-Side Comparison of the Original and Amended Fund Contracts for Franklin Sealand China Prospect Mixed Assets Fund

Chapter / section	Original	Amended	Basis for the amendment
<p><b>I.</b></p> <p><b>Introduction</b></p>	<p>(i) Purpose, basis and principles for executing the Fund Contract of Franklin Sealand China Prospect Mixed Assets Fund (hereinafter referred to as the "Fund Contract")</p> <p>2. Basis for executing the Fund Contract</p> <p>The Fund Contract is formulated based on the General Principles of the Civil Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Securities Investment Fund Law of the People's Republic of China (hereinafter referred to as the "Fund Law"), Measures for the Administration of the Operation of</p>	<p>(i) Purpose, basis and principles for executing the Fund Contract of Franklin Sealand China Prospect Mixed Assets Fund (hereinafter referred to as the "Fund Contract")</p> <p>2. Basis for executing the Fund Contract</p> <p>This Fund Contract is formulated based on the General Principles of the Civil Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Securities Investment Fund Law of the People's Republic of China (hereinafter referred to as the "Fund Law"), Measures for the Administration of the Operation of</p>	<p>Provisions on the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds (hereinafter referred to as the "Liquidity Risk Administration Provisions") are included as one of the laws and regulations, on which the Fund Contract should be based</p>



	<p>Publicly Offered Securities Investment Funds (hereinafter referred to as the "Operation Measures"), Measures for the Administration of Information Disclosures of Securities Investment Funds (hereinafter referred to as the "Information Disclosure Measures") and the Measures for the Administration of the Sale of Securities Investment Funds (hereinafter referred to as the "Sales Measures") and other relevant laws and regulations.</p>	<p>Publicly Offered Securities Investment Funds (hereinafter referred to as the "Operation Measures"), <u>Provisions on the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds (hereinafter referred to as the "Liquidity Risk Administration Provisions")</u>, Measures for the Administration of Information Disclosures of Securities Investment Funds (hereinafter referred to as the "Information Disclosure Measures") and the Measures for the Administration of the Sale of Securities Investment Funds (hereinafter referred to as the "Sales Measures") and other relevant laws and regulations.</p>	
<p><b>II.</b> <b>Definitions</b></p>		<p>The following provisions are added: <u>"Liquidity Risk Administration</u></p>	

		<p><u>Provisions" refers to the Provisions on the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds released and promulgated by the CSRC on 31 August 2017 and 1 October of the same year, respectively, including amendments made thereto by the promulgation authority from time to time;</u></p> <p>...</p> <p><u>"Assets with impaired liquidity" refers to assets that cannot be realised at a reasonable price as prescribed by laws, regulations, regulatory authorities or contracts or transactional constraints, including but not limited to reverse repurchases and bank term deposits (including bank deposits with agreed terms</u></p>	<p>Definitions added based on the Liquidity Risk Administration Provisions</p>
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		<p><u>and conditions for early withdrawal) with a maturity longer than 10 trading days, shares suspended from trading, new shares with circulation restrictions and shares issued through private placement, asset-backed securities, and bonds which cannot be transferred or traded due to default by the issuer.</u></p>	
<p><b>VI. Fund Unit Purchase, Redemption and Transfer</b></p>	<p>(v) Amount Limits of Subsequent Subscription and Redemption</p>	<p>(v) Amount Limits of Subsequent Subscription and Redemption</p> <p>The following provisions are added:</p> <p><u>If accepting subsequent subscription applications may potentially lead to a materially adverse effect on the interests of existing unitholders, the fund manager shall effectively protect existing unitholders' legitimate rights and interests by setting an</u></p>	<p>Paragraph 2, Article 19 of the Liquidity Risk Administration Provisions</p>

		<p><u>upper limit on the value of a single subscription or single-day net subscription, rejecting large-sum subscriptions or suspending subscription transactions. Please refer to relevant announcements for further details.</u></p>	
<p><b>VI. Fund Unit Purchase, Redemption and Transfer</b></p>	<p>(vii) Subscription and Redemption Fees and their Usages</p> <p>The redemption fee rate of the Class A-CNY units decreases as the holding period increases, which means the longer the holding period of relevant units, the lower the applicable redemption fee rate. The redemption fee is calculated by multiplying the redemption amount by the applicable redemption fee rate. The actual redemption fee rates are specified in the prospectus or</p>	<p>(vii) Subscription and Redemption Fees and their Usages</p> <p>The redemption fee rate of the Class A-CNY units decreases as the holding period increases, which means the longer the holding period of relevant units, the lower the applicable redemption fee rate. The redemption fee is calculated by multiplying the redemption amount by the applicable redemption fee rate. The actual redemption fee rates are specified in the prospectus or</p>	<p>Article 23 of the Liquidity Risk Administration Provisions</p>

	fund manager's announcements.	fund manager's announcements. <u>The fund will charge a redemption fee of no less than 1.5% on class A-CNY unitholders who hold fund units for less than 7 consecutive days. The full amount charged will be included in Fund properties.</u>	
<b>VI. Fund Unit Purchase, Redemption and Transfer</b>	<p>(ix) Determination and handling of exceptionally large redemption</p> <p>2. Handling exceptionally large redemption requests</p>	<p>(ix) Determination and handling of exceptionally large redemption</p> <p>2. Handling exceptionally large redemption requests</p> <p>The following provisions are added:</p> <p><u>(3) In the event of an exceptionally large-sum redemption, if the redemption requested by a single class A-CNY unitholder exceeds 10% of the total number of fund units registered on the previous business day, and the fund manager encounters difficulties in paying all the redeemed fund units or</u></p>	Article 21 (2) of the Liquidity Risk Administration Provisions

		<p><u>believes that monetisation of assets entailed by redemption may result in significant fluctuations in the Fund's NAV, it may implement postponed handling of requests for redemption of more than 10% of the total number of fund units. Under such circumstances, the fund manager may process the remaining portion of the redemption requests alongside redemption requests of other unitholders according to the "(1) Full redemption" or "(2) Partial redemption postponement" methods prescribed above. Postponed redemption requests will be processed alongside redemption requests received on the next business day, and do not have priority over the new requests. The amount of fund units available for redemption will be calculated based on the Fund's NAV effective on the next business day until all the fund units concerned are redeemed. if a unitholder chooses to withdraw the redemption request</u></p>	
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		<u>for the remaining fund units, the redemption request will be cancelled for units that cannot be redeemed on the day of request submission. Where an investor does not specify his/her choice upon submitting a redemption request, the redemption postponement option will be selected by default.</u>	
<b>VI. Subsequent Subscription, Redemption and Transfer of Fund Units</b>	<p>(x) Rejection or suspension of subsequent subscription and suspension of redemption</p> <p>1. The fund manager may reject or suspend subsequent subscription transactions requested by fund unit investors belonging to a certain category/categories, if:</p>	<p>(x) Rejection or suspension of subsequent subscription and suspension of redemption</p> <p>1. The fund manager may reject or suspend subsequent subscription transactions requested by fund unit investors belonging to a certain category/categories, if:</p> <p>The following provisions are added:</p> <p><u>(5) When a certain subsequent subscription transaction(s) may result in a given class A-CNY unitholder's shareholding</u></p>	<p>Articles 19 and 24 of the Liquidity Risk Administration Provisions</p>

	<p>If the fund manager decides to reject or suspend subsequent subscription requests from certain investors, the subscription payment will be refunded to the investors' accounts. If the fund manager decides to</p>	<p><u>reaching or exceeding, overtly or covertly, the 50% limit;</u></p> <p><u>(6) The fund manager shall stop accepting subsequent subscription applications, after consulting the fund custodian, if active market prices are not available for assets accounting for more than 50% of the Fund's NAV on the previous valuation day, and significant uncertainties about the fair value cannot be removed using evaluation techniques.</u></p> <p>...</p> <p>If the fund manager decides to reject or suspend subsequent subscription requests from certain investors, the subsequent subscription payment will be refunded to the investors' accounts. If the fund manager</p>	
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	<p>suspend subsequent subscription transactions, the decision shall be announced according to law. The fund manager shall resume processing subsequent subscription transactions in a timely manner and announce the decision after the circumstances warranting suspension of the subscription disappear.</p>	<p>decides to suspend subsequent subscription transactions, the decision shall be announced according to law, <u>except in cases where subsequent subscription transactions are suspended due to the reason specified in item (5) above</u>. The fund manager shall resume processing subsequent subscription transactions in a timely manner and announce the decision after the circumstances warranting suspension of the subscription disappear. <u>In the event that the condition specified in item (5) is triggered, the fund manager may impose pro rata restrictions on subsequent subscription requests submitted by investors, and has the right to reject all or part of the requests.</u></p>	
<p><b>VI.</b></p>	<p>(x) Rejection or suspension of</p>	<p>(x) Rejection or suspension of</p>	

<p><b>Subsequent Subscription, Redemption and Transfer of Fund Units</b></p>	<p>subsequent subscription and suspension of redemption</p> <p>2. The fund manager may reject redemption transactions requested by fund investors belonging to a certain category/categories under the following circumstances:</p>	<p>subsequent subscription and suspension of redemption</p> <p>2. The fund manager may reject redemption transactions requested by fund investors belonging to a certain category/categories under the following circumstances:</p> <p>The following provisions are added:</p> <p><u>(5) The fund manager shall postpone issuing payments for redemption or stop accepting redemption applications, after consulting the fund custodian, if active market prices are not available for assets accounting for more than 50% of the Fund's NAV on the previous valuation day, and significant uncertainties about the fair value cannot be removed using evaluation</u></p>	<p>Article 24 of the Liquidity Risk Administration Provisions</p>
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		<u>techniques:</u>  ...	
<b>VIII. Parties to the Fund Contract and Their Rights and Obligations</b>	(ii) Fund custodian 1. Custodian profile Legal Representative: Tian Guoli Registered capital: Two Hundred Fifty-Three Billion, Eight Hundred Thirty-Nine Million, One Hundred Sixty-Two Thousand and Nine Yuan Renminbi	(ii) Fund custodian 1. Custodian profile Legal representative: <u>Chen Siqing</u> Registered capital: <u>Two Hundred Ninety-Four Billion, Three Hundred Eight-Seven Million, Seven Hundred Ninety-One Thousand, Two Hundred and Forty-One Yuan Renminbi</u>	The custodian's legal representative and registered capital are updated
<b>XIV. Investments of the Fund</b>	(ii) Investment scope The Fund invests in equities and bonds publicly issued within China according to law and other financial instruments that are permitted by the China Securities Regulatory Commission for investment by the Fund. The	(ii) Investment scope The Fund invests in equities and bonds publicly issued within China according to law and other financial instruments that are permitted by the China Securities Regulatory Commission for investment by the Fund. The	Article 18 of the Liquidity Risk Administration Provisions

	<p>scope of equity investment includes all the A-shares publicly issued and listed within China according to law. The scope of bond investment includes domestic treasury bonds, financial bonds, corporate bonds and convertible bonds.</p> <p>The fund will invest 60%-95% of its assets in equity assets. About 5%-40% of the fund assets will be invested in bonds, cash equivalent assets, and other types of securities permitted by CSRC for investment by the Fund, among which, the aggregate of retained cash and government bonds with maturity of less than one year invested by the Fund shall not be less than 5% of the Fund's NAV.</p>	<p>scope of equity investment includes all the A-shares publicly issued and listed within China according to law. The scope of bond investment includes domestic treasury bonds, financial bonds, corporate bonds and convertible bonds.</p> <p>The fund will invest 60%-95% of its assets in equity assets. About 5%-40% of the fund assets will be invested in bonds, cash equivalent assets, and other types of securities permitted by CSRC for investment by the Fund, among which, the aggregate of retained cash <u>(not including settlement deposits, refundable deposits and subscription receivables)</u> and government bonds with maturity of less than one year invested by the Fund shall not be less than</p>	
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		5% of the Fund's NAV.	
<b>XIV. Investments of the Fund</b>	(vii) Prohibited actions of and restrictions on investments  2. Restrictions on the Fund's investment portfolio proportions	(vii) Prohibited actions of and restrictions on investments  2. Restrictions on the Fund's investment portfolio proportions  The following provisions are added:  <u>(11) The number of tradable shares issued by a listed company held by all open-ended funds (including partially open-end funds which are currently open for subscription and redemption) managed by the fund manager shall not exceed 15% of the total number of tradable shares of such company;</u>  <u>(12) The number of tradable shares issued by a listed company held by all portfolios managed by the fund manager</u>	Articles 15, 16 and 17 of the Liquidity Risk Administration Provisions

		<p><u>shall not exceed 30% of the total number of tradable shares of such company</u></p> <p><u>(13) The market value of assets with trading restrictions in which the Fund has proactively invested shall not exceed 15% of the Fund's NAV:</u></p> <p><u>In the event that this investment limit is violated due to factors beyond the control of the fund manager, such as stock market fluctuations, suspension of trading in shares of the listed company and changes in fund size, the fund manager shall not act to increase investment in such assets with trading restrictions;</u></p> <p><u>(14) Where the Fund carries out a reverse repurchase as the counterparty to a private equity product or another entity</u></p>	
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	<p>8. Adjustment to Proportion of Investment Portfolios</p> <p>The Fund Manager shall, within 6 months from the Effective Date of Fund Contract, cause the proportion of investment portfolios of the Fund to comply with the terms of the Fund Contract. If the Fund's investment fails to comply with the investment proportions provided by the Fund Contract due to factors not related to the Fund Manager such as securities market fluctuation, merger of listed companies, change of fund size, the Fund Manager shall</p>	<p><u>recognised by the CSRC, the collateral offered should be limited to the products in which the Fund is allowed to invest in;</u></p> <p>....</p> <p>8. Adjustment to Proportion of Investment Portfolios</p> <p>The Fund Manager shall, within 6 months from the Effective Date of Fund Contract, cause the proportion of investment portfolios of the Fund to comply with the terms of the Fund Contract. <u>Except for item (13), (14) of above restrictions,</u> if the Fund's investment fails to comply with the investment proportions provided by the Fund Contract due to factors not related to the Fund Manager such as securities market fluctuation, merger of listed companies,</p>	
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	make adjustment within ten trading days. If the Laws and Regulations provide otherwise, such provisions shall be observed.	change of fund size, the Fund Manager shall make adjustment within ten trading days. If the Laws and Regulations provide otherwise, such provisions shall be observed.	
<b>XVII. Valuation of Fund Assets</b>	(vi) Circumstances of Suspending Valuation	(vi) Circumstances of Suspending Valuation  The following provisions are added:  <u>3.The fund manager shall suspend NAV calculation, after consulting the fund custodian, if active market prices are not available for assets accounting for more than 50% of the Fund's NAV on the previous valuation day, and significant uncertainties about the fair value cannot be removed using any evaluation techniques.</u>	Article 24 of the Liquidity Risk Administration Provisions
<b>XXI.</b>	Periodic Reports of the Fund	Periodic Reports of the Fund	Articles 26 and 27 of the Liquidity



<p><b>Disclosure of Fund Information</b></p>		<p>The following provisions are added:</p> <p><u>If fund units held by a single investor reach or exceed 20% of the total number of fund units (holdings of class H-CNY, H-USD and H-HKD unitholders are calculated according to the holdings of nominal unitholders), the fund manager shall specify at least the category of the investor, his/her/its holding as a percentage of the total number of fund units at the end of the reporting period, changes in his/her/its holding during the reporting period and inherent risks of the Fund, in the "Other Important Information Affecting Investors' Decisions" section, unless otherwise stipulated by the CSRC.</u></p> <p><u>Throughout the duration of the Fund, the</u></p>	<p>Risk Administration Provisions</p>
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		<u>fund manager shall disclose in annual and semi-annual reports information about assets in the fund's portfolio and liquidity risk analysis.</u>	
<b>XXI. Disclosure of Fund Information</b>	(vi) Provisional Report and Public Announcement	(vi) Provisional Report and Public Announcement  The following provisions are added: <u>28. Adjustments made in matters related to subsequent subscription and/or redemption of fund units, and important matters arising that may affect fund unit redemption by investors;</u>	Article 26 of the Liquidity Risk Administration Provisions

**Side-by-Side Comparison of the Original and Amended Custody Agreements for Franklin Sealand China Prospect Mixed Assets Fund**

<b>Chapter / section</b>	<b>Original</b>	<b>Amended</b>	<b>Basis for the amendment</b>
<b>I. Parties to</b>	(ii) Fund custodian	(ii) Fund custodian	The custodian's legal representative

<p><b>the Custody Agreement</b></p>	<p>1. Custodian profile</p> <p>Legal Representative: Tian Guoli</p> <p>Registered capital: Two Hundred Fifty-Three Billion, Eight Hundred Thirty-Nine Million, One Hundred Sixty-Two Thousand and Nine Yuan Renminbi</p>	<p>1. Custodian profile</p> <p>Legal representative: <u>Chen Siqing</u></p> <p>Registered capital: <u>Two Hundred Ninety-Four Billion, Three Hundred Eight-Seven Million, Seven Hundred Ninety-One Thousand, Two Hundred and Forty-One Yuan Renminbi</u></p>	<p>and registered capital are updated</p>
<p><b>II. Basis, Purpose and Principles for Formulating the Custody Agreement and Interpretation Thereof</b></p>	<p>(i) Basis</p> <p>This Agreement is formulated based on the Contract Law of the People's Republic of China, the Securities Investment Fund Law of the People's Republic of China (hereinafter referred to as the "Fund Law"), Measures for the Administration of the Operation of Publicly Offered Securities Investment Funds (hereinafter referred to as the "Operation Measures"), Measures for the</p>	<p>(i) Basis</p> <p>This Agreement is formulated based on the Contract Law of the People's Republic of China, the Securities Investment Fund Law of the People's Republic of China (hereinafter referred to as the "Fund Law"), Measures for the Administration of the Operation of Publicly Offered Securities Investment Funds (hereinafter referred to as the "Operation Measures"), <u>Provisions on</u></p>	<p>The Provisions on the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds (hereinafter referred to as the "Liquidity Risk Administration Provisions") is included as one of the laws and regulations on which the Custody Agreement should be based</p>

	Administration of Information Disclosures of Securities Investment Funds, the Fund Contract for Franklin Sealand China Prospect Mixed Assets Fund (hereinafter referred to as the "Fund Contract"), and other relevant laws and regulations.	<u>the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds (hereinafter referred to as the "Liquidity Risk Administration Provisions")</u> , Measures for the Administration of Information Disclosures of Securities Investment Funds, the Fund Contract for Franklin Sealand China Prospect Mixed Assets Fund (hereinafter referred to as the "Fund Contract"), and other relevant laws and regulations.	
<b>III. Business Supervision and Inspection Performed by the Custodian</b>	The fund custodian shall, according to relevant laws and regulations, supervise the following investment operations of the fund manager:  ...  Supervision on investment and	The fund custodian shall, according to relevant laws and regulations, supervise the following investment operations of the fund manager::  ...  Supervision on investment and	Articles 15, 16, 17 and 18 of the Liquidity Risk Administration Provisions

<p><b>on the Fund Manager</b></p>	<p>financing proportions of the Fund;</p>	<p>financing proportions of the Fund;</p> <p>The following provisions are added:</p> <p><u>Among which, the fund custodian shall monitor the investment portfolio ratios to ensure compliance with the following requirements, in line with the Provisions on the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds:</u></p> <p><u>(1) Cash does not include settlement deposits, refundable deposits and subscription receivables;</u></p> <p><u>(2) The number of tradable shares issued by a listed company held by all open-ended funds managed by the fund manager and escrowed by the same custodian shall not exceed 15% of the total</u></p>	
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		<p><u>number of tradable shares in such company;</u></p> <p><u>the number of tradable shares issued by a</u></p> <p><u>listed company held by all portfolios</u></p> <p><u>managed by the fund manager and escrowed</u></p> <p><u>by the same custodian shall not exceed 30%</u></p> <p><u>of the total number of tradable shares in</u></p> <p><u>such company</u></p> <p><u>(3) The total market value of assets</u></p> <p><u>with trading restrictions in which the Fund</u></p> <p><u>has proactively invested shall not exceed</u></p> <p><u>15% of the Fund's NAV; In the event that</u></p> <p><u>this investment limit is violated due to</u></p> <p><u>factors beyond the control of the fund</u></p> <p><u>manager, such as stock market fluctuations,</u></p> <p><u>suspension of trading in shares in the listed</u></p> <p><u>company and changes in fund size, the fund</u></p> <p><u>manager shall not act to increase investment</u></p>	
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		<p><u>in such assets with trading restrictions;</u></p> <p><u>(4) Where the Fund carries out a reverse repurchase with a private equity product or another entity recognised by the CSRC as the counterparty, the collateral offered should be limited to the products in which the Fund is allowed to invest in. The fund manager guarantees that, if the Fund carries out a reverse repurchase a private equity product or another entity recognised by the CSRC as the counterparty, the collateral offered will be consistent with the range of products in which the Fund is allowed to invest in, and that it will be liable for risks or losses arising from inconsistency between the collateral offered and the range of investment products allowed.</u></p>	
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# **Franklin Sealand China Prospect Mixed Assets Fund Updated Prospectus (2020 No.2)**

Fund Manager: Franklin Templeton Sealand Fund Management Co., Ltd.

Fund Custodian: Bank of China Limited



## **Important**

Franklin Sealand China Prospect Equity Fund was approved by the CSRC on March 5, 2007 in its approval document Zheng Jian Ji Jin Zi [2007] No.56. The Fund Contract came into effect on March 22, 2007. In order to comply with the provision in respect of the investment ratio applicable to different types of funds as provided in the *Administrative Measures on the Operation of Publicly Offered Securities Investment Funds*, effective from August 8, 2014, pursuant to the *Securities Investment Fund Law of the People's Republic of China*, the *Administrative Measures on the Operation of Publicly Offered Securities Investment Funds* and other relevant Laws and Regulations and the *Fund Contract of Franklin Sealand China Prospect Equity Fund*, with effect from August 8, 2015, the type of Franklin Sealand China Prospect Equity Fund has been changed to “Mixed Fund”, and the name of Franklin Sealand China Prospect Equity Fund has been changed to “Franklin Sealand China Prospect Mixed Assets Fund” (hereinafter referred to as the “Fund”).

The Fund Manager guarantees 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 judgement or guarantee on the value and return of the Fund, nor indicates that there is no risk when investing in the Fund.

The Fund Manager shall manage and use the properties of the Fund according to the principles of due diligence, honesty, good faith and prudence, but does not guarantee any profits or minimum returns on the Fund.

The Fund invests in the securities market, and its net value may fluctuate due to such factors as fluctuations in the securities market. Investors are entitled to the Fund Income according to their unit holdings in the Fund, and shall also bear corresponding investment risks. Risks that may be involved in the investment of the Fund include the following: systematic risks arising from the impact on securities prices as a result of environmental factors such as overall political, economic and social factors; non-systemic risks specific to certain securities; liquidity risk arising from continuous substantial Redemption by

Fund Unitholders; management risk of the Fund arising in the course of Fund management by the Fund Manager; specific risks of a particular Fund, etc. Franklin Sealand China Prospect Mixed Assets Fund is a mixed fund with moderate risk and returns among securities investment funds.

Fund assets are invested in SSE Star Market ,which will face the specific risks caused by differences in investment targets, market system and trading rules under the mechanism of shares in SSE Star Market, including but not limited to corporate governance risk, liquidity risk, delisting risk, stock price volatility risk, etc. Please refer to part XVIII "Risk Disclosure" of this prospectus for details. The fund may choose to invest some fund assets in SSE Star Market or choose not to invest fund assets in the SSE Star Market according to the investment strategy or the changes of market environment. Fund assets are not necessarily invested in the SSE Star Market.

According to the Measures for Management of Appropriateness of Securities and Futures Investors enacted on July 1, 2017, the Fund Manager and the Sales Institutions have re-rated the risks of the Fund. The risk rating will not change the substantial risk return features of the Fund, but the risk ranking of the Fund may be changed because of the change of the risk classification standards. The specific risk rating results shall be subject to the rating results provided by the Fund Manager and the Sales Institutions. Please carefully read the Prospectus and Fund Contract of the Fund before making any investment decision.

The Fund mainly invests in financial instruments with good liquidity, including stocks, bonds, money market instruments that are legally issued and listed in China and other financial instruments permitted to be invested in with the Fund by laws and regulations or by the CSRC, subject to relevant requirements of the CSRC, and therefore the liquidity risk of the Fund is moderate under normal market conditions. Under special market conditions including abrupt shrinkage in the transaction volume of the securities market, substantial redemption of the Fund and other unforeseeable special

circumstances, it may cause difficulties in liquidating the assets of the Fund or incur significant impact on the prices of securities assets, and as a result the Fund may be subject to such risks as significant fluctuations in the Net Asset Value per Unit, failure of normal redemption, and inability to follow through prescribed investment decisions for the Fund.

Past performance of the Fund does not indicate its future performance.

Data in the Fund portfolio report and of the Fund performance as contained herein have been reviewed by the Fund Custodian.

Information contained in the Prospectus (updated) is as of March 27, 2020. The relevant financial data and net value performance contained herein are as of December 31, 2019 (the financial data is unaudited).

## Table of Contents

<b>PART I INTRODUCTION.....</b>	<b>1</b>
<b>PART II DEFINITIONS.....</b>	<b>3</b>
<b>PART III FUND MANAGER .....</b>	<b>13</b>
<b>PART IV FUND CUSTODIAN .....</b>	<b>36</b>
<b>PART V RELATED SERVICE PROVIDER.....</b>	<b>39</b>
<b>PART VI FUND OFFERING.....</b>	<b>78</b>
<b>PART VII EFFECTIVENESS OF THE FUND CONTRACT .....</b>	<b>79</b>
<b>PART VIII SUBSEQUENT SUBSCRIPTION AND REDEMPTION OF FUND UNITS.....</b>	<b>80</b>
<b>PART IX REGISTRATION OF FUND UNITS .....</b>	<b>98</b>
<b>PART X INVESTMENTS OF THE FUND.....</b>	<b>106</b>
<b>PART XI FUND PERFORMANCE .....</b>	<b>125</b>
<b>PART XII FUND PROPERTIES.....</b>	<b>128</b>
<b>PART XIII VALUATION OF FUND ASSETS .....</b>	<b>130</b>
<b>PART XIV FUND INCOME AND DISTRIBUTION .....</b>	<b>137</b>
<b>PART XV EXPENSES AND TAXES OF THE FUND.....</b>	<b>141</b>
<b>PART XVI FUND ACCOUNTING AND AUDITING.....</b>	<b>145</b>
<b>PART XVII DISCLOSURE OF FUND INFORMATION.....</b>	<b>147</b>
<b>PART XVIII RISK DISCLOSURES.....</b>	<b>154</b>
<b>PART XIX TERMINATION OF THE FUND CONTRACT AND LIQUIDATION OF FUND PROPERTIES .....</b>	<b>161</b>
<b>PART XX SUMMARY OF THE FUND CONTRACT .....</b>	<b>164</b>
<b>PART XXI SUMMARY OF THE CUSTODY AGREEMENT .....</b>	<b>186</b>
<b>PART XXII SERVICES FOR FUND UNITHOLDERS.....</b>	<b>197</b>

<b>PART XXIII</b>	<b>OTHER MATTERS SUBJECT TO DISCLOSURE.....</b>	<b>206</b>
<b>PART XXIV</b>	<b>MAINTENANCE OF AND ACCESS TO PROSPECTUS .....</b>	<b>212</b>
<b>PART XXV</b>	<b>DOCUMENTS FOR FUTURE REFERENCE .....</b>	<b>213</b>

## **PART I Introduction**

The Prospectus is prepared according to the *Securities Investment Fund Law of the People's Republic of China* (hereinafter referred to as the “*Funds Law*”), the *Administrative Measures on the Operation of Publicly Offered Securities Investment Funds* (hereinafter referred to as the “*Measures on Operation*”), the *Provisions on the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds* (hereinafter referred to as the “*Liquidity Risk Administration Provisions*”), the *Administrative Measures on Sales of Securities Investment Funds* (hereinafter referred to as the “*Measures on Sales*”), the *Administrative Measures on Information Disclosure of Publicly Offered Securities Investment Funds* (hereinafter referred to as the “*Measures on Information Disclosure*”), and other relevant Laws and Regulations and the *Fund Contract of Franklin Sealand China Prospect Mixed Assets Fund* (hereinafter referred to as the “*Fund Contract*”).

The Fund Manager undertakes that there is no false content, misleading statement or material omission in the Prospectus, and accepts legal liability for its truth, accuracy and completeness.

Application for offering of the Fund is based on the information contained in the Prospectus. The Prospectus shall be interpreted by the Fund Manager. The Fund Manager does not entrust or authorise any other person to provide any information that is not stated in the Prospectus, nor to make any interpretation or explanation of the Prospectus.

The Prospectus is prepared pursuant to the Fund Contract of the Fund and any valid amendments and supplements thereto and approved by the CSRC. The Fund Contract is the legal document that stipulates the rights and obligations of the parties to the Fund. Investors of the Fund may, by obtaining Fund units pursuant to the Fund Contract, become Fund Unitholders and Parties to the Fund Contract. Their holding of the Fund units is in itself an acknowledgement and acceptance of the Fund Contract,

and they shall be entitled to the rights and shall assume the obligations pursuant to the *Funds Law*, the Fund Contract and other relevant provisions. Investors of the Fund should read the Fund Contract and its amendments and supplements carefully if they would like to understand the rights and obligations of unitholders.

## **PART II Definitions**

Unless otherwise specified herein, the following terms or abbreviations in the Prospectus shall have the meanings given below:

Fund or the Fund	Franklin Sealand China Prospect Equity Fund as approved by the [2007] No.56 document issued by the CSRC; as from August 8, 2015, the Fund changed to Franklin Sealand China Prospect Mixed Assets Fund according to the provisions of <i>Administrative Measures on the Operation of Publicly Offered Securities Investment Funds</i> ;
Fund Contract	<i>Fund Contract of Franklin Sealand China Prospect Equity Fund</i> (and as from August 8, 2015, it changed to <i>Fund Contract of Franklin Sealand China Prospect Mixed Assets Fund</i> ) and any valid amendments and supplements thereto;
Prospectus	<i>Prospectus of Franklin Sealand China Prospect Equity Fund</i> (and as from August 8, 2015, it changed to <i>Prospectus of Franklin Sealand China Prospect Mixed Assets Fund</i> ) and its amendments;
Fund Product Key Facts	<i>Franklin Sealand China Prospect Mixed Assets Fund's Fund Product Key Facts</i> and the updates thereof;
Offering Announcement	<i>Offering Announcement of Units of Franklin Sealand China Prospect Equity Fund</i>
Custody Agreement	<i>Custody Agreement of Franklin Sealand China Prospect Equity Fund</i> (and as from August 8, 2015, it changed to <i>Custody Agreement of Franklin Sealand China Prospect Mixed Assets Fund</i> ) and any valid amendments or supplements made thereto;



<i>Business Management Rules</i>	The <i>Business Management Rules on Open-ended Funds of Franklin Templeton Sealand Fund Management Co., Ltd.</i>
CSRC	China Securities Regulatory Commission;
CBRC	China Banking Regulatory Commission;
SFC	The Securities and Futures Commission of Hong Kong
<i>Funds Law</i>	The <i>Securities Investment Fund Law of the People's Republic of China</i> that was passed at the 5th session of the Standing Committee of the Tenth National People's Congress of the People's Republic of China on October 28, 2003, and was revised at the 30th session of the Standing Committee of the Eleventh National People's Congress of the People's Republic of China on December 28, 2012, and came into force on June 1, 2013, and was revised at the 14th session of the Standing Committee of the Twelfth National People's Congress of the People's Republic of China by <i>The Decision of the Standing Committee of the National People's Congress on Amending Seven Laws Including the Law of the People's Republic of China on Ports</i> on April 24, 2015, and the amendments made thereto by the promulgation authority from time to time;
<i>Measures on Sales</i>	<i>Administrative Measures on Sales of Securities Investment Funds</i> that was promulgated on March 15, 2013 by the CSRC and came into force on June 1, 2013, and the amendments made thereto by the promulgation authority from time to time;
<i>Measures on Operation</i>	<i>Administrative Measures on the Operation of Publicly Offered Securities Investment Funds</i> that was promulgated on July 7, 2014 by the CSRC and came into force on August 8, 2014, and the amendments made thereto by the promulgation authority

	from time to time.
<i>Liquidity Risk Administration Provisions</i>	<i>Provisions on the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds</i> that was promulgated on August 31, 2017 by the CSRC and came into force on October 1, 2017, and the amendments made thereto by the promulgation authority from time to time;
<i>Measures on Information Disclosure</i>	<i>Administrative Measures on Information Disclosure of Publicly Offered Securities Investment Funds</i> that was promulgated on July 26, 2019 by the CSRC and came into force on September 1, 2019 and the amendments made thereto by the promulgation authority from time to time;
Yuan	RMB if not otherwise specified;
Exchange Rate	The spot exchange rate adopted by the foreign-exchange settling bank as designated by the Fund Manager;
Fund Manager	Franklin Templeton Sealand Fund Management Co., Ltd.;
Fund Custodian	Bank of China Limited;
Registration Business	Registration, depository, clearing and settlement of the Fund, including the management of Investors' Fund Accounts, registration of Fund units, clearing and confirmation of transactions of the Fund, distribution of dividends, establishment and keeping of the Fund Unitholders' register, etc.;
Registrar	An institution that processes the Registration Business of the Fund according to the <i>Business Management Rules on Open-ended Funds of Franklin Templeton Sealand Fund Management Co., Ltd.</i> The Registrar of the Fund is Franklin Templeton Sealand Fund Management Co., Ltd. or the

	institutions appointed by Franklin Templeton Sealand Fund Management Co., Ltd. to process the Registration Business of the Fund on its behalf;
Investors	Individual Investors, Institutional Investors, Qualified Foreign Institutional Investors, and other investors allowed to purchase securities investment funds by Laws and Regulations or the CSRC;
Individual Investor	A natural person who is allowed to invest in securities investment funds according to relevant Laws and Regulations of the People's Republic of China;
Institutional Investor	An enterprise legal person, a public institution legal person, a social group or other organisation, which is lawfully registered or established with the approval of competent governmental departments and validly exists in China, and is allowed to invest in securities investment funds pursuant to laws;
Qualified Foreign Institutional Investors or QFIIs	Institutional investors outside China which comply with the requirements of relevant Laws and Regulations and are allowed to invest in securities investment funds lawfully offered within China;
Unitholders' Meeting	The meeting which is convened in accordance with provisions as set out in Part IX of the Fund Contract and at which the unitholders or their proxies may vote;
Hong Kong Representative	The institution acting as the representative of the Fund in Hong Kong according to the requirements of Hong Kong laws such as <i>Circular on Mutual Recognition of Funds (MRF) between the Mainland and Hong Kong</i> promulgated on May

	<p>22, 2015 by the Securities and Futures Commission of Hong Kong and effective from July 1, 2015, with major responsibilities such as receiving Subsequent Subscription and Redemption applications from Investors in Hong Kong, arranging for Fund distribution, filing with the Securities and Futures Commission of Hong Kong, information disclosure to and communications with Hong Kong funds investors and performing other duties as required by Hong Kong laws;</p>
Initial Offer Period of the Fund	<p>The initial offer period of Fund units as stated in the Fund Contract and the Prospectus and approved by the CSRC, provided that the period shall not exceed 3 months from the date on which the offering of Fund units begins;</p>
Effective Date of Fund Contract	<p>The date on which the total amount of Fund units is initially offered, the amount raised, and the number of Fund Unitholders are in accordance with the requirements of relevant Laws and Regulations and the Fund Contract, and after the Initial Offer Period of the Fund, and on which the Fund Manager, according to <i>Funds Law</i>, has completed the filing procedures with and obtained a written confirmation from the CSRC;</p>
Duration	<p>The indefinite period from the Effective Date of the Fund Contract to the date on which the Fund Contract is terminated;</p>
Working Day	<p>A normal trading day of the Shanghai Stock Exchange and the Shenzhen Stock Exchange;</p>
Subscription	<p>An Investor's application for purchasing units of the Fund according to the requirements of the Fund Contract within the Initial Offer Period of the Fund;</p>

Subsequent Subscription Redemption	An Investor’s application for purchasing units of the Fund within the Duration after the Effective Date of Fund Contract; The Fund Manager’s repurchase of Fund units upon the request of a Fund Unitholder pursuant to the conditions set forth in the Fund Contract within the Duration after the Effective Date of Fund Contract;
Fund Switching	A Fund Unitholder’s application for switching of the units held in a fund managed by the Fund Manager into the units of other funds managed by the Fund Manager pursuant to the conditions provided by the Fund Manager;
Agency Transfer	A Fund Unitholder’s transfer of units of a fund held in a Fund Account from one Sales Institution to another Sales Institution;
Investment Instruction	The orders given by the Fund Manager to the Fund Custodian when investing the Fund properties, such as the instruction for the transfer of capital and the transfer of physical bonds;
Sales Agency	An institution which satisfies the conditions in the <i>Measures on Sales</i> and other conditions required by the CSRC, is qualified to carry out fund sales agency business and has signed a fund sales service agency agreement with the Fund Manager to carry out fund sales business on its behalf;
Sales Institutions	the Fund Manager and the Fund Sales Agencies;
Fund Sales Outlets	Direct sales centres of the Fund Manager and the sales outlets of the Fund Sales Agencies;
Designated Media	National newspapers designated by the CSRC (hereinafter referred to as “Designated Newspapers”) and the designated Internet websites (hereinafter referred to as “Designated

	Websites”, including the Fund Manager’s website, the Fund Custodian’s website, the electronic fund disclosure website of the CSRC, etc., for information disclosure;
Fund Account	An account opened at the Registrar for an Investor of the Fund, for the purpose of recording the balance and the changes of the Fund units that are held by such Investor and registered by such Registrar;
Trading Account	An account opened at a Sales Institutions for an Investor, for the purpose of recording the changes and the balance of the units in open-ended funds of such Investor traded through the Sales Institutions;
Unit Class	Different unit classes of Fund units categorised by sales region, sales currency and redemption fee rate. A different Fund unit class has a different code and may have different Net Asset Value per Unit and accumulated Net Asset Value per Unit;
Class A-CNY Unit	Units which are sold within the People’s Republic of China (for the purpose of the Fund, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan), and are denominated, subscribed, subsequently subscribed and redeemed in RMB;
Class H-CNH Unit	Units which are sold within Hong Kong Special Administrative Region, and are denominated, subscribed, subsequently subscribed and redeemed in RMB;
Class H-USD Unit	Units which are sold within Hong Kong Special Administrative Region, and are denominated, subscribed, subsequently subscribed and redeemed in USD;

Class H-HKD Unit	Units which are sold within Hong Kong Special Administrative Region, and are denominated, subscribed, subsequently subscribed and redeemed in HKD;
Class H Unit	Class H-CNH Unit, Class H-USD Unit and Class H-HKD Unit
China	The People's Republic of China (for the purpose of the Fund, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan);
Hong Kong	Hong Kong Special Administrative Region;
Business Day	A Working Day on which businesses such as Subsequent Subscription and Redemption of the Fund are processed for Investors;
T Day	A day on which Sales Institutions accept the applications for Subsequent Subscription, Redemption or other businesses from Investors;
T+n Day	The n <sup>th</sup> Working Day from T Day (excluding T Day), where n is a natural number;
Fund Income	The bonus, dividends, coupons, bid-ask spreads of securities, interests of bank deposits, other lawful incomes and savings of costs and expenses incurred by the use of the Fund properties, as derived from the investments of the Fund;
Total Asset Value of the Fund	The total value of all types of marketable securities, principals and interests of bank deposits, monies receivable from Subsequent Subscription and other forms of assets held as the Fund properties;
Net Asset Value of the Fund	The value calculated by deducting liabilities of the Fund from the Total Asset Value of the Fund;

Net Asset Value per Unit	The Net Asset Value per Unit of Class A-CNY Units is the unit value calculated by dividing the Net Asset Value of such class on the calculation day by the number of remaining units of such class on the calculation day; the Net Asset Value per Unit of Class H-CNH Units is the unit value calculated by dividing the Net Asset Value of H class on the calculation day by the number of remaining units of H class on the calculation day; the Net Asset Value per Unit of Class H-USD Units is calculated based on the Net Asset Value per Unit of Class H-CNH Units and converted according to the valuation exchange rate on the calculation day; the Net Asset Value per Unit of Class H-HKD Units is calculated based on the Net Asset Value per Unit of Class H-CNH Units and converted according to the valuation exchange rate on the calculation day;
Valuation of Fund Assets	The process of calculation and valuation of assets and liabilities of the Fund in order to determine the Net Asset Value of the Fund and the Net Asset Value per Unit;
Assets with Trading Restrictions	Assets that cannot be realised at a reasonable price due to factors relating to laws, regulations, regulatory rules, contracts or transactional constraints, including but not limited to reverse repurchases and bank term deposits (including bank deposits with agreed terms and conditions for early withdrawal) with a maturity longer than 10 trading days, shares suspended from trading, new shares with trading restrictions and shares issued through private placement, asset-backed securities, and bonds rendered not transferable or



	tradable by the bond issuer's default;
Laws and Regulations	The prevailing valid laws, administrative statutes, judicial interpretations, local statutes, local regulations, departmental regulations and other regulatory documents in the People's Republic of China, and the amendments and supplements thereto from time to time;
Force Majeure	Events and factors that cannot be foreseen, overcome or avoided, including but not limited to floods, earthquakes and other natural disasters, wars, epidemics, riots, fires, government forfeitures, confiscations, changes of laws, sudden power failures or other sudden incidents, and unusual suspension or discontinuation of trading on securities exchanges, etc.

## **PART III Fund Manager**

### **3.1 Fund Manager Profile**

Name: Franklin Templeton Sealand Fund Management Co., Ltd.

Registered Address: Room 306, Unit A-13, Phase I, China-ASEAN Science and Technology Enterprise Incubation Base, No.1, Zongbu Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, People's Republic of China

Office Address: 9/F, Phase II, Shanghai International Finance Centre, 8 Century Avenue, Pudong, Shanghai

Legal Representative: Selina Wu

Date of Establishment: November 15, 2004

Approval Authority and Approval Number: CSRC Zheng Jian Ji Jin Zi [2004] No. 145

Organizational Form: Limited Liability Company

Registered Capital: RMB 220 Million

Duration: 50 Years

Contact: Yingnan Shi

Telephone: 021-3855 5555

Ownership Structure: Sealand Securities Co., Ltd. (formerly known as Sealand Securities Limited Liability Company) holds 51% of the stock rights and Templeton International Inc. holds 49% of the stock rights.

### **3.2 Profiles of Key Personnel**

#### **3.2.1 Board Members**

**Chairlady, Ms. Selina Wu**, member of the Communist Party of China ("CPC"), Master of Management and Economist. Ms. Wu successively served as a Principal Staff Member in the Financial Management Department of the People's Bank of China in Guangxi Zhuang Autonomous Region, Deputy Head of Guangxi Securities Trading

Centre (responsible for its general work thereof), Legal Representative and General Manager of Guangxi Securities Depository Co., Ltd., Vice President of Guangxi Securities Co., Ltd., Vice President of Sealand Securities Co., Ltd., Chief Compliance Officer, Chairlady, Vice Chairlady and General Manager of Franklin Templeton Sealand Fund Management Co., Ltd., Chairlady of Franklin Templeton Sealand Asset Management (Shanghai) Co., Ltd., and Executive Director and General Manager of Franklin Templeton Sealand Investment Management (Shanghai) Co., Ltd. Ms. Wu is now Chairlady of Franklin Templeton Sealand Fund Management Co., Ltd. She also serves as Chairlady and performs duties on behalf of the General Manager of Franklin Templeton Sealand Asset Management (Shanghai) Co., Ltd.

**Vice Chairman, Mr. Gregory E. McGowan**, B.A., M.A. and J.D. Prior to joining Franklin Templeton Investments, Mr. McGowan was a senior attorney for the United States Securities and Exchange Commission. Mr. McGowan joined Franklin Templeton Investments in 1986 and served as Executive Vice President, Director and General Counsel of Templeton Worldwide Inc. He also served on various Franklin Templeton Boards of Directors, including but not limited to: Franklin Templeton Management Luxembourg S.A. (a Luxembourg corporation), Franklin Templeton Investments (Asia) Limited (a Hong Kong corporation), Templeton Asset Management Ltd. (a Singapore corporation), Franklin Templeton Holding Limited (a Mauritius corporation), Franklin Templeton Services Limited (an Ireland corporation), Chairman of Franklin Templeton Sealand Fund Management Co., Ltd., and Shareholder's Representative of China Life Franklin Asset Management Co., Ltd.. Mr. McGowan currently serves as Senior Strategic Advisor of Franklin Templeton Investments, Director of Franklin Templeton France S.A, member of the Advisory Board of Franklin Templeton Investment Services GmbH, Independent Director of Brinker Destinations Trust, as well as Shareholder's Representative, Vice Chairman of Franklin Templeton Sealand Fund Management Co., Ltd., Director of Franklin Templeton Sealand Asset

Management (Shanghai) Co., Ltd., Director of China Life Franklin Asset Management Co., Ltd., Director of China Life Franklin Capital Management Co., Ltd., and Independent Director of Global Capital Plc..

**Director, Ms. Chunmei He**, CPC member, Master of Engineering. Ms. He successively served as staff member and senior staff member at the No.5 Secretariat in the Government Office of the Guangxi Zhuang Autonomous Region, Deputy Manager of the Financing Department, Deputy Manager of the International Business Department, Deputy Manager of the Securities Department and Deputy Manager/Manager/Head of the Financial Department of Guangxi Development and Investment Co., Ltd., Assistant to the President and Office Director of Guangxi Investment Group Co., Ltd., Supervisor of Sealand Securities Limited Liability Company, Deputy Director, CPC Group member, Party Secretary for the CPC Committee of the Financial Office of Guangxi Zhuang Autonomous Region, Deputy Director (holding a temporary appointment) of the Non-listed Public Company Department of the CSRC and Director of Guangxi Beibu Gulf Equity Exchange Co., Ltd. Presently, she serves as the Deputy Party Secretary for the CPC Committee of Guangxi Investment Group Co., Ltd., Party Secretary for the CPC Committee and Chairlady of Sealand Securities Co., Ltd, Director of Guohai Liangshi Futures Co., Ltd., Director of Sealand Innovation Capital Investment Management Limited and Director of Franklin Templeton Sealand Fund Management Co., Ltd.

**Director, Ms. Linda Liang**, CPA, holder of California accountant license and B.A. in Economics. Ms. Liang once served as Senior Tax Supervision Officer at KPMG Office in San Francisco, California, and Senior Manager of Tax Advisor at Ernst & Young Offices in San Jose and Palo Alto, California. Ms. Liang joined Franklin Templeton Investments in 2005, successively serving as Director of US Corporate Taxation and Global Taxation at the Headquarters of Franklin Templeton Investments, and Director of Asia Planning and Strategy of Franklin Templeton Capital Holdings Pte

Ltd (Singapore). She is now CAO of equity investment team of Templeton Asset Management Ltd., Director of Franklin Templeton Sealand Fund Management Co., Ltd., and Director of Franklin Templeton Sealand Asset Management (Shanghai) Co., Ltd.

**Director, Mr. Wenbo Yan**, CPC member, MBA. He previously worked as an employee of the HR Department and Asset Management Department of Jun'an Securities Co., Ltd. In addition, he also served as Manager of the Investment Department of Shanghai Pudong Kechuang Co., Ltd., Head of the Human Resource Department of Minsheng Securities Co., Ltd., Head of both the Human Resource Department and the Institutional Client Department of Lianhe Securities Co., Ltd., Assistant to President (also served as President Office Director and Head of the Asset Management Department, Capital Market Department, and Beijing Management Headquarters at different periods in time), Vice President and General Manager of Beijing Branch of Sealand Securities Limited Liability Company, and Vice President, head of Capital Market Department and General Manager of Beijing Branch of Sealand Securities Co. Ltd.. He now serves as Vice President, Officer of the Corporate Financial Service Committee and General Manager of the Shenzhen Branch of Sealand Securities Co., Ltd., Director of Franklin Templeton Sealand Fund Management Co., Ltd., and Director of Franklin Templeton Sealand Asset Management (Shanghai) Co., Ltd.

**Director, Mr. Lingxiang Wu**, CPC member, Ph.D. Candidate, and economist. Mr. Wu successively served as a clerk of the Shanghai Hongkou District People's Court; a legal specialist of the Legal Affairs Office of the Head Office of Shanghai Pudong Development Bank; a legal advisor to the Legal Compliance Division of the Head Office of Bank of Communications Co., Ltd.; the Assistant to the General Manager and the General Manager of the Risk Management Headquarters, the Risk Control Director of Zhonghai Trust Co., Ltd.; Chief Risk Officer of China Zhongtuo

Trust Co., Ltd.; Deputy General Manager of Qilu Security Assets Management Limited (renamed as Zhongtai Securities (Shanghai) Asset Management Co., Ltd. in October 2017); and Vice President and Chief Risk Officer of Sealand Securities Co., Ltd. and the General Manager of the Risk Management Department I, performing the duties on behalf of the Head of the Risk Management Department II. Wu now serves as the Vice President and Chief Risk Officer of Sealand Securities Co., Ltd. and the General Manager of the Risk Management Department I, a Director of Sealand Innovation Capital Investment Management Limited and a Director of Franklin Templeton Sealand Fund Management Co., Ltd.

**Director, Mr. David Chang, M.A.** Mr. Chang successively served as the Corporate Banking Officer of Australia and New Zealand Banking Group (Sydney), Vice President of HSBC International Trustee Limited, Associate Director of Bankers Trustee Company Limited (U.K.), Director of Deutsche Bank Trustee (Hong Kong) Limited. He joined Franklin Templeton Investments in July 2000. He successively served as Director of Institutional Business Development, Head of Sales and Marketing Business Development in Hong Kong and Regional Head of Hong Kong. Mr. Chang now serves as the Regional Head of Greater China and Director of Franklin Templeton Investments (Asia) Limited and Director of Franklin Templeton Sealand Fund Management Co., Ltd.

**Independent Director, Ms. Tong Xu,** Master of Economics of Fudan University. Ms. Xu previously served as a member of the CPPCC of the Shanghai Putuo District. She successively served as Manager of Trading Department, Office Director and General Manager of the Shenzhen Composite Index and the Shanghai Composite Index of the Shenzhen Special Economic Zone Securities Company, Assistant to General Manager of Guotai Securities Company, Deputy General Manager of Beijing Securities Company, Chief Economist of Beijing Huayuan Group, Chief Economist of Guodu Securities Company, and Director of Sanya Financial Forum Development Co., Ltd.

She presently serves as Independent Director of Franklin Templeton Sealand Fund Management Co., Ltd.

**Independent Director, Ms. Rongrong Liu**, MBA. Ms. Liu previously served as Business Analyst in McKinsey, Partner of Crimson Asia Capital Holdings Ltd., Managing Director of Vision Investment Management(Asia) Limited, Business Partner of Boxin Capital. She presently serves as Director and Deputy General Manager of Day's Enterprise Company Limited, Chief Consultant of Investment Management Committee of Landseed International Medical Group, Independent Director of Franklin Templeton Sealand Fund Management Co., Ltd. and Executive Director of Manfield Chemical Holdings Limited.

**Independent Director, Mr. Charlie Yucheng SHI**, MBA, Founder and Managing Partner of Omaha Capital Management Co., Ltd. Mr. Shi was Independent Director of China Life Asset Management Company Limited, Independent Director of China Life Franklin Asset Management (Hong Kong) Co., Ltd., and Councillor and part-time researcher of Shanghai Development Research Foundation. He now serves as a member of the Advisory Board for Alternative Investments of China Life Asset Management Company Limited, Independent Director of Pico Far East Holdings Limited (a company listed on the main board of Hong Kong Stock Exchange), Independent Director of Franklin Templeton Sealand Fund Management Co., Ltd., and Independent Supervisor of the Board of Supervisors of PICC Property and Casualty Company Limited.

**Independent Director, Mr. Vincent Sun**, a practising lawyer in New York, USA and a JM from Duke University and East China University of Political Science and Law. In 2000, he joined Shanghai MHP Law Firm and served as the partner of the firm and the head of the corporate law department. In 2007, he established Shanghai Young-Ben Law Firm and currently serves as the director and managing partner of Young-Ben Law Firm and an Independent Director of Franklin Templeton Sealand Fund Management

Co., Ltd.

**Managing Director, Mr. Frank Lin**, MBA. Mr. Lin successively served as a Research Analyst at the Census and Statistics Office of the People's Bank of China in Jiangxi Province, Trader at the Financing Division of Jiangxi Provincial Financing Centre, Head of Treasury Dealing Centre under the Planning & Treasury Department of Head Office of China Merchants Bank, Portfolio Manager in the Investment Management Department of Harvest Fund Management Co., Ltd., Assistant to Director of and Portfolio Manager in the Fixed Income Department of Guotai Fund Management Co., Ltd., Head of Treasury Dealing Department, Vice President of Financial Market Department and Head of Asset Management Centre and Investment Trading Centre, as well as Vice President of Asset Management Department of Ping An Bank Co., Ltd. He also worked as Chairman and General Manager of Ping An Pioneer Capital Ltd., and Head of Asset Management Department of Ping An Securities Co., Ltd. He is presently the General Manager and Managing Director of Franklin Templeton Sealand Fund Management Co., Ltd.

### 3.2.2 Members of the Board of Supervisors

**Chairlady of the Board of Supervisors, Ms. Shirley Yu**, Graduated with a Bachelor of Arts degree in Economics. She successively served as Investment Services Representative of FIL Investment Management (Hong Kong) Limited, Marketing Assistant of Asiabondportal.com, Asia Regional Project Manager of FIL Investment Management (Hong Kong) Limited, Associate Director of Asia Regional Strategy and Product Development Department of Prudential Asset Management (Singapore) Limited, Head of Asia Regional Product Development Department of Credit Suisse Asset Management (Singapore) Ltd., and Principal in charge of SMA Investment Products of ICBC Credit Suisse Asset Management Co., Ltd. She now serves as Director of Asia Regional Product Strategy Department of Franklin Templeton Capital Holdings Co., Ltd. (a wholly owned subsidiary of Franklin Templeton Investments) and Chairlady of the Board of Supervisors of Franklin Templeton Sealand Fund



Management Co., Ltd.

**Supervisor, Mr. Jiangbo Liang**, master degree, CPC member, economist and accountant. Mr. Liang once served as Deputy Chief of Accounting Section I under the Planning & Finance Department of Guangxi Trust Investment Company, Accountant in the Finance Department of CPIC (Life Insurance) Nanning Branch, Head of Accounting Section under the Planning & Finance Department of Sealand Securities Limited Liability Company, Chief Financial Officer and Head of Finance Department of GuohaiLiangshi Futures Co., Ltd., as well as Deputy Head of Finance Management Department of Sealand Securities Co., Ltd. He is now Head of Finance Management Department of Sealand Securities Co., Ltd., and Supervisor of Franklin Templeton Sealand Fund Management Co., Ltd.

**Employee Supervisor, Mr. Benjamin Zhang**, CFA, graduated with a Master degree in Computer Science from the State University of New York at Buffalo and graduated with a Master degree in Mathematics from the University of Science and Technology of China. He successively worked as a software engineer for Enreach Technology Inc. in the United States, Senior Analyst in the Analysis Department of Haitong Securities Co., Ltd., Senior Quantitative Analyst of AIG-Huatai Fund Management Co., Ltd., Chief Quantitative Analyst, Head of Risk Control Department and Head of Business Development Department of Franklin Templeton Sealand Fund Management Co., Ltd. He is presently the Chief Investment Officer for Quantitative and Index Products, Head of Financial Engineering Department, Portfolio Manager of Franklin Sealand China CSI300 Enhanced Index Fund and Franklin Sealand China CSI100 Enhanced Index Fund, and Employee Supervisor of Franklin Templeton Sealand Fund Management Co., Ltd.

**Employee Supervisor, Mr. Skying Zhao**, MBA from the University of Hong Kong. Mr. Zhao previously served as Project Manager of Zibo Mining Group Co., Ltd., Analyst of Zhejiang Securities Co., Ltd., Senior Investment Manager of Shanghai

Jiaoda High-Tech Co., Ltd., Industry Analyst of Sealand Securities Limited Liability Company, Analyst and Senior Analyst of Franklin Templeton Sealand Fund Management Co., Ltd., Assistant to the Portfolio Manager of Franklin Sealand China Flex Cap Fund and Franklin Sealand China Prospect Mixed Assets Fund and Portfolio Manager of Franklin Sealand China CSI300 Enhanced Index Fund. He is presently the Director of Equity Investments and the Director of QDII Investment of Franklin Templeton Sealand Fund Management Co., Ltd, Portfolio Manager of Franklin Sealand China Small Mid Cap Fund, Franklin Sealand China Focus Fund, Franklin Sealand China Flex Cap Fund, Franklin Sealand China Ever Wealth Fund and Franklin Sealand China Fundamental Optimization Fund, and Employee Supervisor of Franklin Templeton Sealand Fund Management Co., Ltd.

### 3.2.3 Operation Management Personnel

**General Manager, Mr. Frank Lin**, MBA. Mr. Lin successively served as a Research Analyst at the Census and Statistics Office of the People's Bank of China in Jiangxi Province, Trader at the Financing Division of Jiangxi Provincial Financing Centre, Head of Treasury Dealing Centre under the Planning & Treasury Department of Head Office of China Merchants Bank, Portfolio Manager in the Investment Management Department of Harvest Fund Management Co., Ltd., Assistant to Director of and Portfolio Manager in the Fixed Income Department of Guotai Fund Management Co., Ltd., Head of Treasury Dealings Department, Vice President of Financial Market Department and Head of Asset Management Centre and Investment Trading Centre, as well as Vice President of Asset Management Department of Ping An Bank Co., Ltd. He also worked as Chairman and General Manager of Ping An Pioneer Capital Ltd., and Head of Asset Management Department of Ping An Securities Co., Ltd. He is presently the General Manager and Managing Director of Franklin Templeton Sealand Fund Management Co., Ltd.

**Deputy General Manager, Mr. Lirong Xu**, CFA, CPA (non-practicing), lawyer (non-practicing). He obtained his Master Degree in Economics from the Central

University of Finance and Economics. Mr. Xu previously served as Deputy Head of the Financial Department of China National Technical Import & Export Corporation, Portfolio Manager of Rongtong Fund Management Co., Ltd., Portfolio Manager of SYWG BNP Paribas Asset Management Co., Ltd. (now called SWS MU Fund Management Co., Ltd.), Senior Advisor, Head of Asset Management Department, Investment Manager and the Management Director of Franklin Templeton Sealand Fund Management Co., Ltd. He presently serves as the Deputy General Manager, Chief Investment Officer, Head of Research and Analysis Department of Franklin Templeton Sealand Fund Management Co., Ltd., and Portfolio Manager of Franklin Sealand China Income Fund, Franklin Sealand China Prospect Mixed Assets Fund and Franklin Sealand China Research Select Fund.

**Deputy General Manager, Ms. Yi Yu**, Master of Management, CPC member, economist, certified public accountant. Ms. Yu successively served as the Deputy Director of the International Business Division of Pudong Branch, Bank of Shanghai; the Head of the Fund Operation Department of Bank of China Fund Management Co., Ltd.; the General Manager and Supervisor of the Operation Department of ABC-CA Fund Management Co., Ltd. and the Supervisor of the subsidiary of ABC-CA Fund Management Co., Ltd.; the Chief Operating Officer, person in charge of risk control, and partner of Shanghai Joint Vision Asset Management Co., Ltd.; and the Chief Operating Officer of China Everbright Securities Asset Management Limited. She is presently the Deputy General Manager of Franklin Templeton Sealand Fund Management Co., Ltd.

#### 3.2.4 Chief Compliance Officer

**Chief Compliance Officer, Ms. Lily Chu**, CPC member, lawyer (non-practicing), Master of Law from SOAS, University of London. Her previous work experience includes legal counsel and Deputy Head of Investment and Operations Department of

Shanghai Material Trading Co., Ltd., and legal counsel of Li-Ning Sports (Shanghai) Co., Ltd. She joined Franklin Templeton Sealand Fund Management Co., Ltd. in 2005 and successively acted as legal counsel, senior legal counsel, Deputy Head and Head of Compliance Department, and Managing Director, the Secretary to the Board of Directors of Franklin Templeton Sealand Asset Management (Shanghai) Co., Ltd. Since 2006, she also concurrently acted as the Secretary to the Board of Directors. Ms. Chu is presently the Chief Compliance Officer, Secretary to the Board of Directors and senior legal counsel of Franklin Templeton Sealand Fund Management Co., Ltd.

### 3.2.5 Portfolio Managers of the Fund

Incumbent Portfolio Manager of the Fund:

**Mr. Lirong Xu**, CFA, CPA (non-practicing), lawyer (non-practicing). He obtained his Master Degree in Economics from the Central University of Finance and Economics. Mr. Xu previously served as Deputy General Manager of the Financial Department of China National Technical Import & Export Corporation, Portfolio Manager of Rongtong Fund Management Co., Ltd., Portfolio Manager of SYWG BNP Paribas Asset Management Co., Ltd. (now called SWS MU Fund Management Co., Ltd.), Senior Advisor of Franklin Templeton Sealand Fund Management Co., Ltd., and Head and Investment Manager of Asset Management Department and Director of the Management of Franklin Templeton Sealand Fund Management Co., Ltd. As of the date hereof, he serves as the Deputy General Manager, Chief Investment Officer, Head of the Research and Analysis Department of Franklin Templeton Sealand Fund Management Co., Ltd., and Portfolio Manager of Franklin Sealand China Income Fund, Franklin Sealand China Prospect Mixed Assets Fund and Franklin Sealand China Research Select Mixed Assets Fund.

Previous Portfolio Managers of the Fund:

Mr. Weimin Zhang (March 2007 - November 2007); and

Mr. Jason Zhu (March 2007 to February 2014).

### 3.2.6 Members of the Investment Decision-Making Committee

The Investment Decision-Making Committee consists of the following members: Mr. Yong Lin (General Manager), Mr. Lirong Xu (Deputy General Manager, Chief Investment Officer, Head of the Research and Analysis Department, Portfolio Manager); Mr. Benjamin Zhang (Chief Investment Officer for Quantitative and Index Products, Head of Financial Engineering Department, Portfolio Manager, Employee Supervisor), Mr. Skying Zhao (Director of Equity Investments, Director of QDII Investment, Portfolio Manager and Employee Supervisor), Ms. Yimin Liu (Director of Fixed Income Investment and Portfolio Manager) and Mr. Fei Ye (Deputy Head of Risk Control).

Ms. Lily Chu (Chief Compliance Officer) is entitled to attend any meetings of the Investment Decision-Making Committee.

3.2.7 All of the above-mentioned persons do not have close-family relations between one another.

## 3.3 Responsibilities of the Fund Manager

3.3.1 Conduct fund-raising, handle or entrust other institutions recognized by the CSRC to conduct offering, Subsequent Subscription, Redemption and registration of Fund units on behalf of the Fund Manager in accordance with the Laws and Regulations;

3.3.2 Conduct filing procedures for the Fund;

3.3.3 Separately manage and account for different Fund properties under management, and invest in securities;

3.3.4 Determine the Distribution Plan for Fund Income and distribute the Fund Income to Fund Unitholders in accordance with the Fund Contract in a timely manner;

3.3.5 Conduct fund accounting and compile financial statements for the Fund;

3.3.6 Compile quarterly, interim and annual reports;

3.3.7 Calculate and publicly announce the information about the Net Asset Value of the Fund and determine the Subscription and Redemption price of Fund units;

3.3.8 Handle information disclosure matters relating to operational management activities of the Fund properties;

3.3.9 Convene Unitholders' meeting;

3.3.10 Preserve the records, books, statements and other relevant information of Fund properties operational management activities;

3.3.11 Exercise litigation rights or execute other legal acts in the name of the Fund Manager on behalf of the interests of Fund Unitholders; and

3.3.12 Other duties as stipulated by the relevant Laws and Regulations and the CSRC.

### **3.4 Undertakings of the Fund Manager**

3.4.1 The Fund Manager shall comply with the relevant provisions of the *Securities Law, Funds Law, Measures on Operation, Measures on Sales, Measures on Information Disclosure*, and other Laws and Regulations, establish a robust internal control system, and take effective measures to prevent breaches or violations of the Laws and Regulations.

3.4.2 The Fund Manager shall not:

- (1) mix Fund properties with the properties of the Fund Manager or that of any other person or entity for securities investment purpose;
- (2) unfairly treat the Fund properties of different funds under its management;
- (3) use Fund properties for the interests or benefits of any third parties other than the Fund Unitholders;
- (4) make any promise of income or assumption of losses of the Fund Unitholders in breach of the relevant provisions of the Laws and Regulations; or
- (5) conduct any other activities prohibited by the CSRC in accordance with the

relevant provisions of the Laws and Regulations.

#### 3.4.3 The Fund Manager undertakes that:

- (1) it will act with reasonable care and in the best interests of the Fund Unitholders based on the principle of prudence and in accordance with the relevant provisions of the Laws and Regulations and the Fund Contract;
- (2) it shall not take advantage of its capacity as Fund Manager and act for the improper interest of itself, any agent, representative, employee or other third parties;
- (3) it shall not disclose or release any trade secret of the Fund in relation to any securities or funds which has come to its knowledge during its term of service, or any investment, investment plan or other information of the Fund that has not been lawfully announced to the public; and
- (4) it shall not in any way enter into or conduct any securities transaction for itself or any other entity or person.

### **3.5 Risk Management and Internal Control System of the Fund Manager**

#### 3.5.1 Risk Management System

The Fund is mainly exposed to market risks, credit risks, liquidity risks, management risks, operational or technical risks, compliance risks, and other risks in its business operations.

With respect to the risks above, the Fund Manager has established a complete risk-management system, which, in particular, includes the following:

- (1) Establishment of a Risk-Control Environment. This includes but is not limited to: formulating risk-management strategy and objectives, setting up of corresponding organizations and institutions, equipping with the corresponding human resources and technical systems, fixing the time frame

and spatial scope of risk management, etc.

- (2) Identification of Risks. This is to identify the risks existing in organizational systems and business procedures as well as the causes thereof.
- (3) Risk Analysis. This is to check the existing risk-control measures and to analyse the likelihood of occurrence for relevant risks and the possible consequences thereof.
- (4) Risk Assessment. This is to assess the risk level by qualitative and/or quantitative measuring methods. Qualitative measuring methods divide risks into several different levels according to the likelihood of occurrence and the severity of consequences for each type of risks. Quantitative measuring method designs certain risk indices and measures their numerical values thereof.
- (5) Risk Handling. Relevant risk level will be compared with established standards. Low-level risks will be monitored, management plans will be carried out for risks that are more serious, and corresponding emergency measures will be promptly prepared for risks that may cause serious consequences.
- (6) Monitoring and Examination. The existing risk management system will be monitored, and its management performance will be assessed. Change or verification may also be made thereto if necessary.
- (7) Reporting and Consulting. The Fund Manager maintains a reporting system for its risk management, so as to enable its shareholders, the Board of Directors, senior management and the compliance department to timely understand the risk management conditions of the company, and to promptly seek advice.

### 3.5.2 Internal Control System



### 3.5.2.1 Principles of Internal Control

- (1) Principle of Comprehensiveness. The internal control system covers all businesses, departments and employees of all levels, and penetrates into each section of business operations such as decision-making, implementation, supervision, feedback, etc.
- (2) Principle of Independence. The Fund Manager has an independent Chief Compliance Officer and compliance department and enables them to maintain a high level of independence and authority.
- (3) Principle of Checks and Balances. Both the duties and authorities of each department and position in the Fund Manager have been made clear, and practical mutual restraints and checks are in place to eliminate blind spots in internal control.
- (4) Principle of Importance. The Fund Manager's development is based on the foundations of sound and stable risk controls. The internal risk control and business development of the company are equally essential.

### 3.5.2.2 Main Scope of Internal Control

The main scope of internal control carried out by the Fund Manager includes: business controls, capital management controls, accounting systems controls, IT system controls, information disclosure controls, compliance controls, human resources controls, etc.

#### (1) Business Controls

Business controls include controls over the market development business, the investment management business, the open-ended fund business, the financial innovation business, etc.

The scope of control over the market development business mainly includes: (i) clarifying the relevant duties and the division of work amongst each specific business relating to market development, implementing a system for the separation of positions, so as to assure the effectiveness and reliability of each business and, at the same time

strengthen the internal checks and prevent the occurrence of potential mistakes and malpractices; (ii) establishing a standardized process for the sale of funds and adopting an advanced electronic sales system in order to continue improving the service quality of fund sales and to prevent potential mistakes and accidents; (iii) establishing a unified system for customer information and sales data management and duly preserving various information and materials; adopting a customer examination system to strictly examine and check through each customer's information and financial condition, clarifying the rights and obligations of each party to a transaction at the outset and preventing the various potential risks under the new forms of electronic transactions; (iv) ensuring that the promotional materials prepared by the Fund Manager shall comply with the requirements under the *Measures on Sales, Supplementary Provisions on the Regulatory Matters of the Publicity and Recommendation Materials of Funds, Tentative Measures for the Administration of the Business of Evaluation of Securities Investment Funds*, and other relevant Laws and Regulations; advertisement and/or promotional materials of the Fund produced by the Fund Manager or its Sales Agencies are subject to the prior examination by the Fund Manager's Chief Compliance Officer who will issue a subsequent compliance opinion; senior officers of the Fund Manager responsible for fund sales business should also review the compliance level of such advertisement and/or promotional materials, issue the relevant review opinion and submit the same to the CSRC for filing and record; and (v) pursuant to the requirements under the *Guiding Opinions on the Applicability of the Selling of Securities Investment Funds*, the Fund Manager and the Sales Agencies will, during the process for the sale of funds and other relevant products, focus on the different risk appetite of the Investors and sell products with the corresponding risk levels, thereby selling applicable products to applicable Investors. For this purpose, the Fund Manager has established an administrative system to manage the applicability of fund sales, assessed the risks of fund products and regularly updated such risk assessment, duly investigated the risk

appetite of the Investors, offered business training to sales personnel, strengthened its management over fund sales, improved its risk reminder and notice to the Investors, so as to reduce the risk of complaints by Investors which may arise from the misdistribution of fund products during the sales process.

The scope of control over the research business mainly includes: (i) ensuring that the research works will remain independent and objective; (ii) establishing a strict business process for research works and formulating scientific and efficient research methods; (iii) establishing a selection pool system for investment targets, in which the research department will establish and maintain such pool on the basis of ample research and in accordance with the requirements of the Fund Contract; (iv) establishing an investment analysis system to communicate information, exchange experiences and study relevant strategies, countermeasures and solutions during regular meetings, thereby improving the accuracy and timeliness of investment decisions; and (v) establishing an evaluation system for the quality of research reports.

The scope of control over investment decision-making business mainly includes: (i) ensuring that the investment decision-making shall strictly comply with the relevant provisions of the Laws and Regulations, and satisfy the investment objectives, scope of investment, investment strategy, investment portfolio, investment limit, etc. as prescribed by the Fund Contract; (ii) clearly defining the authority for investments and strictly complying with the relevant investment restriction, so as to prevent any unauthorized decision or any decision made beyond the delegated authority; and (iii) establishing an examination and approval policy for relevant investment decisions. The scope of control over the fund transactions business mainly includes: (i) adopting a centralized trading system, for fund transactions and ensuring that portfolio managers do not directly send investment orders to traders, nor directly make any trades; (ii) establishing a standardized process for fund investment transactions, and focusing on the links and supervision between each department throughout the process (written

proofs are also required throughout the process); and (iii) establishing a complete record-keeping system, which checks and files the list of daily investment portfolios and other relevant materials in a timely manner.

(2) Capital Management Controls

Capital management controls mainly include: The Fund's capital is independent from the Fund Manager's capital. The Fund Manager's capital and the Fund's capital is separated and isolated from one another. No mutual transfers, inter-borrowings, advancements or mixings are permitted between the Fund Manager's capital and the Fund's capital. The Fund Manager adheres to the operational principles of combining safety, liquidity and efficiency for capital operations. Both the capital raising and the use of capital and proceeds are strictly implemented in accordance with the relevant Laws and Regulations and the relevant policies of the Fund Manager, and are collectively managed to improve the cost-effectiveness of such capital and to focus on the safety and liquidity of such capital.

(3) Accounting System Controls

The Fund Manager has adopted appropriate accounting control measures and has clarified the handling procedures for accounting documents, books of accounts, and financial and accounting reports, so as to ensure the normal operations of its accounting and auditing system. Specific content includes:

(i) an accounting proof system to ensure the proper recording of its financial businesses and the clarification of its financial responsibilities through the design of proof certificates, entry, delivery, filing of relevant accounting proofs and other proof management systems; (ii) an account organization and account management system to properly set up its accounting books and to effectively control its accounting bookkeeping procedures; and (iii) an accounting review system to prevent accounting mistakes through accounting and business reviews.

(4) IT System Controls

The design and the development of the Fund Manager's IT system complies with the national and financial-industry standards for software engineering, and complete technical information have also been prepared. During the process of digitalizing its business, the Fund Manager has set up security systems and corresponding control mechanisms, and ensured the accountability of the IT system. The IT system, prior to its launch, had been jointly checked and accepted by the Fund Manager's business department, operations department, compliance department and other relevant departments.

(5) Information Disclosure Controls

Information disclosure controls include: (i) the Fund Manager has established a comprehensive system for information disclosure in accordance with the provisions of the *Company Law of the People's Republic of China*, the *Securities Law*, the *Funds Law*, the *Measures on Information Disclosure*, their corresponding standard forms and rules on the content and compilation of information disclosure, other relevant Laws and Regulations and relevant requirements of the CSRC, which can ensure that true, accurate and complete information is disclosed to the public in a timely manner; (ii) information publicly disclosed by the Fund Manager includes: the Prospectus, the Fund Contract, the Custody Agreement, regular reports, interim reports, and any other information as required by the Laws and Regulations and the CSRC. The Fund Manager strictly carries out the process and procedures for information disclosure, whereby each department of the Fund Manager duly performs its duties and assumes the corresponding responsibilities.

(6) Compliance Controls

Compliance controls include: The Fund Manager has set up a position for a Chief Compliance Officer ("CCO") who is fully responsible for the compliance works of the Fund Manager. The appointment of the CCO by the Board of Directors is done in accordance with the qualification requirements as stipulated by the CSRC. The CCO

answers to the Board of Directors, and his/her term of office shall be determined by the Articles of Association of the Fund Manager. Pursuant to the compliance needs of the Fund Manager and authorization granted by the Board of Directors, the CCO may attend the relevant meetings of the Fund Manager, have access to the relevant files of the Fund Manager, and independently check, evaluate, report and submit proposals in respect of the implementation status of the internal control system. The CCO shall be responsible for keeping all information and data that has come to his/her knowledge during compliance checks confidential. The CCO shall regularly and from time to time report on the internal control implementation status to the Board of Directors, and the Board of Directors shall review such reports as submitted by the CCO. The CCO shall independently issue quarterly, annual and other relevant compliance reports, which are to be submitted directly to the Board of Directors and the CSRC, with copies sent to the general manager of the Fund Manager. If the Fund Manager is found to have substantially breached any of the relevant Laws and Regulations, such breach shall be immediately reported to the Board of Directors of the Fund Manager, the CSRC and other relevant authorities.

(7) Human Resources Controls

Human resources controls include: The Fund Manager has established a reasonable employee remuneration system to determine the salaries and the remuneration of each employee in a reasonable manner. Underpayment of employees will affect the quality and operational efficiency of the Fund Manager's human resources, while overpayment of employees will damage the interests of the Fund Manager. Therefore, when determining the salary remuneration system, the Fund Manager adheres to the principle that cost efficiency shall be prioritized, while also embodying the principle of fairness. The Fund Manager has established a system for the selection, appointment and development of management personnel. By setting up a scientific policy and method for the selection and appointment of management

personnel, talented individuals are able to stand out. The establishment of a management personnel development system allows for the sustained improvement of the Fund Manager's level of management. Additionally, the setting up of an employee performance-evaluation and incentive plan provides sufficient motivation for the Fund Manager's employees.

(8) Insider Dealings and Connected Transaction Controls

Insider dealings and connected transaction controls mainly include: (i) strictly regulating and defining activities which employees are prohibited from engaging in, and requiring employees to strictly comply with such restrictions; (ii) establishing a comprehensive computer monitoring system to monitor the Fund's investment and trading activities in a real-time manner and to prevent the use of Fund properties for fraudulent and other market manipulation activities, and to pay special attention to large-sum stock trading; (iii) setting up a schedule of investment restrictions ensuring that the sale and purchase of stocks shall be strictly governed by their express transaction terms, strictly prohibiting any purchase of stocks set out on the above schedule of investment restrictions, and monitoring fund investment in accordance with the above schedule of investment restrictions through the compliance department; (iv) checking and supervising employees' activities to prevent any activity inconsistent with the code of conduct for fund practitioners and any act or conduct prohibited by the relevant Laws and Regulations for fund practitioners; and (v) strengthening professional ethics training for employees.

Additionally, the centralized trading system, firewall system and information disclosure control system all help to systematically prevent insider dealings.

3.5.2.3 Statement on Internal Control of the Fund Manager

- (1) The Fund Manager knows precisely that its Board of Directors and senior management are responsible for the establishment, implementation and maintenance of the internal control systems;

- (2) The above disclosures in relation to internal controls are true and correct; and
- (3) The Fund Manager undertakes that it will continue improving its internal control systems in accordance with market condition changes and its corporate development.



## **PART IV Fund Custodian**

### **4.1 Profile of Fund Custodian**

Name: Bank of China Limited (the “BOC”)

Residence and Office Address: No. 1 Fuxingmen Nei Dajie, Xicheng District, Beijing

First Registration Date: October 31, 1983

Registered Capital: Renminbi Two Hundred and Ninety-Four Billion Three Hundred and Eighty-Seven Million Seven Hundred Ninety-One Thousand Two Hundred and Forty-One only

Legal Representative: Lian’ge Liu

Custody Business Approval Document No.: CSRC Zheng Jian Ji Zi [1998] No. 24

Contact for Information Disclosure of Custody Department: Jun Xu

Fax: (010) 66594942

Customer Service Line of BOC: 95566

### **4.2 Fund Custody Department and Key Personnel**

As established in 1998, the Custody Department of the BOC now has over 110 employees, most of whom have abundant work experience in respect of banks, securities, funds and trusts, and have worked, studied or trained abroad previously. Over 60% of its employees possess master or higher degree or senior title. In order to render professional custodian service to its clients, the BOC has carried out custodian business in its domestic and overseas branches.

As one of the first commercial banks carrying out the business of securities investment fund custody in China, BOC owns a custody business system with a wide and comprehensive range of products, such as securities investment funds, funds (one-to-one, one-to-many), social security funds, insurance capitals, QFII, RQFII, QDII, three types of overseas institutions, asset management plans of securities

companies, trust plans, corporate annuity, bank financial products, equity funds, private funds, fund trusteeship, etc. In China, BOC is the first bank rendering performance evaluation, risk analysis and other value-added services. It provides different types of clients with customized custody value-added service, and is a prominent leading domestic custodian bank in China.

### **4.3 Custody of Securities Investment Fund**

As of December 31, 2019, 764 securities investment funds are in the custody of the BOC, among which 722 funds are onshore funds, and 42 funds are QDII funds. These funds cover various fund types including equity, bond, hybrid, monetary, index funds and FOF, satisfying different clients' diversified needs for investment and wealth management. The BOC takes a leading position in respect of the scale of funds under its custody.

### **4.4 Internal Control System of Custody Business**

The BOC Custody Department's risk management and control is a part of the comprehensive risk control of the BOC and adheres to the BOC's risk-control concepts and the principle of "Standardized and Stable Operations". The risk control exercised by the BOC's Custody Department penetrates each business section, and the comprehensive risk control and management of custody business is enhanced through risk identification and assessment, establishment of risk control measures and formulation work system, internal and external examination and auditing.

Since 2007, the BOC has been engaging external accounting firms to review the Custody Department's internal control, and unqualified review reports were issued based on "SAS70", "AAF01/06", "ISAE3402", "SSAE16" and other international customary internal-control review standards. In 2017, an internal-control review report based on double standards ("ISAE3402" and "SSAE16") was also issued to the BOC. The BOC Custody Department has a comprehensive internal control system and adopts

strict internal control measures, which efficiently guarantee the safety of assets under custody.

#### **4.5. Methods and Procedures of the Fund Custodian's Supervision on Fund Manager's Operation of the Fund**

In accordance with the relevant provisions of the *Securities Investment Fund Law of the People's Republic of China* and the *Administrative Measures on the Operation of Publicly Offered Securities Investment Funds*, where the Fund Custodian discovers that any Investment Instruction of the Fund Manager violates any Laws, Administrative Regulations and other relevant rules, or breaches any terms of the Fund Contract, the Fund Custodian shall refuse to carry out such order, timely deliver a notice to the Fund Manager, and promptly report it to the securities regulatory authority under the State Council. If the Fund Custodian finds out that any of the Investment Instruction of the Fund Manager which has already come into effect violates any Laws, Administrative Regulations and other relevant rules, or breaches any terms of the Fund Contract, the Fund Custodian shall timely notify the Fund Manager thereof and submit a report thereof to the securities regulatory authority under the State Council.

## **Part V Related Service Provider**

### **5.1 Sales Institutions for Class A-CNY Unit**

#### 5.1.1 Direct Sales Agency

Name: Franklin Templeton Sealand Fund Management Co., Ltd.

Registered Address: Room 306, Unit A-13, Phase I, China-ASEAN Science and Technology Enterprise Incubation Base, No. 1, Zongbu Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, People's Republic of China

Office Address: 9/F, Phase II, Shanghai International Finance Centre, 8 Century Avenue, Pudong, Shanghai

Legal Representative: Selina Wu

Contact: Rongjie Wang

Telephone: 021-3855 5678

Fax: 021-6887 0708

#### 5.1.2 Sales Agencies

##### (1) Bank of China Limited

Registered Address: No. 1 Fuxingmen Nei Dajie, Beijing

Office Address: No. 1 Fuxingmen Nei Dajie, Beijing

Legal Representative: Siqing Chen

Customer Service Line: 95566

Official Website: [www.boc.cn](http://www.boc.cn)

##### (2) Agricultural Bank of China Limited

Registered Address: No. 69 Jianguomen Nei Avenue, Dongcheng District, Beijing

Office Address: No. 69 Jianguomen Nei Avenue, Dongcheng District, Beijing

Legal Representative: Mubing Zhou

Customer Service Line: 95599

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

(3) Industrial and Commercial Bank of China Limited

Registered Address: No. 55 Fuxingmen Nei Avenue, Xicheng District, Beijing

Office Address: No. 55 Fuxingmen Nei Avenue, Xicheng District, Beijing

Legal Representative: Huiman Yi

Customer Service Line: 95588

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

(4) China Construction Bank Corporation

Registered Address: No. 25 Finance Street, Xicheng District, Beijing

Office Address: Building 1, Yard 1, Naoshikou Avenue, Xicheng District, Beijing

Legal Representative: Hongzhang Wang

Telephone: 010-66275654

Fax: 010-66275654

Contact: Hanbing Wu

Customer Service Line: 95533

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

(5) Postal Savings Bank of China Co., Limited

Registered Address: No. 3 Finance Street, Xicheng District, Beijing

Office Address: No. 3 Finance Street, Xicheng District, Beijing

Legal Representative: Guohua Li

Telephone: 010-68858117

Fax: 010-68858117

Contact: Shuo Wang

Customer Service Line: 95580

Official Website: [www.psbc.com](http://www.psbc.com)

(6) Bank of Communications Co., Ltd.

Registered Address: 188 Yinchengzhong Road, Pudong New Area, Shanghai

Office Address: 188 Yinchengzhong Road, Pudong New Area, Shanghai

Legal Representative: Chun Peng

Telephone: 021-58781234

Fax: 021-58408483

Contact: Jing Wang

Customer Service Line: 95559

Official Website: [www.bankcomm.com](http://www.bankcomm.com)

(7) China Merchants Bank Co., Limited

Registered Address: CMB Tower, No. 7088 Shennan Boulevard, Futian District, Shenzhen

Office Address: CMB Tower, No. 7088 Shennan Boulevard, Futian District, Shenzhen

Legal Representative: Jianhong Li

Telephone: 0755-83077278

Fax: 0755-83195050

Contact: Jiongpeng Deng

Customer Service Line: 95555

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

(8) China CITIC Bank Corporation Limited

Registered Address: Block C, Fuhua Mansion, No.8 Chaoyangmen Beidajie,

Dongcheng District, Beijing

Office Address: Block C, Fuhua Mansion, No.8 Chaoyangmen Beidajie,

Dongcheng District, Beijing

Legal Representative: Zhenming Chang

Telephone: 010-89937369

Fax: 010-85230049

Contact: Zhaofeng Lian

Customer Service Line: 95558

Official Website: [www.citicbank.com](http://www.citicbank.com)

(9) Hua Xia Bank Co., Limited

Registered Address: No.22 Jianguomennei Street, Dongcheng District, Beijing

Office Address: No.22 Jianguomennei Street, Dongcheng District, Beijing

Legal Representative: Jian Wu

Telephone: 010-85238982

Fax: 010-85238680

Contact: Haoguang Xu

Customer Service Line: 95577

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

(10) China Minsheng Banking Corp., Ltd.

Registered Address: No. 2 Fuxingmennei Avenue, Xicheng District, Beijing

Office Address: No. 2 Fuxingmennei Avenue, Xicheng District, Beijing

Legal Representative: Qi Hong

Fax: 010-57092611

Contact: Chengqian Yang

Customer Service Line: 95568

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

(11)China Everbright Bank Company Limited

Registered Address: China Everbright Center, No.25 Taipingqiao Avenue,  
Xicheng District, Beijing

Office Address: China Everbright Center, No. 25 Taipingqiao Avenue, Xicheng  
District, Beijing

Legal Representative: Shuangning Tang

Telephone: 010-63636153

Fax:010-63639709

Contact: Hong Zhu

Customer Service Line: 95595

Official Website:[www.cebbank.com](http://www.cebbank.com)

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

Registered Address: No. 12 Zhongshan Dong Yi Road, Shanghai, PRC

Office Address: No. 12 Zhongshan Dong Yi Road, Shanghai, PRC

Legal Representative: Guofu Gao

Telephone: 021-61618888

Fax: 021-63604199

Contact: Zhijie Zhou

Customer Service Line: 95528

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

(13)Bank of Ningbo Co., Ltd.

Registered Address: No. 700 Ningnan South Road, Yinzhou District, Ningbo City,  
Zhejiang Province, China



Office Address: No. 700 Ningnan South Road, Yinzhou District, Ningbo City,  
Zhejiang Province, China

Legal Representative: Huayu Lu

Telephone: 0574-89068340

Fax: 0574-87050024

Contact: Qiaochao Ren

Customer Service Line: 95574

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

(14) Bank of Dongguan Co., Ltd.

Registered Address: No. 21 Tiyu Road, Guancheng District, Dongguan City

Office Address: No. 21 Tiyu Road, Guancheng District, Dongguan City

Legal Representative: Guofeng Lu

Telephone: 0769-22119061

Fax: 0769-23156406

Contact: Liuyang Lin

Customer Service Line: 4001196228

Official Website: [www.dongguanbank.cn](http://www.dongguanbank.cn)

(15) China Bohai Bank Co., Ltd.

Registered Address: No. 218, Haihe East Road, Hedong District, Tianjin

Office Address: No. 218, Haihe East Road, Hedong District, Tianjin

Legal Representative: Fuan Li

Telephone: 022-58316471

Contact: Tingting Wang

Customer Service Line: 95541

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

(16) Hangzhou United Rural Commercial Bank Co., Ltd.

Registered Address: No. 99 Jianguozhong Road, Hangzhou

Office Address: No. 99 Jianguozhong Road, Hangzhou

Legal Representative: Chen Zhang

Telephone: 0571-87923324

Fax: 0571-87923214

Contact: Qiang Zhang

Customer Service Line: 96592

Official Website: [www.urcb.com](http://www.urcb.com)

(17) Bank of Suzhou Co., Ltd.

Registered Address: No. 728 Zhongyuan Road, Suzhou Industrial Park, Suzhou, China

Office Address: No. 728 Zhongyuan Road, Suzhou Industrial Park, Suzhou, China

Legal Representative: Lanfeng Wang

Telephone: 0512-69868519

Fax: 0512-69868373

Contact: Xiaoliang Ge

Customer Service Line: 96067

Official Website: [www.suzhoubank.com](http://www.suzhoubank.com)

(18) Industrial Bank Co., Ltd.

Registered Address: No. 154 Hudong Road, Fuzhou

Office Address: 9/F, Xingye Building, No. 168 Jiangning Road, Shanghai

Legal Representative: Jianping Gao

Contact: Ling Liu

Customer Service Line: 95561

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

(19) Sealand Securities Co., Ltd.

Registered Address: No. 13 Fuxing Road, Guilin, Guangxi

Office Address: Guohai Building, No. 46 Binhu Road, Nanning, Guangxi

Legal Representative: Chunmei He

Telephone: 0755-83709350

Fax: 0755-83704850

Contact: Mengyu Niu

Customer Service Line: 95563

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

(20) China Securities Co., Ltd.

Registered Address: Building 4, No. 66 Anli Road, Chaoyang District, Beijing

Office Address: No. 188, Chaoyangmennei Avenue, Dongcheng District, Beijing

Legal Representative: Changqing Wang

Telephone: 010-85130588

Fax: 010-65182261

Contact: Tang Quan

Customer Service Line: 95587

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

(21) Guotai Junan Securities Co., Ltd.

Registered Address: No. 618 Shangcheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai

Office Address: 29/F, Shanghai Bank Tower, No. 168 Middle Yincheng Road,  
Pudong New District, Shanghai

Legal Representative: Dehong Yang

Telephone: 021-38676666

Fax: 021-38670666

Contact: Weizhen Zhong

Customer Service Line: 95521

Official Website: [www.gtja.com](http://www.gtja.com)

(22) Haitong Securities Co., Ltd.

Registered Address: Haitong Securities Building, No. 689 Guangdong Road,  
Shanghai

Office Address: Haitong Securities Building, No. 689 Guangdong Road, Shanghai

Legal Representative: Jie Zhou

Telephone: 021-23219000

Fax: 021-23219100

Contact: Xiaoming Li

Customer Service Line: 95553 or call the consulting line of the local city  
operational branch

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

(23) China Galaxy Securities Co., Ltd.

Registered Address: 2-6/F, 35 Finance Street, Xicheng District, Beijing

Office Address: Tower C, Corporate Square, 35 Finance Street, Xicheng District,  
Beijing

Legal Representative: Gongyan Chen

Telephone: 010-66568450

Fax:010-66568990

Contact: Guozheng Xin

Customer Service Line: 95551

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

(24) Industrial Securities Co., Ltd.

Registered Address: No. 268 Hudong Road, Fuzhou

Office Address: No. 36 Changliu Road, Pudong New Area, Shanghai

Legal Representative: Huahui Yang

Telephone:021-38565547

Contact: Linxue Qiao

Customer Service Line: 95562

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

(25) Shenwan & Hongyuan Securities Co., Ltd.

Registered Address: 45/F, 989 Changle Road, Xuhui District, Shanghai

Office Address: 45/F, 989 Changle Road, Xuhui District, Shanghai

Legal Representative: Mei Li

Telephone:021-33389888

Fax: 021-33388224

Contact: Biao Chen

Customer Service Line: 95523, 4008895523

Official Website: [www.swhysc.com](http://www.swhysc.com)

(26) China Merchants Securities Co. Ltd.

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

Office Address: 38-45/F, Block A, Jiangsu Building, Yitian Road, Futian District,

Shenzhen

Legal Representative: Da Huo

Telephone:0755-82943666

Fax:0755-83734343

Contact: Shengying Lin

Customer Service Line:95565

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

(27)CITIC Securities Company Limited

Registered Address: North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province

Office Address: CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province

Legal Representative: Youjun Zhang

Telephone:010-60838888

Fax:010-60833739

Contact: Yitong Wang

Customer Service Line:95548

Official Website: [www.cs.ecitic.com](http://www.cs.ecitic.com)

(28)Zhongtai Securities Co., Ltd.

Registered Address: No. 86 Jingqi Road, Jinan City, Shandong Province

Office Address: No. 86 Jingqi Road, Jinan City, Shandong Province

Legal Representative: Wei Li

Telephone: 021-20315290

Fax:0531-68889095

Contact: Manhua Xu

Customer Service Line: 95538

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

(29)GF Securities Co., Ltd.

Registered Address: 43/F (Rooms 4301-4316), Metro Plaza, No. 183-187 Tianhe North Road, Tianhe District, Guangzhou

Office Address: 5, 18, 19, 36, 38, 39, 41, 42, 43, 44/F, Metro Plaza, Tianhe North Road, Tianhe District, Guangzhou, Guangdong

Legal Representative: Shuming Sun

Telephone:020-87555888

Contact: Lan Huang

Customer Service Line:95575

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

(30)Northeast Securities Co., Ltd.

Registered Address: No. 6666 Shengtai Avenue, Changchun

Office Address: No. 6666 Shengtai Avenue, Changchun

Legal Representative: Fuchun Li

Telephone:0431-85096517

Fax: 0431-85096795

Contact: Yanyan An

Customer Service Line: 95360

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

(31)Shanxi Securities Co., Ltd.

Registered Address: East Tower, Shanxi International Trade Center, No. 69 Fuxi Street, Taiyuan

Office Address: East Tower, Shanxi International Trade Center, No. 69 Fuxi Street,

Taiyuan

Legal Representative: Hou Wei

Telephone:0351-8686659

Fax: 0351-8686619

Contact: Huibin Zhang

Customer Service Line:400-666-1618, 95573

Official Website: [www.i618.com.cn](http://www.i618.com.cn)

(32) Fortune Securities Co., Ltd.

Registered Address: 26/F, Shuntian International Fortune Center, No. 80, 2<sup>nd</sup> Block Furong Zhong Road, Changsha

Office Address: 26/F, Shuntian International Fortune Center, No. 80, 2<sup>nd</sup> Block Furong Zhong Road, Changsha

Legal Representative: Yibing Cai

Telephone:0731-84403319

Fax: 0731-84403439

Contact: Jing Guo

Customer Service Line:400-88-35316

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

(33) TX Investment Consulting Co., Ltd.

Registered Address: Room 701, Building B, Focus Place, 19 Financial Street, Xicheng District, Beijing

Office Address: Room 505, Building C, No.28 Outside Xijiekou Street, Xicheng District, Beijing

Legal Representative: Yixiang Lin

Telephone:010-66045778



Fax:010-66045518

Contact: Lei Tan

Customer Service Line: 010-66045678

Official Website: [www.txsec.com](http://www.txsec.com)

(34)Nanjing Securities Co., Ltd.

Registered Address: No. 8 Nanjing Bell Tower, Nanjing, Jiangsu

Office Address: No. 8 Nanjing Bell Tower, Nanjing, Jiangsu

Legal Representative: Guoxun Bu

Telephone:025-52310550

Fax: 025-52310586

Contact: Wanjun Wang

Customer Service Line: 95386

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

(35)Huatai Securities Co., Ltd.

Registered Address: No.228, Jiangdong Middle Road, Nanjing, Jiangsu

Office Address: Huatai Securities Plaza, No.228, Jiangdong Middle Road, Jianye District, Nanjing, Jiangsu

Legal Representative: Yi Zhou

Telephone: 021-68498507

Fax: 025-83387254

Contact: Yuming Zhang

Customer Service Line: 95597

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

(36)Xiangcai Securities Co., Ltd.

Registered Address: 12/F, Zhongshan International Building, No. 63 Huangxing Middle Road, Changsha, Hunan

Office Address: 11/F, Building A, Xinnancheng Business Center, No.198 Xiangfu Middle Road, Tianxin District, Changsha, Hunan

Legal Representative: Yongxiang Sun

Telephone:0731-84451488

Fax:021-68865680

Contact: Kangying Zhong

Contact Phone: 021-68634518-8503

Customer Service Line: 400-888-1551

Official Website: [www.xcsc.com](http://www.xcsc.com)

(37)Essence Securities Co., Ltd.

Registered Address: Unit A02, 28/F, 35/F, Anlian Building, No. 4018 Jintian Road, Futian District, Shenzhen

Office Address: Unit A02, 28/F, 35/F, Anlian Building, No. 4018 Jintian Road, Futian District, Shenzhen

Legal Representative: Lianzhi Wang

Telephone:0755-82558305

Fax:0755-82558355

Contact: Jianhong Chen

Customer Service Line:400-8001-001

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

(38)AVIC Securities Co., Ltd.

Registered Address: 41/F, Block A, Nanchang International Finance Tower, No. 1619, Hongguzhong Road, Honggutan New District, Nanchang, Jiangxi

Office Address: Room 3207, Block A, Nanchang International Finance Tower, No. 1619 Hongguzhong Road, Honggutan New District, Nanchang, Jiangxi

Legal Representative: Yisi Wang

Telephone:0791-86768681

Fax: 0791-86770178

Contact: Lei Dai

Customer Service Line:400-8866-567

Official Website: [www.avicsec.com](http://www.avicsec.com)

(39)Guoyuan Securities Co., Ltd.

Registered Address: No. 179, Shouchun Road, Hefei, Anhui

Office Address: No. 179, Shouchun Road, Hefei, Anhui

Legal Representative: Yong Cai

Telephone:0551-62246273

Fax: 0551-62272108

Contact: Linlin Chen

Customer Service Line:400-8888-777 or 95578, 96888 for Anhui Province customers

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

(40)Shanghai Securities Co., Ltd.

Registered Address: 7/F, No. 213 Middle Sichuan Road, Huangpu District, Shanghai

Office Address: 7/F, No. 213 Middle Sichuan Road, Huangpu District, Shanghai

Legal Representative: Junjie Li

Telephone:021-53686888

Fax:021-53686100-7008

Contact: Zhenzhen Shao  
Customer Service Line: 4008918918  
Official Website: [www.shzq.com](http://www.shzq.com)

(41) Everbright Securities Co., Ltd.

Registered Address: No. 1508 Xinzha Road, Jing'an District, Shanghai  
Office Address: No. 1508 Xinzha Road, Jing'an District, Shanghai  
Legal Representative: Feng Xue  
Telephone: 021-22169999  
Fax: 021-22169134  
Contact: Chen Liu, Fangfang Li  
Customer Service Line: 95525  
Official Website: [www.ebscn.com](http://www.ebscn.com)

(42) Jianghai Securities Co., Ltd.

Registered Address: No. 56 Ganshui Road, Xiangfang District, Harbin  
Office Address: No. 56 Ganshui Road, Xiangfang District, Harbin  
Legal Representative: Mingyang Sun  
Telephone: 0451-85863719  
Fax: 0451-82287211  
Contact: Shuang Liu  
Customer Service Line: 400-666-2288  
Official Website: [www.jhzq.com.cn](http://www.jhzq.com.cn)

(43) Donghai Securities Co., Ltd.

Registered Address: 18/F Investment Plaza, No. 23 Yanling Xi Road, Changzhou,  
Jiangsu

Office Address: Donghai Securities Tower, No. 1928 Dongfang Road, Pudong New Area, Shanghai

Legal Representative: Jun Zhao

Telephone: 021-20333333

Fax: 021-50498825

Contact: Yiyang Wang

Customer Service Line: 95531; 400-888-8588

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

(44)Guosen Securities Co., Ltd.

Registered Address: 16-26/F Guosen Securities Tower, No. 1012 Middle Hongling Road, Luohu District, Shenzhen

Office Address: 16-26F Guosen Securities Tower, No. 1012 Middle Hongling Road, Luohu District, Shenzhen

Legal Representative: Ru He

Telephone: 0755-82130833

Fax:0755-82133952

Contact: Yang Zhou

Customer Service Line:95536

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

(45)Hwabao Securities Co., Ltd.

Registered Address: 57/F Shanghai World Financial Center, No. 100 Century Boulevard, Pudong New Area, Shanghai

Office Address: 57/F Shanghai World Financial Center, No. 100 Century Boulevard, Pudong New Area, Shanghai

Legal Representative: Lin Chen

Telephone: 021-68778790

Fax: 021-68778113

Contact: Wenchuan Liu

Customer Service Line:400-820-9898

Official Website: [www.cnhbstock.com](http://www.cnhbstock.com)

(46)Huafu Securities Co., Ltd.

Registered Address: 7-8/F Xintiandi Building, Wusi Road, Fuzhou

Office Address: 7-8/F Xintiandi Building, Wusi Road, Fuzhou

Legal Representative: Jinlin Huang

Telephone: 021-20655176

Fax: 021-20655196

Contact: Bowen Li

Customer Service Line: 95547

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

(47)Changjiang Securities Co., Ltd.

Registered Address: Changjiang Securities Building, No. Te 8, Xinhua Road,  
Wuhan City

Office Address: Changjiang Securities Building, No. Te 8, Xinhua Road, Wuhan  
City

Legal Representative: Xigui You

Telephone:027-65799999

Fax:027-85481726

Contact: Boyu Xi

Customer Service Line: 95579

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

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

Registered Address: 20/F, Building 1, Qingdao International Financial Square, No. 222 Shenzhen Road, Laoshan District, Qingdao

Office Address: 20/F, Building 1, Qingdao International Financial Square, No. 222 Shenzhen Road, Laoshan District, Qingdao

Legal Representative: Baolin Yang

Telephone: 0532-85022326

Fax: 0532-85022605

Contact: Qiuyue Sun

Customer Service Line: 95548

Official Website: [www.citicssd.com](http://www.citicssd.com)

(49) CEFC Shanghai Securities Limited

Registered Address: 9/F Shanghai World Financial Center, No. 100 Century Boulevard, Pudong New Area, Shanghai

Office Address: 20/F, Tomorrow Square, No. 399 Nanjing West Road, Huangpu Area, Shanghai

Legal Representative: Canhui Chen

Telephone: 021-63898427

Fax: 021-68776977-8427

Contact: Lu Xu

Customer Service Line: 400-820-5999

Official Website: [www.shhxzq.com](http://www.shhxzq.com)

(50) CITIC Futures Co., Ltd.

Registered Address: Rooms 1301-1305, 13/F & 14/F, North Tower, Excellence Times Plaza (Phase II), No.8 3<sup>rd</sup> Zhongxin Road, Futian District, Shenzhen

Office Address: Units 1301-1305, 13/F & 14/F, North Tower, Excellence Times Plaza (Phase II), No.8 3<sup>rd</sup> Zhongxin Road, Futian District, Shenzhen

Legal Representative: Hao Zhang

Telephone:0755-23953913

Fax:0755-83217421

Contact: Cheng Hong

Official Website: [www.citicsf.com](http://www.citicsf.com)

Customer Service Line:400-990-8826

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

Registered Address: Room 2005, 20/F, Dacheng International Mansion, No. 358 Beijing South Road, Gaoxin District (Xinshi District), Urumqi, Xinjiang

Office Address: Room 2005, 20/F, Dacheng International Mansion, No. 358 Beijing South Road, Gaoxin District (Xinshi District), Urumqi, Xinjiang (Zip Code: 830002)

Legal Representative: Qi Li

Telephone: 0991-2307105

Fax: 0991-2301927

Contact: Huaichun Wang

Customer Service Line:400-800-0562

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

(52)Ping An Securities Co., Ltd.

Registered Address: 16-20/F, Rongchao Building, No. 4036 Jintian Road, Futian CBD, Shenzhen



Office Address: 26/F, Ping An Finance Building, No. 1333 Lujiazui Ring Road,  
Pudong New District, Shanghai

Legal Representative: Shifan Cao

Telephone: 021-38631117

Fax: 021-58991896

Contact: Chi Zhou

Customer Service Line: 95511-8

Official Website: [stock.pingan.com](http://stock.pingan.com)

(53) Southwest Securities Co., Ltd.

Registered Address: No. 8 Qiaobei Garden, Jiangbei District, Chongqing

Office Address: Southwest Securities Building, No. 8 Qiaobei Garden, Jiangbei  
District, Chongqing

Legal Representative: Jian Wu

Telephone: 023-63786633

Fax: 023-63786212

Contact: Yu Zhang

Customer Service Line: 95355, 4008096096

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

(54) Eastmoney Securities Co., Ltd.

Registered Address: Building 10, Guoji Zongbu City, Liuwu New District, Lhasa,  
Tibet Autonomous Region

Office Address: Eastmoney Building, Block Jin, No. 88 Wanping Road South,  
Xuhui District, Shanghai

Legal Representative: Weiqin Xu

Telephone: 021-23586603

Fax: 021-23586860

Contact: Jia Fu

Customer Service Line: 95357

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

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

Registered Address: 2/F, Building 2, No. 190 Longtian Road, Xuhui District, Shanghai

Office Address: East Money Building, No. 88 Wanping South Road, Xuhui District, Shanghai

Legal Representative: Shi Qi

Contact: Shiyu Pan

Telephone: 021-54509977

Fax: 021-54509953

Customer Service Line: 95021

Official Website: [www.1234567.com.cn](http://www.1234567.com.cn)

(56) Ant (Hangzhou) Fund Sales Co., Ltd.

Registered Address: Room 202, Building 1, No.1218 Wenyi Xi Road, Cangqian Sub-district, Yuhang District, Hangzhou

Office Address: 6/F, Block B, Huanglong Times Square, No. 18 Wan Tang Road, West Lake District, Hangzhou, Zhejiang

Legal Representative: Baiqing Chen

Contact: Aibin Han

Telephone: 0571-26888888

Fax: 0571-26697013

Customer Service Line: 4000-766-123

Official Website: [www.fund123.cn](http://www.fund123.cn)

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

Registered Address: Unit 41, 2/F, Building 26, No. 196 Ouyang Road, Hongkou District, Shanghai

Office Address: 9/F Erdos Mansion, No.1118 Pudong South Road, Pudong New Area, Shanghai

Legal Representative: Wenbin Yang

Contact: Shiyu Wang

Telephone:021-20613643

Fax:021-68596916

Customer Service Line:400-700-9665

Official Website: [www.ehowbuy.com](http://www.ehowbuy.com)

(58) NOAH UPRIGHT (Shanghai) Fund Sales Co., Ltd.

Registered Address: Room 3724, Lane9, 360 Feihong Road, Hongkou District, Shanghai

Office Address:2/F, Block C, No. 32 Qinhuangdao Road, Yangpu District, Shanghai

Legal Representative: Jingbo Wang

Contact: Yifei Yu

Telephone:021-80358749

Fax:021-38509777

Customer Service Line: 400-821-5399

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

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

Registered Address: Room 801, 8/F, Wuzi Konggu Zhidi Building, Liyuan Road, Luohu District, Shenzhen

Office Address: 4/F, HALO Place, No. 8 Liyuan Road, Luohu District, Shenzhen

Legal Representative: Feng Xue

Contact: Jiangjiang Gong

Telephone:0755-33227950

Fax:0755-33227951

Customer Service Line: 4006-788-887

Official Websites: [www.zlfund.cn](http://www.zlfund.cn)

(60)Myfp Fund Investment Consulting Co., Ltd.

Registered Address: No. 6 Anfu Street, Houshayu Town, Shunyi District, Beijing

Office Address: 6/F, Post and Telecommunications News Building, No. 15-1, Anyuan Road, Chaoyang District, Beijing

Legal Representative: Zhenjie Yan

Contact: Xiaofang Li

Telephone: 010-59601366

Fax: 0351-4110714

Customer Service Line:400-818-8000

Official Website: [www.myfund.com](http://www.myfund.com)

(61)Hexun Information Technology Co., Ltd.

Registered Address: Room 1002, Fanli Building, No. 22 Chaowai Avenue, Chaoyang District, Beijing

Office Address: 10/F, Fanli Building, No. 22 Chaowai Avenue, Chaoyang District, Beijing

Legal Representative: Li Wang

Contact: Huihui Chen

Telephone: 010-85657353

Fax: 021-65884788

Customer Service Line: 400-920-0022

Official Website: [licaike.hexun.com](http://licaike.hexun.com)

(62) Puling Fund Sales Co., Ltd.

Registered Address: Room 908, 9/F, Block A, Building 13, 4th District, Wangjing East Park, Chaoyang District, Beijing

Office Address: Rooms 04-08, 9/F, Block A, Wangjing Puxiang Centre, Chaoyang District, Beijing

Legal Representative: Wanjun Nie

Contact: Yan Li

Telephone: 010-59497361

Fax: 010-64788016

Customer Service Line: 64788016

Official Website: [www.zscffund.com](http://www.zscffund.com)

(63) Shanghai Changliang Fund Sales Co., Ltd.

Registered Address: Room 220, Building 2, No.526 Gaoxiang Road, Pudong New District, Shanghai

Office Address: 11/F, No. 1267 Dongfang Road, Pudong New Area, Shanghai

Legal Representative: Yuewei Zhang

Contact: Min Dang

Telephone: 021-20691835

Fax: 021-20691861

Customer Service Line: 400-820-2899

Official Website: [www.erichfund.com](http://www.erichfund.com)

(64) Haiyin Fund Distribution Co., Ltd.

Registered Address: Room 402, No. 8 Yinchengzhong Road, China (Shanghai)

Pilot Free Trade Zone

Office Address: 4/F, No. 8 Yinchengzhong Road, Pudong New Area, Shanghai

Legal Representative: Hui Liu

Contact: Lin Mao

Telephone: 021-80133597

Fax: 021-80133413

Customer Service Line: 400-808-1016

Official Website: [www.fundhaiyin.com](http://www.fundhaiyin.com)

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

Registered Address: Room 1006#, 10/F, Building 4, SEG Science and Technology Park, Huaqiang North Road, Futian District, Shenzhen

Office Address: 6/F, Block A, Fuzhuo Building, No.28 Xuanwumenwai Street, Xicheng District, Beijing

Legal Representative: Yong Ma

Contact: Wen Wen

Telephone: 010-83363101

Fax: 010-83363072

Customer Service Line: 4001661188

Official Website: [8.jrj.com.cn](http://8.jrj.com.cn)

(66) Taicheng Wealth Fund Sales (Dalian) Co., Ltd.

Registered Address: No.3, XingHai Zhonglong Yuan, Shahekou District, Dalian,

Liaoning

Office Address: No.3, XingHai Zhonglong Yuan, Shahekou District, Dalian, Liaoning

Legal Representative: Chunguang Li

Contact: Jiang Xu

Telephone:0411-88891212

Fax:0411-84396536

Customer Service Line: 400-0411-001

Official Website: [www.haojiyoujijin.com](http://www.haojiyoujijin.com)

(67)iFAST Financial China Ltd.

Registered Address: Room 201, Building A, No. 1 Qianwan 1 Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (located in the Shenzhen city Qianhai Secretary of Commerce Co., Ltd.)

Office Address: Room 1704, 17/F, Tower A, Aerospace Science and Technology Square, Haide 3<sup>rd</sup> Avenue, Nanshan district, Shenzhen

Legal Representative: Teo Wee Howe

Contact: Jian Ye

Telephone: 0755-89460500

Fax: 0755-21674453

Customer Service Line: 400-684-0500

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

(68)Shanghai Lu Jin Fund Sales Co., Ltd.

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

Office Address:4/F, No.1333, Lujiazui Ring Road, Pudong New District, Shanghai

Legal Representative: Zhiguang Wang

Contact: Boyu Ning

Telephone: 021-20665952

Fax: 021-22066653

Customer Service Line: 400-821-9031

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

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

Registered Address: Room 903, No. 1 Wener West Road, Hangzhou

Office Address: 4/F, Tonghuashun Tower, No. 18 Tongshun Street, Yuhang District, Hangzhou

Legal Representative: Shunping Ling

Contact: Chaochao Fei

Telephone: 0571-88911818-8654

Fax: 0571-86800423

Customer Service Line: 4008-773-772

Official Website: [www.5ifund.com](http://www.5ifund.com)

(70) Beijing Kenterui Fund Sales Co., Ltd.

Registered Address: Room 2603-06, 22/F, Building 1, No. 66 Zhongguancun East Road, Haidian District, Beijing

Office Address: Yard 18, Kechuang 11th Street, E-Town Economic-Technological Development Area, Beijing

Legal Representative: Hui Jiang

Contact: Jinxing Han

Telephone: 13810801527

Fax: 010-89188000



Customer Service Line: 95118

Official Website: [fund.jd.com](http://fund.jd.com)

(71) Wuhan Bojia Fund Sales Co., Ltd.

Registered Address: Room 601, Block B, Huanya Tower, No. 17-19, Taibei Yi Road, Jiangnan District, Wuhan

Office Address: Room 601, Block B, Huanya Tower, No. 17-19, Taibei Yi Road, Jiangnan District, Wuhan

Legal Representative: Jie Tao

Contact: Ling Chen

Telephone: 027-83863742

Fax: 027-83862682

Customer Service Line: 400-027-9899

Official Website: [www.buyfunds.cn](http://www.buyfunds.cn)

(72) Shanghai Liantai Fund Sales Co., Ltd.

Registered Address: Room 310, 3/F, No. 277 Fute North Road, China (Shanghai) Pilot Free Trade Zone

Office Address: 3/F, Tower 8, No. 518 Fuquan North Road, Changning District, Shanghai

Legal Representative: Bin Yan

Contact: Min Lan

Telephone: 021-52822063

Fax: 021-52975270

Customer Service Line: 400-118-1188

Official Website: [www.66liantai.com](http://www.66liantai.com)

(73)DTFUNDS Fund Sales Co., Ltd.

Registered Address: Room 708, No.102, Jiangdong Middle Road, Jianye District, Nanjing

Office Address: 15/F, Dongfang Chunyi Mansion, No.505, Eshan road, Pudong New District, Shanghai

Legal Representative: Yang Yao

Telephone: 021-20324176

Fax: 021-2032 4199

Contact: Zhaoshe Meng

Customer Service Line: 4009282266

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

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

Registered Address: Room 03, No.735 Huangkan Village, Jiuduhe Town, Huairou District, Beijing

Legal Representative: Yu Jiang

Contact: Peiyong Feng

Telephone:010-58170950

Fax:010-58170800

Customer Service Line:400-818-8866

Official Website: [fund.shengshiview.com](http://fund.shengshiview.com)

(75)Shanghai Jing Gu Fund Sales Co., Ltd.

Registered Address: Room N3809, Building24, No.2 Xincheng Road, Nicheng Town, Putong New District

Office Address: 402K, No. 958 Lujiazui Ring Road, Pudong New District, Shanghai

Legal Representative: Fei Yuan

Contact: Zhenrong Yuan

Telephone:021-61621602

Fax:021-61621602-819

Customer Service Line:021-61621602

Official Website: [www.g-fund.com.cn](http://www.g-fund.com.cn)

(76)Shanghai Ji Yu Fund Sales Co., Ltd.

Registered Address: Room 6153, Building2, No.1800 Panyuan Road, Changxing Town, Chongming County, Shanghai (Shanghai Taihe Economic Development Zone)

Office Address: Room 1503, Taiping Financial Building, No. 488 Yinchengzhong Road, Pudong New Area, Shanghai

Legal Representative: Xiang Wang

Contact: Hongfei Wu

Telephone:021-65370077

Fax:021-55085991

Customer Service Line: 4008205369

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

(77)YiluCaifu (Beijing) Information Technology Co., Ltd.

Registered Address: Room 2208, Building A, Vantone New World Plaza, No.2 Fuchengmen Street, Xicheng District, Beijing

Office Address: Room 2208, Building A, Vantone New World Plaza, No.2 Fuchengmen Street, Xicheng District, Beijing

Legal Representative: Xuexiu Wu

Telephone:010-88312877

Fax: +86(10)88312099

Contact: Yue Xu

Customer Service Line: 4000011566

Official Website: [www.yilucaifu.com](http://www.yilucaifu.com)

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

Registered Address: Room 105-3491, No. 6 Baohua Road, Hengqin New Area, Zhuhai

Office Address: Room 1201-1203, South Tower, Poly International Plaza, No. 1 Pazhou Avenue East, Haizhu District, Guangzhou

Legal Representative: Wen Xiao

Contact: Xiangxiang Qiu

Telephone: 020-89629099

Fax: 020-89629011

Customer Service Line: 020-89629066

Official Website: [www.yingmi.cn](http://www.yingmi.cn)

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

Registered Address: Room 1108, 11/F, Block A, E World Fortune Center, No. 11, Zhongguancun Street, Haidian District, Beijing

Office Address: 11/F, Block A, E World Fortune Center, No. 11, Zhongguancun Street, Haidian District, Beijing

Legal Representative: Weigang Wang

Contact: Ruizhen Li

Telephone: 010-56251471

Fax: 010-62680827

Customer Service Line: 400-619-9059

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

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

Registered Address: No. 1-5 Suning Avenue, Xuanwu District, Nanjing, Jiangsu

Office Address: No. 1-5 Suning Avenue, Xuanwu District, Nanjing, Jiangsu

Legal Representative: Feng Wang

Telephone: 025-66996699

Contact: Hui Zhang

Customer Service Line: 95177

Official Website: [www.snjjin.com](http://www.snjjin.com)

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

Registered Address: Room 101, 1/F, Block 1, No. 10, Shangdi 10th Street, Haidian District, Beijing

Office Address: Kuike Technology Building, Jia No.9 Information Road, Haidian District, Beijing

Legal Representative: Xuyang Zhang

Contact: Bohua Huo

Telephone: 010-61952703

Customer Service Line: 95055-4

Official Website: [www.baiyingfund.com](http://www.baiyingfund.com)

(82) Harvest Wealth Management Co., Ltd.

Registered Address: Suites 5312-15, 53/F, Phase II, Shanghai International Finance Centre, 8 Century Avenue, Pudong New Area, Shanghai

Office Address: 6/F, Block A, Gemdale Plaza, No. 91 Jianguo Road, Chaoyang District, Beijing

Legal Representative: Xuejun Zhao  
Telephone: 010-65215588  
Fax: 010-85712195  
Contact: Wen Li  
Customer Service Line: 400-021-8850  
Official Website: [www.harvestwm.cn](http://www.harvestwm.cn)

(83) Beijing Chuangjin Qifu Fund Sales Co., Ltd.

Registered Address: Room 712, Building 6, No. 2 Baizhifang Street East, Xicheng District, Beijing  
Office Address: Room 712, Building 6, No. 2 Baizhifang Street East, Xicheng District, Beijing  
Legal Representative: Rong Liang  
Telephone: 010-66154828-8006  
Fax: 010-63583991  
Contact: Hao Ma  
Customer Service Line: 400-6262-818  
Official Website: <https://www.5irich.com/>

(84) Fanhua Puyi Fund Sales Co., Ltd.

Registered Address: Room 1101, No. 9 Gaodi Center, Jianshe Road, Chenghua District, Chengdu  
Office Address: 12/F, Block B, Longhu Xichen Tianjie, Unit 1, Building 1, No. 399 Xishun Street, Huazhaobi, Jinniu District, Chengdu, Sichuan  
Legal Representative: Haifeng Yu  
Telephone: 15114053620  
Fax: 028-84252474

Contact: Dan Chen

Customer Service Line: 400-080-3388

Official Website: [www.puyifund.com](http://www.puyifund.com)

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

Registered Address: Room 236, Building 2, No. 10 Baiquan Street, Yanqing Economic Development Zone, Yanqing County, Beijing

Office Address: Room 1505, Block A, No. 19 Jianguomenwai Street, Chaoyang District, Beijing

Legal Representative: Guanyu Zhang

Telephone: 010-85932810

Contact: Limin Wang

Customer Service Line: 400-819-9868

Official Website: <https://www.tdyhfund.com/>

(86) Beijing Danjuan Fund Sales Co., Ltd.

Registered Address: 222507, 21/F, Unit 2, Building 6, No. 1 Futong Street East, Chaoyang District, Beijing

Office Address: 17/F, Building 6, No. 34 Chuangyuan Road, Chaoyang District, Beijing

Legal Representative: Feifei Zhong

Telephone: 010-61840600

Fax: 010-61840699

Contact: Fangfang Hou

Customer Service Line: 4001599288

Official Website: [www.danjuanapp.com](http://www.danjuanapp.com)

(87) Shanghai Huaxia Fortune CCI Capital Ltd.

Registered Address: Unit 268, 2/F, Building 1, No. 687 Daming Road East, Hongkou District, Shanghai

Office Address: Room 8, Block B, Tongtai Mansion, No. 33 Financial Street, Xicheng District, Beijing

Legal Representative: Huaiping Mao

Telephone: 010-88066632

Fax: 010-63136184

Contact: Jingyi Zhang

Customer Service Line: 400-817-5666

Official Website: [www.amcfortune.com](http://www.amcfortune.com)

**Subsequent Matters:** In order to protect the rights and interests of investors, the fund manager shall suspend Taicheng Wealth Fund Sales (Dalian) Co., Ltd (hereinafter referred to as "Taicheng Wealth") from April 7, 2020 to handle the subscription, subscription, regular fixed investment, conversion, redemption, modification of dividend methods and other businesses of the fund manager's funds. For the fund shares held by Taicheng Wealth, investors can apply for transferring the held shares through direct-sale institutions, transfer the held shares to direct-sale institutions, and handle redemption business through direct-sale.

**5.2 The Sales Institutions for the Class H units shall be appointed by the Hong Kong Representative or the Fund Manager, which shall be approved by the SFC with qualifications for fund distribution activities.**

**5.3 Registration Institution**

Name: Franklin Templeton Sealand Fund Management Co., Ltd.



Registered Address: Room 306, Unit A-13, Phase I, China-ASEAN Science and Technology Enterprise Incubation Base, No. 1 Zongbu Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, People's Republic of China

Office Address: 9/F, Phase II, Shanghai International Finance Centre, 8 Century Avenue, Pudong, Shanghai

Legal Representative: Selina Wu

Contact: Yan Xiao

Telephone: 021-3855 5610

#### **5.4 Legal Opinion Issuing Law Firm**

Name: Shanghai Yuan Tai Law Offices

Registered Address: Room 1405, Huaxia Bank Plaza, 256 PudongSouth Road, Shanghai

Office Address: Room 1405, Huaxia Bank Plaza, 256 PudongSouth Road, Shanghai

Person in Charge: Hai Liao

Telephone: (021) 51150298

Fax: (021) 51150398

Contact: Hai Liao

Handling Lawyer: Hai Liao/Hong Lü

#### **5.5 Fund Properties Auditing Accounting Firm**

Institution Name: PricewaterhouseCoopers Zhongtian Accountants (Special General Partnership)

Registered Address: Room 01, Unit 507, DBS Bank Tower, 1318 Lu Jia Zui Ring Road, China (Shanghai) Pilot Free Trade Zone

Office Address: 11/F, PricewaterhouseCoopers Center, Block 2, Lingzhan Enterprise Square, 202 Hu Bin Road, Huangpu District, Shanghai

Managing Partner: Dan Li

Handling CPAs: Jing Xue, Teng Chen

Contact: Teng Chen

Contact Phone: 021-23238888

Fax: 021-23238800

## **PART VI FUND OFFERING**

As approved by the CSRC document dated March 5, 2007 (reference number: Zheng Jian Ji Jin Zi [2007] No.56), the Initial Offer Period of the Fund was from March 15, 2007 to March 19, 2007, and the net sales proceeds raised were RMB 8,756,545,930.64. The aggregate amount of interest accrued on the subscription capital during the offering period amounted to RMB 320,779.84, and the total number of accounts which were effectively subscribed to during the offering period amounted to 251,360 accounts. Calculated at RMB 1.00 per Fund unit, 8,756,545,930.64 units were effectively subscribed to during the offering period, and 320,779.84 Fund units were carried forward as interest. The total amount of the two aforementioned items was 8,756,866,710.48 Fund units, all of which has been included into the Fund Accounts of the Investors and belongs to the Investors.

## **PART VII EFFECTIVENESS OF THE FUND CONTRACT**

### **7.1 Effectiveness of the Fund Contract**

As approved by the CSRC, the Fund Contract came into effect as of March 22, 2007. From the Effective Date of Fund Contract, the Fund Manager officially started managing the Fund.

### **7.2 Number of Fund Unitholders and Capital Amount during the Duration of the Fund**

Once the Fund Contract has come into effect, during the term of the Fund Contract, the Fund Manager shall make disclosure in a regular report if the number of Fund Unitholders is less than 200, or if the Net Asset Value of the Fund is less than RMB 50 million for 20 consecutive Working Days. If either of the aforementioned situations lasts for 60 consecutive Working Days, the Fund Manager shall submit a report and possible solutions to the CSRC (such as change of operation model, merger of the Fund with other funds or termination of the Fund Contract), and convene a Unitholders' Meeting to vote on such matters.

If there are separate provisions as provided in Laws and Regulations or as stipulated by the Supervisory Authority, such provisions shall be observed.

## **PART VIII SUBSEQUENT SUBSCRIPTION AND REDEMPTION OF FUND UNITS**

### **8.1 Place of Subsequent Subscription and Redemption**

The Fund's Sales Institutions for Class A-CNY Units include the Fund Manager's direct sales outlets and Sales Agencies appointed by the Fund Manager. Current Sales Agencies include the Bank of China Limited, the Agricultural Bank of China Limited, Industrial and Commercial Bank of China Limited, China Construction Bank Corporation, Postal Savings Bank of China Co., Limited, Bank of Communications Co., Ltd., China Merchants Bank Co., Limited, China CITIC Bank Cooperation Limited, Hua Xia Bank Co., Limited, China Minsheng Banking Corp., Ltd., China Everbright Bank Company Limited, Shanghai Pudong Development Bank Co., Ltd., Bank of Ningbo Co., Ltd., Bank of Dongguan Co., Ltd., China Bohai Bank Co., Ltd., Hangzhou United Rural Commercial Bank Co., Ltd., Bank of Suzhou Co., Ltd., Sealand Securities Co., Ltd., China Securities Co., Ltd., Guotai Junan Securities Co., Ltd., Haitong Securities Co., Ltd., China Galaxy Securities Co., Ltd., Industrial Securities Co., Ltd., Shenwan & Hongyuan Securities Co., Ltd., China Merchants Securities Co. Ltd., CITIC Securities Co., Ltd., Zhongtai Securities Co., Ltd., GF Securities Co., Ltd., Northeast Securities Co., Ltd., Shanxi Securities Co., Ltd., Fortune Securities Co., Ltd., TX Investment Consulting Co., Ltd., Nanjing Securities Co., Ltd., Huatai Securities Co., Ltd., Xiangcai Securities Co., Ltd., Essence Securities Co., Ltd., AVIC Securities Co., Ltd., Guoyuan Securities Co., Ltd., Shanghai Securities Co., Ltd., Everbright Securities Co., Ltd., Jianghai Securities Co., Ltd., Donghai Securities Co., Ltd., Guosen Securities Co., Ltd., Hwabao Securities Co., Ltd., Huafu Securities Co., Ltd., Changjiang Securities Co., Ltd., CITIC Securities (Shandong) Co., Ltd., CEFC Shanghai Securities Limited, CITIC Futures Co., Ltd., Shenwan Hongyuan Western Securities Co., Ltd., Ping An Securities Co., Ltd., Shanghai Tiantian Fund Sales Co., Ltd., Ant (Hangzhou) Fund Sales Co., Ltd., Shanghai Howbuy Fund Sales Co., Ltd.,

NOAH UPRIGHT (Shanghai) Fund Sales Co., Ltd., Shenzhen Zhonglu Fund Sales Co., Ltd., Myfp Fund Investment Consulting Co., Ltd., Hexun Information Technology Co., Ltd., Puling Fund Sales Co., Ltd., Shanghai Changliang Fund Sales Co., Ltd., Haiyin Fund Distribution Co., Ltd., Taicheng Wealth Fund Sales (Dalian) Co., Ltd., iFAST Fund Sales Co., Ltd., Shanghai Lu Jin Fund Sales Co., Ltd., Zhejiang Tonghuashun Fund Sales Co., Ltd., Beijing Kenterui Fund Sales Co., Ltd., Wuhan Bojia Fund Sales Co., Ltd., Shanghai Liantai Fund Sales Co., Ltd., DTFUNDS Fund Sales Co., Ltd., Shenzhen Newland Securities Investment Consultants Co., Ltd., Beijing Shengshi View Fund Sales Co., Ltd., Shanghai Jing Gu Fund Sales Co., Ltd., Shanghai Ji Yu Fund Sales Co., Ltd., YiluCaifu (Beijing) Information Technology Co., Ltd., Southwest Securities Co., Ltd., Zhuhai Yingmi Fund Sales Co., Ltd., Beijing Huicheng Fund Sales Co., Ltd., Nanjing Suning Fund Sales Co., Ltd., Beijing Baidu Baiying Fund Sales Co., Ltd., Harvest Wealth Management Co., Ltd., Industrial Bank Co., Ltd., Shanghai Huaxia Fortune CCI Capital Ltd., Beijing Danjuan Fund Sales Co., Ltd., Eastmoney Securities Co., Ltd., Fanhua Puyi Fund Sales Co., Ltd., Beijing Tangding Yaohua Fund Sales Co., Ltd., and Beijing Chuangjin Qifu Fund Sales Co., Ltd., etc.

The Sales Institutions for the Class H units shall be appointed by the Hong Kong Representative or the Fund Manager, which shall be approved by the SFC with qualifications for fund distribution activities.

The Fund Manager may change, increase or reduce its Sales Agencies based on changes in conditions and make announcement on the website of the Fund Manager.

The Sales Institutions may change, increase or reduce their sales cities (outlets) based on changes in conditions.

Investors may process Subsequent Subscription and Redemption of the Fund either at the Sales Institutions' place of business for processing the sales business of the Fund, or in other ways (such as telephone, fax or online trading) offered by the Sales

Institutions.

## **8.2 Business Days and Time for Subsequent Subscription and Redemption**

### **8.2.1 Commencement Date of Subsequent Subscription and Redemption**

Class A-CNY unit of the Fund is available for daily Subsequent Subscription and Redemption from March 30, 2007.

The details regarding the time for Subsequent Subscription and Redemption of Class H Units are stated in the Supplementary Documents to the Prospectus and other relevant notices.

### **8.2.2 Business Days and Business Hours**

The Business Days of Class A-CNY Unit of the Fund are the Working Days on which both the Shanghai Stock Exchange and Shenzhen Stock Exchange are open for trading. The specific business hours, which are the opening hours, are the Trading Hours on the normal trading days of the Shanghai Stock Exchange and Shenzhen Stock Exchange, except for suspension of Subsequent Subscription and Redemption announced by the Fund Manager in accordance with Laws and Regulations, requirements by the CSRC or provisions of the Fund Contract.

Please see the Supplementary Documents to the Prospectus for Business Days and business hour of Class H Units of the Fund.

In case of new securities exchange market, change of Trading Hours of the securities exchange or other special circumstances, the Fund Manager will make corresponding adjustments to the aforesaid Business Day and business hours according to the situation and make an announcement.

The Fund Manager is not allowed to process Subsequent Subscription, Redemption or Switching of units beyond the date or time specified in the Fund Contract. For applications for Subsequent Subscription, Redemption or Switching by Investors beyond the date or time specified in the Fund Contract and confirmed by the

registration institution to accept, the prices for Subsequent Subscription, Redemption or Switching of units shall be the prices for Subsequent Subscription, Redemption or switching of units on the following Business Day.

### **8.3 Principles of Subsequent Subscription and Redemption**

8.3.1 Principle of “forward pricing” means that the prices for Subsequent Subscription and Redemption of the Fund will be calculated on the basis of the Net Asset Value per Unit of such units calculated after the close of market on the day the application is accepted.

8.3.2 The Fund adopts the way of Subsequent Subscription by amount and Redemption by unit, which means the applications for Subsequent Subscription are made by amount, while the applications for Redemption are made by unit.

8.3.3 When unitholders of Class A units are redeeming Class A units, the Fund Manager shall follow the “first in, first out” principle for the same Unit Class, which means when processing Redemption of units in the same class of the unitholder under custody of a Sales Institution, the Fund Manager shall first redeem units in the class with earlier Subsequent Subscription confirmation date and later the units in the class with later Subsequent Subscription confirmation date, so as to determine the applicable Redemption fee rate. The “first in, first out” principle is temporarily not applicable to Class H units.

8.3.4 The Subsequent Subscription and Redemption applications on the day can be withdrawn before the end of business hours, but shall not be withdrawn after the business hours on that day.

8.3.5 Units are categorised into Class A-CNY Units, Class H-CNH Units, Class H-USD Units and Class H-HKD Units. Investors can only make Subsequent Subscription for Class A-CNY Units through China Sales Institutions. Investors may choose at their discretion Class H-CNH Units, Class H-USD Units and Class H-HKD Units when making Subsequent Subscription through Hong Kong Sales Institutions. The Fund Manager can provide services of Switching between different Unit Classes of the Fund in accordance with relevant Laws and Regulations as well as the provisions of



the Fund Contract, in the future when conditions have matured and it has prepared well. Relevant rules shall be formulated and announced in accordance with relevant Laws and Regulations as well as the provisions of the Fund Contract by the Fund Manager.

8.3.6 Without prejudice to the interest of the Unitholders, the Fund Manager may change the aforesaid principles, but shall make an announcement at least 3 Working Days before implementation of the new principles.

#### **8.4 Procedures of Subsequent Subscription and Redemption**

##### **8.4.1 Application Methods for Subsequent Subscription and Redemption**

Investors shall apply for Subsequent Subscription and Redemption during business hours on the Business Days in accordance with the required formalities stipulated by Sales Institutions.

When making applications for Subsequent Subscription, Investors shall pay the Subsequent Subscription monies in full in the way as required by the Sales Institution.

When Investors submit applications for Redemption, they shall have enough balance of such class of units in the Sales Institution (outlets).

##### **8.4.2 Confirmation of Subsequent Subscription and Redemption Applications**

For applications accepted within the specific time on T Day, under normal circumstances, the Registrar of the Fund shall confirm the validity of such transactions for the Investors on T+1 Day. Investors may enquire of the Sales Institution or in other ways as specified by the Sales Institution about the transaction status of Subsequent Subscription and Redemption after T+2 Day (including that day). The Business Day of the Class H Units may be different from that of Class A Units, and thus investors of Class H units should consult with the Sales Institution in Hong Kong or in other ways as specified by the relevant Sales Institution. The specific time of the confirmation of Subscription and Redemption will be set out in the Supplementary Documents to the Prospectus or will be announced separately.

##### **8.4.3 Payment of Subsequent Subscription and Redemption Monies**

Subsequent Subscription monies shall be paid in full. If such fund is not paid in full within the specific time, such Subsequent Subscription shall be unsuccessful and Subsequent Subscription monies shall be returned to the Investor's account.

After completion of Investors' Redemption applications, the Fund Manager shall pay Redemption monies to the Investors as required through the Registrar. Redemption monies shall be transferred to the bank accounts of the Investors within 7 Working Days after acceptance of valid Redemption applications of Investors of the Fund. In case of substantial Redemption, the payment of Redemption monies shall be made according to the relevant provisions of the Fund Contract as well as Laws and Regulations.

### **8.5 Amount Limits of Subsequent Subscription and Redemption**

8.5.1 The minimum amount of each Subsequent Subscription for the Fund in RMB for Investors via Mainland China sales outlets, online direct sales transactions and phone direct sales transactions shall be 10 Yuan (including Subsequent Subscription fee). The minimum amount for initial Subsequent Subscription for the Fund in RMB for Investors via direct sales counter shall be 100,000 Yuan (including Subsequent Subscription fee), and the minimum amount for additional Subsequent Subscription in RMB shall be 500 Yuan (including Subsequent Subscription fee). Investors who have Subsequent Subscription record of such Fund at the direct sales counter are not subject to the minimum amount for initial Subsequent Subscription.

The minimum amount of each Subsequent Subscription for the Fund in RMB for Investors via sales outlets in Hong Kong Special Administrative Region shall be 0.01 Yuan (including Subsequent Subscription fee).

The minimum amount of each Subsequent Subscription for the Fund in USD for Investors via sales outlets in Hong Kong Special Administrative Region shall be USD20 (including Subsequent Subscription fee).

The minimum amount of each Subsequent Subscription for the Fund in HKD for Investors via sales outlets in Hong Kong Special Administrative Region shall be HKD100(including Subsequent Subscription fee).

In the event that Investors at sales outlets intend to change to direct sales outlet to process transactions, they shall be subject to the minimum amount at the direct sales outlet. If the Investor subscribes for units with Fund Income of the current period, they shall not be subject to the minimum Subsequent Subscription amount. The Fund Manager can adjust the minimum amount for initial Subsequent Subscription according to the market situation.

8.5.2 Each Redemption application of the Fund in the Sales Institution by unitholders in Mainland China shall be no less than 10 units of such class. If unitholders in Mainland China retain less than 10 units of the fund share balance in the Sales Institution (outlets) at the time of redemption or after the time of redemption, it is necessary to redeem all of them at one time. Each Redemption application of the Fund for CNY Units in the Sales Institution by unitholders in Hong Kong Special Administrative Region shall be no less than 0.01 units of such class. Each Redemption application of the Fund for USD Units and HKD Units in the Sales Institution by unitholders in the Hong Kong Special Administrative Region shall be no less than 100 units of such class. There is no minimum limit for the balance of units of such class retained in the unitholder's Trading Account in the Sales Institution in Hong Kong Special Administrative Region.

8.5.3 The Fund Manager may reasonably adjust the amount limits of Subsequent Subscription and Redemption in accordance with the market conditions. The Fund Manager shall publish an announcement on at least one of the Designated Media of the CSRC 3 Working Days prior to the aforesaid adjustment.

8.5.4 If accepting subsequent subscription applications may potentially constitute a material adverse effect on the interests of existing unitholders, the Fund Manager shall

effectively protect the existing unitholders' legitimate rights and interests by adopting an upper limit on the value of a single subsequent subscription or the percentage of single-day net subsequent subscription, rejecting large-sum subsequent subscriptions or suspending subsequent subscription of the Fund. Please refer to relevant announcements for further details.

## 8.6 Prices and Fees of Subsequent Subscription and Redemption and their Usages

8.6.1 Subsequent Subscription fee rate of the Fund is as follows:

(1) Class A-CNY Units:

Investors shall pay Subsequent Subscription fee when they make Subsequent Subscription for the Fund in RMB. The maximum Subsequent Subscription fee rate of the Fund shall not exceed 1.50% of the Subsequent Subscription amount.

The Subsequent Subscription fee rate of Class A-CNY Units decreases as the Subsequent Subscription amount increases, which means the higher the Subsequent Subscription amount, the lower the applicable Subsequent Subscription fee rate. In case of several Subsequent Subscriptions by an Investor on a single day, the applicable fee rate shall be separately calculated. The specific fee rates are as follows:

Subsequent Subscription amount (including Subsequent Subscription fee)	Fee rate
Less than 1 million Yuan	1.50%
More than 1 million Yuan (including 1 million) - less than 5 million Yuan	1.20%
More than 5 million Yuan (including 5 million) - less than 10 million Yuan	1.00%
More than 10 million Yuan (including 10 million)	1,000 Yuan/ Subsequent Subscription

## (2) Class H-CNH Units, Class H-USD Units and Class H-HKD Units:

The maximum Subsequent Subscription fee rate for Subsequent Subscription of Class H-CNH Units, Class H-USD Units and Class H-HKD Units by Investors shall not exceed 5% of the Subsequent Subscription amount. The specific Subsequent Subscription fee rate will be determined by the Sales Institution.

## 8.6.2 Redemption fee rate of the Fund is as follows:

## (1) Class A-CNY Units

Redemption fee rate of the Fund decreases as the holding period increases, which means the longer the holding period of relevant units, the lower the applicable Redemption fee rate. Redemption fee rate is calculated by multiplying Redemption amount by applicable Redemption fee rate. The specific fee rates are as follows:

Holding period	Redemption fee rate
Less than 7 days	1.5%
7 days (including 7 days) to 1 year	0.60%
1 year (including 1 year) to 2 years	0.30%
2 years (including 2 years) to 3 years	0.10%
More than 3 years (including 3 years)	0

## (2) Class H-CNH Units, Class H-USD Units and Class H-HKD Units:

The Redemption fee rate in respect of Redemption of Class H-CNH Units, Class H-USD Units and Class H-HKD Units by Investors shall be 0.15% of Redemption amount.

## 8.6.3 Calculation of Subsequent Subscription Units of the Fund

## (1) Class A-CNY Units:

Subsequent Subscription amount of Class A-CNY Units of the Fund shall include Subsequent Subscription fee and net Subsequent Subscription amount, where

$$\text{Net Subsequent Subscription amount} = \text{Subsequent Subscription amount} / (1 +$$

Subsequent Subscription fee rate)

Subsequent Subscription fee = Subsequent Subscription amount - net Subsequent Subscription amount

Subsequent Subscription units= net Subsequent Subscription amount/Net Asset Value per Unit of such class on T Day

Example 1: Suppose the Net Asset Value per Unit of Class A-CNY Units on T Day is 1.200 Yuan, there are three Subsequent Subscriptions with Subsequent Subscription amounts of 10,000 Yuan, 1 million Yuan and 5 million Yuan respectively, then the Subsequent Subscription fee borne and units of such class acquired in respect of each Subsequent Subscription shall be calculated as follows:

	Subsequent Subscription 1	Subsequent Subscription 2	Subsequent Subscription 3
Subsequent Subscription amount (Yuan, A)	10,000	1,000,000	5,000,000
Net Subsequent Subscription amount (C=A/(1+B))	9,852.22	988,142.29	4,950,495.05
Subsequent Subscription fee (D=A-C)	147.78	11,857.71	49,504.95
Subsequent Subscription units (E=C/1.200)	8,210.18	823,451.91	4,125,412.54

(2) Class H-CNH Units, Class H-USD Units and Class H-HKD Units:

Subsequent Subscription amount of Class H-CNH Units, Class H-USD Units and Class H-HKD Units of the Fund shall include Subsequent Subscription fee and net Subsequent Subscription amount, where

Net Subsequent Subscription amount = Subsequent Subscription amount × (1-Subsequent Subscription fee rate)

Subsequent Subscription fee = Subsequent Subscription amount × Subsequent

### Subscription fee rate

Subsequent Subscription units= Net Subsequent Subscription amount/ Net Asset Value per Unit of such class on T Day

Example 2: Suppose the Net Asset Value per Unit of Class H-USD Units of the Fund is USD 1.200 on T Day, the Subsequent Subscription amount is USD 10,000 with applicable Subsequent Subscription fee rate of 1.5%, then the Subsequent Subscription fee borne and units of such class acquired in respect of each Subsequent Subscription shall be calculated as follows:

$$\text{Net Subsequent Subscription amount} = \text{USD } 10,000 \times (1 - 1.5\%) = \text{USD } 9,850$$

$$\text{Subsequent Subscription fee} = \text{USD } 10,000 \times 1.5\% = \text{USD } 150$$

$$\text{Subsequent Subscription units (Class H-USD Units)} = \text{USD } 9,850 / \text{USD } 1.200 = 8,208.33 \text{ Units}$$

### 8.6.4 Calculation of Redemption amount of the Fund

Net Redemption amount of the Fund shall be calculated by deducting Redemption fee from Redemption amount, where

Redemption amount = number of Redemption units  $\times$  Net Asset Value per Unit of such class on T Day

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

$$\text{Net Redemption amount} = \text{Redemption amount} - \text{Redemption fee}$$

Example 3: Suppose an Investor redeems 10,000 Class A-CNY Units on T Day and the Net Asset Value per Unit of such class on that day is 1.250 Yuan. The Investor has paid Subscription/Subsequent Subscription fee at the time of Subscription/Subsequent Subscription, and for a holding period of more than 7 days but less than 1 year, then the net Redemption amount acquired shall be calculated as follows:

$$\begin{aligned} \text{Net Redemption amount} &= \text{Redemption amount} - \text{Redemption fee} \\ &= 10,000 \times 1.250 - 10,000 \times 1.250 \times 0.6\% = 12,425 \text{ Yuan} \end{aligned}$$

Example 4: Suppose an Investor redeems 10,000 H Class-HKD Units on T Day and the Net Asset Value per Unit of such class on that day is HKD 1.250, and given that the Investor has paid Subsequent Subscription fee at the time of Subsequent Subscription and the Redemption fee rate is 0.15%, then net Redemption amount acquired shall be calculated as follows:

Net Redemption amount = Redemption amount - Redemption fee

$$=10,000 \times 1.250 - 10,000 \times 1.250 \times 0.15\% = \text{HKD } 12,481.25$$

8.6.5 The Net Asset Value per Unit on T Day is calculated after close of market on that day and shall be announced within T+1 Day. Under special circumstances, appropriate delay in calculation or announcement is allowed with the consent of the CSRC.

8.6.6 Handling of Subsequent Subscription units and balance: The valid units of Subsequent Subscription shall be calculated based on the Net Asset Value per Unit of such class on the application day after deducting Subsequent Subscription fee from the Subsequent Subscription amount actually confirmed. The calculation result shall be rounded to 2 decimal places, and decimal places after the second decimal place shall be rounded off. Any errors arising therefrom shall be charged to the Fund properties.

8.6.7 Handling of Redemption amount: Redemption Amount shall be calculated by multiplying the valid Redemption units actually confirmed by the Net Asset Value per Unit of such class on the application day. Net Redemption amount shall be the amount after deducting Redemption fee from Redemption amount. The calculation result shall be rounded to 2 decimal places, and decimal places after the second decimal place shall be rounded off. Any errors arising therefrom shall be charged to the Fund properties.

8.6.8 Calculation of Net Asset Value per Unit: The Net Asset Value of Class A-CNY Units is the unit value calculated by dividing Net Asset Value of such class on the calculation day by the number of remaining units of such class on the calculation day; The Net Asset Value per Unit of Class H-CNH Units is the unit value calculated by dividing Net Asset Value of Class H on the calculation day by the number of remaining



units of Class H on the calculation day; the Net Asset Value per Unit of Class H-USD Units is calculated based on the Net Asset Value per Unit of Class H-CNH Units and converted according to the valuation exchange rate on the calculation day; the Net Asset Value per Unit of Class H-HKD Units is calculated based on the Net Asset Value per Unit of Class H-CNH Units and converted according to the valuation exchange rate on the calculation day. The Net Asset Value per Unit of Class A-CNY Units and Class H-CNH Units shall be calculated to RMB 0.001 by rounding off the fourth decimal place. The Net Asset Value per Unit of Class H-USD Units shall be calculated to USD 0.001 by rounding off the fourth decimal place. The Net Asset Value per Unit of Class H-HKD Units shall be calculated to HKD 0.001 by rounding off the fourth decimal place. Any errors arising therefrom shall be charged to the Fund properties.

8.6.9 The Subsequent Subscription fee of the Fund shall be borne by the Investor and not be included in the Fund properties. The Subsequent Subscription fee will mainly be used to pay the marketing, sales, registration and other costs of the Fund.

8.6.10 The Redemption fee shall be paid by the Unitholder who redeems the units of the Fund. A redemption fee of 1.5% will be charged on Class A-CNY unitholders who hold Fund units for less than 7 consecutive days, and the full amount charged will be included in Fund properties. As for unitholders who hold Fund units for 7 consecutive days or longer, at least 25% of the Redemption fee for Class A-CNY Units shall be attributed to the Fund properties, while the remaining portion will be used to pay relevant handling fees such as registration fee; for Class H-CNH Units, Class H-USD Units and Class H-HKD Units, 100% of the Redemption fees shall be attributed to the Fund properties.

8.6.11 Within the scope provided by Laws and Regulations and the Fund Contract, the Fund Manager may adjust the fee rates of Subsequent Subscription and/or Redemption and the charging method (including but not limited to increasing or decreasing the Subsequent Subscription/Redemption fee rate set out in the Prospectus

within the scope as agreed in the Fund Contract). In case of any change of the fee rate, the Fund Manager shall publish an announcement on the Designated Media of the CSRC as provided prior to the implementation of the adjustment.

8.6.12 With respect to specific trading methods (e.g. online trading, telephone trading, etc.), the Fund Manager may reduce the fee rates of Subsequent Subscription and Redemption of the Fund. The Fund Manager shall publish an announcement on at least one of the Designated Media of the CSRC 2 Working Days prior to the implementation.

8.6.13 The Fund Manager may develop a Fund promotional plan according to the market conditions to the extent not against the requirements of the Laws and Regulations as well as the agreements in the Fund Contract, to regularly or irregularly conduct Fund promotional activities targeting Investors. During the Fund's promotional activities, the Fund Manager may, after handling the necessary formalities in accordance with the requirements of relevant regulatory authorities, appropriately lower the Subsequent Subscription fee rate and the Redemption fee rate of the Fund. The Fund Manager shall publish an announcement on at least one of the Designated Media of the CSRC 2 Working Days prior to the implementation.

## **8.7 Registration of Subsequent Subscription and Redemption**

8.7.1 With the consent of Sales Institutions of the Fund, Subsequent Subscription and Redemption applications by Investors can be withdrawn before the time stipulated by the Fund Manager.

8.7.2 Upon successful Subsequent Subscription for the Fund units by the Investor, the Registrar of the Fund shall register the increase in interests for the Investor on T+1 Day, and the Investor shall be entitled to redeem such part of units from T+2 Day.

8.7.3 After the Investor has redeemed the Fund units successfully, the Registrar of the Fund shall accordingly register the decrease in interests for the investor on T+1 Day.

8.7.4 The Fund Manager shall, to the extent permitted by the Laws and Regulations,

adjust the time for the above registration, and shall publish an announcement on at least one of the Designated Media of the CSRC at least 3 Working Days prior to the implementation.

## **8.8 Determination and Handling of Substantial Redemption**

### **8.8.1 Determination of Substantial Redemption**

A substantial Redemption occurs when the sum of the net applications for Redemption of units of the Fund (i.e. the balance of total applications for Redemption of Units after deducting total Subsequent Subscription of Units) and the net switched-out applications (i.e. the balance of total applications for switching-out of Units after deducting total applications for switching-in of Units) on a single Business Day exceeds 10% of the total Units on the preceding day.

### **8.8.2 Handling of Substantial Redemption**

In case of Substantial Redemption, the Fund Manager may decide to accept the Redemption in whole or to defer the Redemption in part based on the status of the Fund's asset portfolio at that time.

- (1) Acceptance of Redemption in whole: If the Fund Manager is of the view that it is able to pay for all the Redemption applications from the Investors, Redemption shall be processed according to the regular procedure.
- (2) Deferral of Redemption in part: When the Fund Manager is of the view that there are difficulties with payment for the Redemption applications from the Investors, or that the asset realisation for the payment for the Redemption applications from the Investors may cause drastic fluctuations in the Net Asset Value of the Fund, the Fund Manager may defer the remaining Redemption applications, provided that the Redemptions accepted on that day are not less than 10% of the total Units on the preceding day. In respect of the Redemption applications on the day, the number of units allowed to be redeemed by an individual Unitholder shall be

determined based on the ratio of the number of Units under Redemption application by such unitholder to the total number of Units under Redemption applications on that day. Unless at the time of submitting a Redemption application, the Investor has chosen to withdraw the portion that is not accepted on the same day, the unredeemed portion shall be carried forward to the next Business Day for Redemption and the Redemption price shall be the price on the next Business Day. Any Redemption applications carried forward to the next Business Day shall not be entitled to any priority for Redemption, and shall be processed as described above until all units have been redeemed. If the Investor does not make a clear choice at the time of submitting the Redemption application, the unredeemed portion of the Investor shall be automatically deferred. If there are separate provisions in relation to the option of investors of Class H Units as stipulated by Sales Institutions in Hong Kong, such provisions shall be observed. The partial deferred Redemption is not subject to minimum units of single Redemptions.

- (3) In the event of a substantial redemption, if the redemption requested by a single Class A-CNY unitholder exceeds 10% of the total Fund units registered on the previous business day, the Fund Manager may postpone the redemption request for Fund units beyond 10% of the total Fund units, provided that the Fund Manager encounters difficulties in paying all the requested redemption or believes that the asset realisation entailed by such redemption may result in significant fluctuations in the Net Asset Value of the Fund. Under such circumstances, the Fund Manager may process other remaining redemption requests alongside redemption requests of other unit-holders according to the methods of “(1) Acceptance of Redemption in whole” or “(2) Deferral of Redemption in part” as prescribed above. The postponed redemption request will be processed alongside redemption requests received on the next business day, and do not have priority over the new requests. The amount of Fund units available for redemption will be calculated based on the

Net Asset Value per Fund Unit effective on the next business day until all the Fund units concerned are redeemed. If a unitholder chooses to cancel the postponed portion of redemption request, the portion of redemption request not being accepted on the day will be cancelled. Where an investor does not specify his/her choice upon submitting a redemption request, the portion thereof yet to be redeemed will be postponed by default.

- (4) In case of substantial Redemption and the deferral thereof, the Fund Manager shall notify Unitholders within 3 trading days by post, fax or other ways stipulated in the Prospectus to explain the relevant handling, and shall at the same time publish an announcement on the Designated Media of the CSRC within 2 days.
- (5) Suspension of acceptance and deferral of payment: If the Fund encounters a substantial Redemption for more than two consecutive Business Days, the Fund Manager may suspend the acceptance of Redemption applications if it considers necessary. Payment of Redemption monies for those accepted Redemption applications may be deferred, but the deferral period shall not exceed 20 Working Days, and the Fund Manager shall publish an announcement on the Designated Media of the CSRC.

## **8.9 Rejection or suspension of Subsequent Subscription and suspension of Redemption and the relevant Handling**

8.9.1 The Fund Manager may reject or suspend the acceptance of applications for Subsequent Subscription by Investors of one or more classes of units in any of the following circumstances:

- (1) The Fund Manager is unable to accept Investors 'Subsequent Subscription applications due to Force Majeure;
- (2) The Fund Manager cannot calculate the Net Asset Value of the Fund of the day due to temporary close of market within the Trading Hours of

the stock exchanges;

- (3) There are any of the events of suspension of Valuation of Fund Asset provided by the Fund Contract;
- (4) The size of the Fund properties is too large for the Fund Manager to identify appropriate investment products, or there is any other circumstance that may adversely affect the Fund's performance and therefore prejudice the interests of existing unitholders;
- (5) A or some subsequent subscription(s), if accepted by the Fund Manager, may result in a Class A-CNY unitholder holding 50% or higher percentage of Fund units, overtly or covertly;
- (6) The Fund Manager shall suspend the acceptance of subsequent subscription applications after consulting the Fund Custodian, if active market prices are not available for assets accounting for over 50% of the Net Asset Value of the Fund on the previous valuation day and significant uncertainty in the Fund's fair value cannot be removed by using evaluation techniques;
- (7) Other circumstances as provided by the Laws and Regulations or as determined by the CSRC.

Except the circumstances of rejection or suspension of Subsequent Subscription as provided in the Fund Contract, the Fund Manager may reject or suspend the acceptance of applications for Subsequent Subscription of Classes H Units in any of the following circumstances:

- (1) The total amount of cross-border RMB investment under the scheme of Mutual Recognition of Funds reaches or exceeds the aggregate quota prescribed by relevant Mainland China authorities;
- (2) The size of Class H Units is more than 50% of the Fund's total assets.

When the Fund Manager decides to reject or suspend the acceptance of certain

Investors' Subsequent Subscription applications, the Subsequent Subscription monies will be returned to such Investors' accounts. Save as specified in item (5) above, if the Fund Manager decides to suspend the acceptance of Subsequent Subscription applications, it shall make an announcement in accordance with the law. When the circumstances causing the suspension of Subsequent Subscription are removed, the Fund Manager shall timely resume Subsequent Subscription and announce the same. In the event that the condition specified in item (5) above is triggered, the Fund Manager may impose pro rata restrictions on subsequent subscription requests submitted by investors, and has the right to reject all or part of the requests.

8.9.2 Under the following circumstances, the Fund Manager may suspend the acceptance of Redemption applications by the Investors of one or more classes of units:

- (1) The Fund Manager is unable to pay Redemption monies due to Force Majeure;
- (2) The Fund Manager cannot calculate the Net Asset Value of the Fund of the day due to temporary close of market within the Trading Hours of the stock exchanges;
- (3) There have been consecutive substantial Redemptions of the Fund, and the acceptance of Redemption applications may be suspended as provided by the Fund Contract;
- (4) There are any of the events of suspension of Valuation of Fund Asset provided by the Fund Contract;
- (5) The Fund Manager shall postpone the payments of redemption or postpone the acceptance the redemption requests after consulting the Fund Custodian, if active market prices are not available for assets accounting for over 50% of the Net Asset Value of the Fund on the previous valuation day and significant uncertainty in the Fund's fair

value cannot be removed by using evaluation techniques;

- (6) Other circumstances as provided by the Laws and Regulations or as determined by the CSRC.

In any of the foresaid circumstances, the Fund Manager shall make an announcement according to the relevant provisions of the Information Disclosure Measures. The Fund Manager shall make full payment in respect of any accepted Redemption applications. If the Fund Manager is temporarily unable to make full payment, distribution shall be made to the Redemption applicants at the ratio of the accepted Redemption application of a single Redemption applicant to the total accepted Redemption applications, and the remaining portion shall be paid on the subsequent Business Days.

When the circumstances causing the suspension of Subsequent Subscription are removed, the Fund Manager shall timely resume Redemption and announce the same.

8.9.3 The Fund Manager shall make an announcement for the suspension of Subsequent Subscription and Redemption according to the relevant provisions of the Information Disclosure Measures.

8.9.4 When the Fund is re-opened upon the end of the Subsequent Subscription or Redemption suspension period, the Fund Manager shall make an announcement according to the relevant provisions of the Information Disclosure Measures.

- (1) If the suspension lasts for one day, the Fund Manager will, on the re-open day, publish an announcement of re-opening of Subsequent Subscription or Redemption on the media designated by the CSRC, and announce the Net Asset Value per Unit on the latest Business Day.
- (2) If the suspension lasts for more than one day but less than two weeks, the Fund Manager shall, one Working Day prior to the re-open day of Subsequent Subscription or Redemption when suspension ends, publish an announcement of re-opening of Subsequent Subscription for or



Redemption of the Fund on the media designated by the CSRC, and shall on the re-open day of Subsequent Subscription or Redemption announce the Net Asset Value per Unit on the latest Business Day.

- (3) If the suspension lasts for more than two weeks, the Fund Manager shall publish an announcement of suspension at least once every two weeks during the suspension period. If the suspension lasts for more than two months, the frequency of such announcement of suspension may be adjusted. When the suspension ends and the Subsequent Subscription for or Redemption of the Fund is re-opened, the Fund Manager shall publish an announcement of the re-opening of Subsequent Subscription for or Redemption of the Fund on the media designated by the CSRC 3 Working Days in advance, and shall on the re-open day of Subsequent Subscription or Redemption announce the Net Asset Value per Unit on the latest Business Day.

#### **8.10 Periodic and Fixed Amount Investment Plan**

The Fund Manager can arrange periodic and fixed amount investment plans for Investors. Detailed rules shall be determined by the Fund Manager in the then issued notice or the updated Prospectus. Investors can decide the debit amount of each term on their own when making periodic and fixed amount investment plans. Such debit amount of each term must not be less than the minimum Subsequent Subscription amount for periodic and fixed amount investment plans as stipulated by the Fund Manager in the relevant announcement or by the updated Prospectus.

#### **8.11 Fund Switching**

Pursuant to the provisions of the relevant Laws and Regulations and the Fund Contract as well as the relevant mature conditions, the Fund Manager may offer

Switching service between the Fund and other funds under its management. A switching fee may be charged in respect of Fund Switching. The relevant rules shall be formulated and announced by the Fund Manager in accordance with the provisions of relevant Laws and Regulations and the Fund Contract at that time.

### **8.12 Non-trade Transfer**

Non-trade transfer of the Fund refers to the non-trade transfer arising from circumstances such as succession, donation and judiciary enforcement, which are accepted by the registration institution of the Fund as well as other non-trade transfer authorised by the registration institution and in compliance with the Laws and Regulations. In any of the above circumstances, the subject who accepts the transfer must be an Investor who is legally able to hold units of the Fund.

Succession refers to succession of units held by a Unitholder due to his/her death by his/her legal successor(s). Donation refers to the donation of units legally held by a unitholder to a foundation or community group of welfare nature. Judiciary enforcement refers to the compulsory transfer of units held by a unitholder to another natural person, legal person or other organisations by judicial authorities according to effective judicial documents. When processing non-trade transfers, the relevant information required by the registration institution of the Fund must be provided. For the non-trade transfer applications, which meet the conditions, they shall be processed as provided by the registration institution of the Fund, and a fee shall be charged according to the standard as provided by the registration institution of the Fund.

### **8.13 Agency Transfer**

Unitholders may process Agency Transfer of units held in each class between different Sales Institutions of such class. An Agency Transfer fee may be charged by the Sales Institution of the Fund in accordance with the standard provided.

In case of capacity limits of the technical system of the Fund Manager, the registration institution or the Sales Institution which handles Agency Transfer or due to other reasonable grounds, such business may be suspended or Agency Transfer applications from unitholders may be rejected.

#### **8.14 Freeze and Unfreeze of the Fund**

The Registration Institution of the Fund only accepts the freeze and unfreeze of units legally required by competent authorities of the state, and the freeze and unfreeze under other circumstances such as being authorised by registration institutions and in compliance with the Laws and Regulations. If units are frozen, the interests arising from the frozen portion shall be frozen altogether. The units of the frozen portion shall still be involved in the income allocation and payment, unless otherwise provided by the Laws and Regulations.

#### **8.15 Pledge of Units and Other Businesses of the Fund**

In accordance with provisions of the relevant Laws and Regulations, the Fund Manager may handle pledge of units or other businesses of the Fund, and formulate and implement corresponding business rules.

**8.16 Parts of businesses as set out in this Part are not available for the Investors of Class H Units. Please refer to the Prospectus or its supplementary documents for details.**

## **PART IX REGISTRATION OF FUND UNITS**

### **9.1 Registration of Fund Units**

The Registration of Fund Units refers to the registration, deposit, liquidation and settlement of Fund Units. In particular, this includes the management of Investors' Fund Accounts, the registration and clearance of Fund Units, the confirmation of fund transactions, the payment of dividends and the establishment and preservation of the Fund Unitholders' register, etc.

### **9.2 Organization Handling Fund Unit Registration**

The Fund Manager or any other qualified institution appointed by the Fund Manager shall be responsible for the handling of the Registration of Fund Units. If the Fund Manager entrusts another institution to handle the Registration of Fund Units, it shall enter into an agency agreement with such institution to clearly specify the rights and obligations of both the Fund Manager and such institution in connection with the management of Investors' Fund Accounts, the Registration and clearance of Fund Units, the confirmation of fund transactions, the payment of dividends in the capacity of an agent, the establishment and preservation of the Fund Unitholders' register, and other matters, so as to protect the lawful rights and interests of the Investors and Fund Unitholders.

### **9.3 Rights of the Registrar of Fund Units**

The Registrar of Fund Units shall be entitled to the below rights:

- (1) receive the registration fees;
- (2) establish and manage Investors' Fund Accounts;
- (3) preserve information and materials of Fund Unitholders in connection to the opening of Fund Accounts and fund transactions, and the Fund Unitholders' register, etc.;

- (4) to the extent as permitted by the Laws and Regulations, adjust the handling time for the Registration of Fund Units, and to disclose such information through Designated Media before such adjustments takes effect; and
- (5) other rights as provided by the Laws and Regulations.

#### **9.4 Responsibilities of the Registrar of Fund Units**

The Registrar shall perform the following duties:

- (1) to establish and to preserve information and materials of Fund Unitholders in connection to the opening of Fund Accounts and fund transactions, and the Fund Unitholders' register;
- (2) to employ sufficient professionals for the handling of the Registration of Fund Units;
- (3) to handle the Registration of Fund Units in strict accordance with the Laws and Regulations and the Fund Contract;
- (4) to accept supervision by the Fund Manager;
- (5) to keep the Fund Unitholders' register and other relevant records of Subsequent Subscription, Redemption and other businesses for at least 15 years;
- (6) to maintain the confidentiality of information from Investor Fund Accounts, and to indemnify Investors and the Fund against losses which may arise out of its breach of such confidentiality obligations, except for situations where disclosures are made in accordance with the requirements of the Laws and Regulations;
- (7) to process non-transactional ownership transfers, Agency Transfers and other transactions for Investors and to provide Fund Income distribution and other essential services pursuant to the provisions of Fund Contract,

- the Prospectus and other regular updates of the Prospectus;
- (8) to the extent as permitted by the Laws and Regulations, to adjust the handling time for the Registration of Fund Units, and to make an announcement through at least one of the Designated Media no later than 3 Working Days before such adjustments takes effect; and
  - (9) other duties and responsibilities as provided by the Laws and Regulations.

## **PART X Investments of the Fund**

### **1. Investment Objectives**

The Fund seeks long-term appreciation of assets by investing primarily in the stocks of listed companies with future earnings growth and undervalued assets, in order to provide Investors with long-term and stable capital appreciation.

### **2. Investment Scope**

The Fund invests in equities and bonds publicly issued according to laws within China and other financial instruments that are permitted by China Securities Regulatory Commission for investment by the Fund. The scope of equity investment includes all the A-Shares publicly issued and listed according to laws within China. The scope of bond investment includes domestic treasury bonds, financial bonds, corporate bonds and convertible bonds, etc.

The Fund will invest 60%-95% of its assets in equity assets. About 5%-40% of the Fund assets will be invested in bonds, cash equivalent assets, and other types of securities permitted by CSRC for investment by the Fund, among which, the aggregate of the cash kept and the government bonds with maturity of less than one year invested by the Fund shall not be less than 5% of the Net Asset Value of the Fund, and such cash does not include settlement deposits, refundable deposits and subscription receivables.

The equity investment of the Fund focuses on listed stocks with lower risk of price decline and higher potential of price increase, which will account for not less than 80% of the Fund's equity assets.

If Laws and Regulations or regulatory authorities allow the Fund to invest in other financial instruments in the future, the Fund Manager may include those instruments in the investment scope after performing appropriate procedures.

### **3. Investment Philosophy**

On the premise of effective control of investment risk, the Fund seeks to capture the growth opportunities in the market:

- Search for industries and stocks with good growth potential
- Reasonably assess the value of the company based on performance growth
- Strike a balance between returns and risks to obtain safe returns
- Strike a balance between the reasonable value and growth of listed companies

#### **4. Investment Strategies**

The Fund adopts a “bottom-up” approach to construct its portfolios. Allocation of assets will be determined by analysing the specific development prospect and future profitability of listed companies, the development trend of relevant industries, and the macroeconomic conditions.

After adoption of the “bottom-up” strategy, the final selection standard for allocation of the Fund assets shall be determined based on the changes in market conditions, various arbitrage opportunities in the market, and judgement on future development trends.

The details are as follows:

##### **1. Stock Selection**

By learning and utilising the management experience in potential portfolios of Franklin Templeton Investments, a scientific process for selection of stocks has been formulated. Such selection process includes the following steps:

###### **(1) Examine all A-shares**

The overall condition of the PRC stock market will be studied using both qualitative and quantitative methods, and listed companies of poor competency will be excluded, so that a preliminary stock pool will be formed.

###### **(2) Financial Condition Analysis**

Upon formation of the preliminary stock pool, the Fund will perform an in-depth



analysis on the financial indicators such as P/E ratio, P/B ratio, EV/Sales, price-to-cash-flow ratio, etc. to identify undervalued stocks to form a secondary stock pool.

### (3) Analysis of Growth Potential

With respect to the listed companies in the secondary stock pool, the Fund will carry out further field investigations, and identify companies with higher potential of stock price increase by analysing the following factors, so as to formulate a purchase list of stocks:

- financial condition which is above market average;
- sound corporate governance structure;
- unique product area or production technology;
- good development opportunities for the companies, including improvement of management capability, growth of profit margin, corporate restructuring, and launch of new products.

In the specific analysis, the Fund adopts the GARP investment strategy, which includes the following steps:

#### Step 1 Growth Analysis

Industry growth

Competition within the industry

Company's competitive strategy

Future profit growth

#### Step 2 Analyses on the Quality and Sustainability of Growth

Corporate governance structure and operation efficiency

Asset quality, return on equity, and debt asset ratio level

Driving force for sustained profit growth

#### Step 3 Reasonable Valuation

Reasonable valuation will be made on the basis of the industry features, growth and

growth quality of the company.

#### (4) Construction of Stock Portfolios

The Fund's portfolio manager will analyse and compare between the stocks in the purchase list, and select stocks with lowest risk of price decline and highest potential of price increase to structure specific stock portfolios.

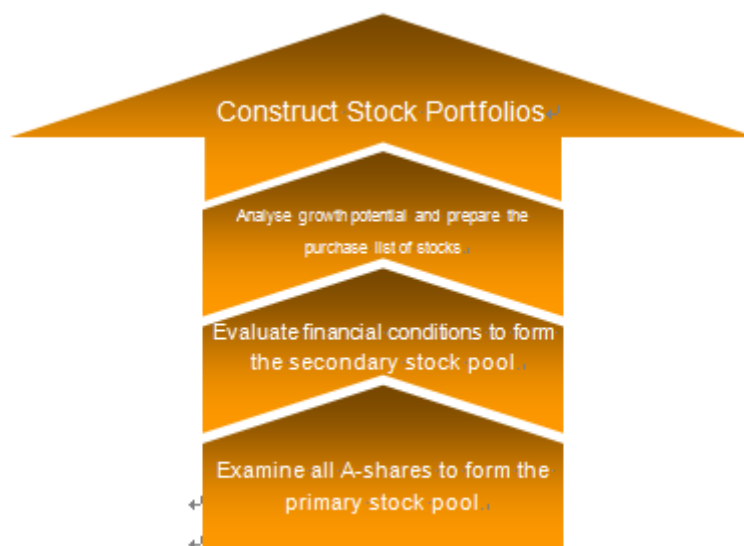


Figure: Fund's Stock-Selection Process

## 2. Asset Allocation

In the specific asset allocation process, the Fund adopts a “top-down” approach for asset allocation. This method can, to the maximum possible extent, eliminate the negative influence of market fluctuation on the Fund's income through in-depth quantitative analysis and fundamental research, and take full advantage of the motivation of market growth to obtain excess income brought by such asset allocation. During the process of asset allocation, the Fund will adjust its stock positions and allocation among sectors through analysis of macro-economics, observation of market risks, and evaluation of relative value indicators.

The asset allocation strategy includes the following steps:

- (1) **Macroeconomic Analysis:** The macro-economic trend and sector characteristics will be analysed and examined by using the quantitative model and fundamental analysis.

#### Major Macroeconomic Indicators

National Finance: debt/GDP, interest expense/financial revenue, financial revenue/GDP, etc.
Balance of Payments: trade volume/GDP, direct investment/GDP, direct investment/cash accounts, foreign debt/export volume, etc.
Banking System: private debt/GDP, M2/GDP, effective interest rate, government debt/total debt, etc.
Capital Market: stock market value, number of listed companies, weighted average capital cost, outstanding share capital/total share capital, etc.
Regulatory Environment: bankruptcy proceedings, accounting principles, rights and interests of minority shareholders, etc.

- (2) **Sector Allocation:** The proportion of asset allocation as well as the proportion of sector allocation will be determined based on the market value and the relative value of corresponding industries and sectors.  
Relative value indicators: Rolling Correlations, Bollinger Band, Fear Gauge, etc.
  - (3) **Risk Budgeting and Management:** The risk budget values of various types of assets, cap-sectors and industry sectors will be estimated on a regular basis to maintain the overall risks of the portfolios (as a whole) within a reasonable extent. In the asset allocation process, the Fund Manager pays special attention to risk control. The Fund will conduct simulated tracking and

dynamic monitoring and analysis on the risks of stocks, bonds and the overall Fund's assets portfolio through VaR risk measurement technology, pressure test and scenario analysis (see the following chart). When the risk exceeds expectation, the Fund will adjust the position and portfolios.

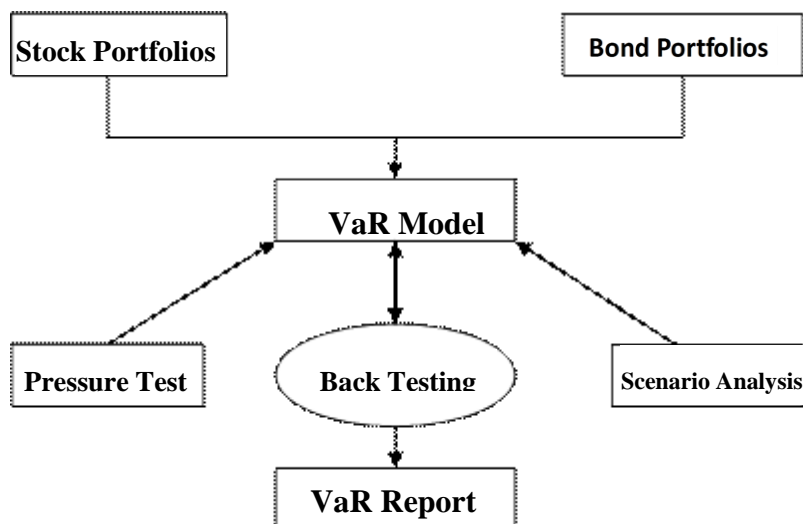


Figure: The Fund's Risk Budgeting and Management

### 3. Bond Investment Strategy

The bond investment by the Fund is a defensive strategy for maintenance or appreciation of values of certain assets in the event that the implementation of predetermined investment strategy of equity investment becomes difficult due to restriction of the market conditions.

The investment process of the Fund is as follows:

The Fund determines the scope of authority through different levels of decision-making parties, so as to establish a sound system for making investment decisions:

- (1) Meeting of the Investment Decision-Making Committee: As the highest investment decision-making level of the company, this committee will discuss the investment strategy and asset allocation as well as make

substantial investment decisions.

- (2) Industry and Style Allocation Meeting: Pursuant to resolutions of the Investment Decision-Making Committee, the composition of investment portfolios, asset allocation and investment strategy will be evaluated based on the latest market conditions and analysts' latest recommendations. The risk-control manager will make suggestions based on the risk prediction and strategy effectiveness. Any adjustment to the investment portfolios shall be subject to unanimous agreement.
- (3) Investment Portfolio Meeting: The company analysis reports submitted by researchers will be reviewed, and the stocks which will be included or removed from the purchase list will be determined.
- (4) The portfolio manager will construct the investment portfolios according to the asset allocation instructions of the Industry and Style Allocation Meeting as well as the conclusion made by the Purchase List Review Meeting. In constructing the investment portfolios, the portfolio manager must strictly comply with the investment restrictions and other requirements under the Fund Contract, and the adjustments made by the portfolio manager must be within the authorised scope.
- (5) Risk Management and Performance Analysis Report Meeting: The risk control manager will provide the latest report of risk management and performance analysis. With respect to the existing investment portfolios, all risk control rules shall be reviewed to ensure that investment is made within the scope permitted by the investment framework.
- (6) The portfolio manager will make appropriate adjustment to the investment portfolios pursuant to the regular report of risk management and performance analysis as well as the latest information and research results.

Please refer to the following chart for the Fund's investment framework.

Industry and Style Allocation Meeting will propose investment strategies and asset allocation plans to the Investment Decision-Making Committee. Resolutions and plans approved by the Investment Decision-Making Committee will be passed to the portfolio manager for execution. The portfolio manager will construct the investment portfolios by selecting stocks from the list of stock pools and including them in bonds offered by the bond manager. The portfolio manager's decisions on securities transactions will be implemented through the central trading room.

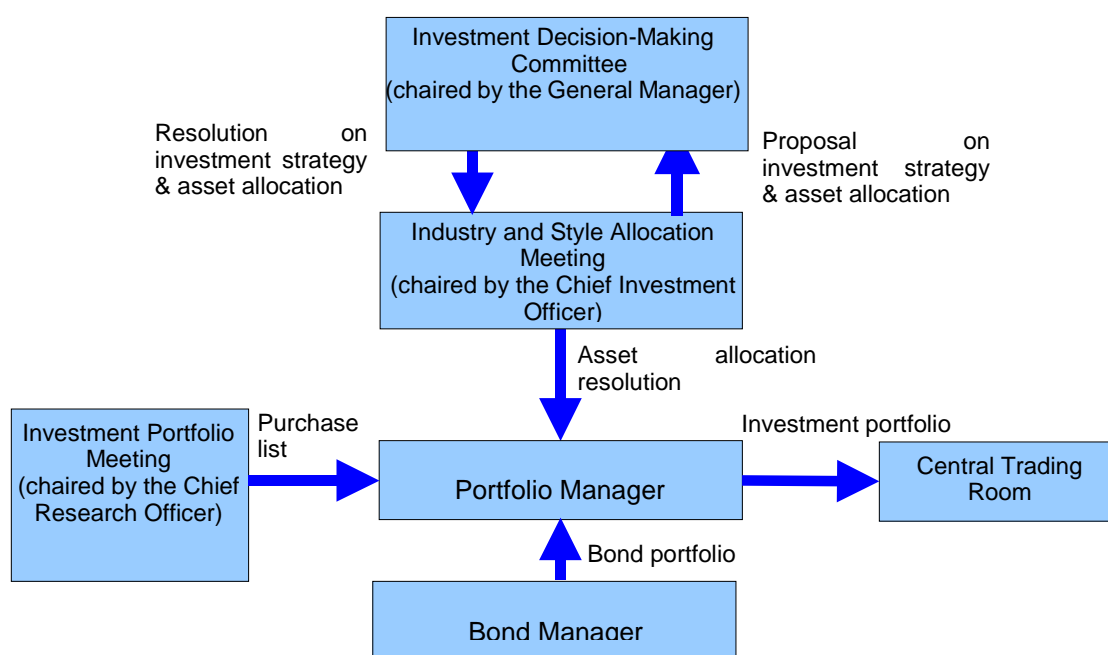


Figure: The Fund's Investment Framework

## 5. Performance Comparison Benchmark

The benchmarks for the overall performance comparison of the Fund are as follows:

$85\% \times \text{MSCI China A-share Index} + 10\% \times \text{ChinaBond Treasury Bond Aggregate Index (Full Price)} + 5\% \times \text{Inter-Bank Deposit Rate}$

MSCI China A-share Index measures the performance of equity investment, and ChinaBond Treasury Bond Aggregate Index (Full Price) measures the performance of bond investment of the Fund.

MSCI China A-share Index is characterised by strong representativeness of the market, transparent preparation method of the index, clear adjustment rules of sample stocks, and relatively low market fluctuation. Thus, the Fund selected MSCI China A-share Index to measure the performance of its equity investment.

ChinaBond Treasury Bond Aggregate Index is one of the most common benchmark indices for evaluating returns of bond investment in the industry. The Fund selects ChinaBond Treasury Bond Aggregate Index (Full Price) as the performance comparison benchmark for its bond investment due to its authority, convenience and timeliness.

## **6. Risk and Return Characteristics**

The Fund is a hybrid fund with moderate risk and return. Its expected return and expected risk levels are lower than that of equity funds but higher than that of bond funds and money market funds.

## **7. Prohibited Actions of and Restrictions on Investments**

1. Except as otherwise provided in Laws and Regulations, the Fund properties may not be used for the following purposes:
  - (2) Underwriting of securities;
  - (3) Providing loans or guarantees to others;
  - (4) Engaging in investment with unlimited liability;
  - (5) Trading other Fund Units;
  - (6) Making capital contribution to the Fund Manager and Fund Custodian or trading the stocks or bonds issued by the Fund Manager and Fund

Custodian;

- (7) Trading the securities issued or underwritten during the underwriting period by the shareholders controlling the Fund Manager and Fund Custodian, or by the companies with other significant interest with the Fund Manager or Fund Custodian;
- (8) Engaging in insider dealing, manipulation of securities prices and other illegitimate securities trading activities;
- (9) Other activities prohibited by the CSRC pursuant to the laws, administrative regulations and relevant Laws and Regulations.

2. Restrictions on Investment Portfolio Proportion of the Fund

- (1) In case of holding stocks of one listed company, its capitalisation shall not exceed 10% of Net Asset Value of the Fund;
- (2) The securities of the same company held by the Fund and other funds under the management of the Fund Manager shall aggregately not exceed 10% of such securities;
- (3) When the Fund properties are involved in the issue of and Subsequent Subscription for stock, the amount declared by the Fund shall not exceed the Total Asset Value of the Fund and the number of stocks declared by the Fund shall not exceed the total number of the stocks to be issued by the issuing company this time;
- (4) The total amount of warrants purchased by the Fund on any Trading Day shall not exceed 5% of Net Asset Value of the Fund of the last Trading Day;
- (5) The capitalisation of all warrants held by the Fund shall not exceed 3% of Net Asset Value of the Fund;
- (6) The same warrant held by all funds under the management of the Fund Manager shall not exceed 10% of such warrants;
- (7) The same (i.e. the same credit rating) asset-backed security held by the Fund



shall not exceed 10% of such asset-backed securities;

- (8) The investment in various types of asset-backed securities of the same originator by the Fund shall not exceed 10% of Net Asset Value of the Fund;
- (9) The investments in various types of asset-backed securities of the same originator by all funds under the management of the Fund Manager shall not exceed 10% of the total volume of such asset-backed securities;
- (10) The capitalisation of all asset-backed securities held by the Fund shall not exceed 20% of Net Asset Value of the Fund;
- (11) The number of tradable shares of a listed company in issuance held by all open-ended funds (including open-ended funds and interval open-ended funds currently opening for transactions) managed by the Fund Manager shall not exceed 15% of the total number of tradable shares of such listed company;
- (12) The number of tradable shares of a listed company in issuance held by all portfolios managed by the Fund Manager shall not exceed 30% of the total number of tradable shares of such listed company;
- (13) The total market value of assets with trading restrictions invested by the Fund proactively shall not exceed 15% of the Net Asset Value of the Fund. Where this investment limit is violated due to factors beyond control of the Fund Manager, such as securities market fluctuations, suspension of trading in shares of the listed company and changes in the size of the Fund, the Fund Manager shall not act to increase investment in the assets with trading restrictions;
- (14) If the Fund conducts a reverse repurchase with a counterparty who is a private equity securities management product or other entity recognised by the CSRC, the collaterals acceptable shall fall into the investment scope

agreed in the Fund Contract;

(15) Other restrictions provided by Laws and Regulations and the Fund Contract.

3. If the prohibited actions of investments and restrictions on investment portfolio weights set out above are amended or removed due to any future amendments or changes of the Laws and Regulations or the relevant provisions of the CSRC, the Fund may correspondingly adjust such prohibited actions and investment restrictions after the Fund Manager has duly performed the relevant procedures.

#### **8. Adjustment to Proportion of Investment Portfolios**

The Fund Manager shall, within 6 months from the Effective Date of Fund Contract, cause the proportion of investment portfolios of the Fund to comply with the terms of the Fund Contract. Save as prescribed in item (13) and item (14) above, if the Fund's investment fails to comply with the investment proportions provided by the Fund Contract due to factors not related to the Fund Manager such as securities market fluctuation, merger of listed companies, change of fund size, the Fund Manager shall make adjustment within ten trading days. If the Laws and Regulations provide otherwise, such provisions shall be observed.

#### **9. Securities Margin Trading of the Fund**

The Fund may carry out securities margin trading in accordance with the relevant Laws and Regulations of the PRC.

#### **10. Principles and Methods of Exercising Shareholder Rights and Other Rights Arising from Investment of the Fund properties in Securities by the Fund Manager for the Benefits of unitholders**

1. The Fund Manager shall, in its own name and for the benefits of unitholders, independently exercise the shareholders' rights, creditors' rights and other

rights arising from investment of the Fund properties in securities in accordance with the relevant provisions of the PRC, and protect the interests of the unitholders;

2. The Fund Manager shall not seek to control any listed companies, nor participate in the operation or management of the listed companies invested;
3. The Fund Manager shall act in favour of the safety and appreciation of the Fund properties; and
4. The Fund Manager shall not seek any improper benefits for the Fund Manager, its employees, authorised agents, or any connected third parties through connected transactions.

### **11. Portfolio Report of the Fund**

The board of directors and directors of the Fund Manager undertake that there is no false content, misleading statement or material omission in this report, and accept several and joint liability for its truth, accuracy and completeness.

Bank of China Limited, the Fund Custodian, reviewed the portfolio report on January 15, 2020 in accordance with the requirements of the Fund Contract.

The Fund Manager undertakes to manage and use the Fund assets according to the principle of honesty and due diligence, but does not guarantee the return of the Fund.

The past performance of the Fund does not represent its future performance. Investment involves risk. Investors shall carefully read the Fund Prospectus before making investment decisions.

The Fund portfolio report contains data as at December 31, 2019. The financial information set out in the report has not been audited by an auditing firm.

#### 1. Fund asset portfolio as at the end of the reporting period

No.	Item	Amount	Percentage of total Fund assets (%)
1	Equity Investment	1,952,633,518.04	94.29

	of which: Stocks	1,952,633,518.04	94.29
2	Fund Investment	-	-
3	Fixed Income Investment	80,064,000.00	3.87
	of which: Bonds	80,064,000.00	3.87
	Asset-backed Securities	-	-
4	Precious Metals Investment	-	-
5	Financial Derivatives Investment	-	-
6	Purchase-for-sale Financial Assets	-	-
	of which: Buy-out Repurchase of Purchase-for-sale Financial Assets	-	-
7	Aggregate of Bank Deposits and Deposit Reservation for Balance	34,784,879.87	1.68
8	Other Assets	3,301,401.64	0.16
9	Total	2,070,783,799.55	100.00

## 2. Equity portfolio by sectors as at the end of the period

### 2.1 Domestic equity portfolio by sectors as at the end of the period

Code	Categories of Sectors	Fair value	Percentage of the Net Asset Value of the Fund (%)
A	Agriculture, Forestry, Animal Husbandry & Fishery	-	-
B	Mining Industry	-	-
C	Manufacturing Industry	1,235,407,842.41	59.90
D	Electricity, Heating Power, Gas, Water Production & Supply	1,987,241.74	0.10
E	Construction Industry	-	-
F	Wholesale & Retail Industry	18,850,000.00	0.91
G	Transportation, Storage and Postal Industry	55,125,000.00	2.67
H	Accommodation and Catering	-	-

	Industry		
I	Information Transmission, Software and IT Services	3,735,412.54	0.18
J	Financial Industry	460,255,687.36	22.32
K	Real Estate Industry	-	-
L	Leasing and Commercial Services	25,208,430.00	1.22
M	Scientific Research and Technology Services	-	-
N	Water Conservation, Environment and Administration of Public Facilities	6,578.04	0.00
O	Neighbourhood Services, Repair and Other Services	-	-
P	Education	-	-
Q	Health and Social Affairs	51,167,325.95	2.48
R	Culture, Sports and Entertainment	100,890,000.00	4.89
S	Miscellaneous	-	-
	Total	1,952,633,518.04	94.67

Note: Percentages of certain stocks in the Net Asset Value of the Fund that are too insignificant to have any actual data after rounding to two decimal places are indicated by “0.00”.

## 2.2 Equity portfolio by sectors via Hong Kong Stock Connect as at the end of the reporting period

The Fund does not invest in Hong Kong stocks through Southbound Hong Kong Trading Link.

## 3. Investment breakdowns of top10 stocks ranked by the fair value as presented as a percentage of Net Asset Value of the Fund as at the end of the reporting period

No.	Stock Code	Stock Name	Amount (Shares)	Fair value	Percentage of the Net Asset Value of the Fund (%)
1	002271	Oriental Yuhong	4,668,100	122,817,711.00	5.95
2	603899	M&G	2,470,000	120,387,800.00	5.84
3	600036	China Merchants Bank	3,051,600	114,679,128.00	5.56
4	601966	LINGLONG TIRE	5,000,000	114,650,000.00	5.56
5	002142	Bank of Ningbo	4,038,400	113,680,960.00	5.51
6	300059	East Money	7,030,000	110,863,100.00	5.38
7	300003	Lepu Medical	3,325,000	109,991,000.00	5.33
8	601012	Longji	4,370,000	108,507,100.00	5.26
9	300251	Enlight Media	8,550,000	100,890,000.00	4.89
10	600298	Angel Yeast	3,119,658	95,679,910.86	4.64

#### 4. Bond portfolio by bond types as at the end of the reporting period

No.	Categories of Bond	Fair Value (Yuan)	Percentage of the Net Asset Value of the Fund (%)
1	National bond	40,048,000.00	1.94
2	Central bank bill	-	-
3	Financial bond	40,016,000.00	1.94
	Of which: policy-related financial bond	40,016,000.00	1.94
4	Corporate bond	-	-
5	Short-term corporate	-	-

	financing paper		
6	Mid-term bill	-	-
7	Convertible bond (exchangeable bond)	-	-
8	Interbank negotiable certificate of deposit	-	-
9	Others	-	-
10	Total	80,064,000.00	3.88

5. Investment breakdowns of top 5 bonds ranked by the fair value as presented as a percentage of Net Asset Value of the Fund as at the end of the reporting period

No.	Bond Code	Bond Name	Amount (Shares)	Fair value (Yuan)	Percentage of the Net Asset Value of the Fund (%)
1	019615	19ND05	400,000	40,048,000.00	1.94
2	170402	17ADBC 02	400,000	40,016,000.00	1.94

6. Investment breakdowns of top 10 asset-backed securities ranked by the fair value as presented as a percentage of Net Asset Value of the Fund as at the end of the reporting period

No asset-backed securities were held by the fund as at the end of the reporting period.

7. Investment breakdowns of top 5 precious metals ranked by the fair value as presented as a percentage of Net Asset Value of the Fund as at the end of the reporting period

According to the Fund Contract, the Fund does not invest in precious metals.

8. Investment breakdowns of top 5 warrants ranked by the fair value as presented as a percentage of Net Asset Value of the Fund as at the end of the reporting period

No warrants were held by the Fund as at the end of the reporting period.

9. Description of transactions of stock index futures invested in by the Fund as at the end of the reporting period

According to the Fund Contract, the Fund does not invest in stock index futures.

10. Description of transactions of the treasury bond futures invested in by the Fund as at the end of the reporting period

According to the Fund Contract, the Fund does not invest in treasury bond futures.

11. Notes to the Portfolio Report

1) No issuers of the top 10 securities invested in by the Fund were found to be under investigation by the regulatory authorities for the period or being publicly condemned or punished by the CSRC or stock exchanges within one year prior to the date on which the report was prepared.

2) The top 10 stocks invested in by the Fund were within the stock reserve as stipulated in the Fund Contract.

3) Composition of other assets of the Fund:

No.	Name	Amount
1	Guarantee Deposit and Margin Paid	403,237.57
2	Securities Settlement Receivable	-
3	Dividends Receivable	-



4	Interest Receivable	2,066,711.32
5	Subsequent Subscription Money Receivable	831,452.75
6	Other Receivables	-
7	Deferred Expenses	-
8	Others	-
9	Total	3,301,401.64

4) Details of convertible bonds during their conversion period held as at the end of the reporting period

No convertible bonds during their conversion period were held by the Funds at the end of the reporting period.

5) Descriptions of the stock with restricted circulation among the top 10 stocks as at the end of the period

There's no restricted circulation among the top 10 stocks as at the end of the period of this Fund.

## PART XI Fund Performance

The Fund Manager promises to manage and operate Fund assets based on principles of integrity, honesty and due diligence, but it does not guarantee profit of the Fund. Past performance of the Fund does not represent future performance. Investment carries risks. Investors shall carefully read through the Fund Prospectus before making any investment decisions.

Comparisons between the return rate of the Net Asset Value of the Class A Units of the Fund and the Benchmark return rate as at December 31, 2019:

Stage	Net Asset Value Growth ①	Standard Deviation of Net Asset Value ②	Benchmark Return Rate ③	Standard Deviation of Benchmark Return Rate ④	①—③	②—④
Mar.22,2007-Dec.31,2007	76.79%	1.87%	76.33%	1.86%	0.46%	0.01%
Jan.1, 2008-Dec.31, 2008	-46.17%	2.05%	-57.70%	2.55%	11.53%	-0.50%
Jan.1, 2009-Dec.31, 2009	62.40%	1.58%	77.11%	1.71%	-14.71%	-0.13%
Jan.1, 2010-Dec.31, 2010	4.81%	1.26%	-7.16%	1.33%	11.97%	-0.07%
Jan.1, 2011-Dec.31, 2011	-20.31%	1.10%	-23.12%	1.12%	2.81%	-0.02%
Jan.1, 2012-Dec.31, 2012	0.63%	1.14%	5.81%	1.10%	-5.18%	0.04%
Jan.1, 2013-Dec.31, 2013	11.94%	1.31%	-3.77%	1.16%	15.71%	0.15%
Jan.1, 2014-Dec.31, 2014	26.08%	1.09%	39.90%	0.98%	-13.82%	0.11%

Jan.1, 2015-Dec. 31, 2015	37.09%	2.73%	10.68%	2.12%	26.41%	0.61%
Jan.1, 2016-Dec. 31, 2016	-18.58%	1.80%	-12.42%	1.30%	-6.16%	0.50%
Jan.1, 2017-Dec. 31, 2017	18.08%	0.70%	8.95%	0.57%	9.13%	0.13%
Jan.1 2018-Dec. 31 2018	-18.16%	1.44%	-26.08%	1.16%	7.92%	0.28%
Jan.1 2019-Dec. 31 2019	52.09%	1.23%	31.10%	1.07%	20.99%	0.16%
Mar.22, 2007-Dec. 31 2019	200.75%	1.57%	37.44%	1.48%	163.31%	0.09%

Comparisons between the return rate of the Net Asset Value of the Class H Units of the Fund and the Benchmark return rate as at December 31, 2019:

Stage	Net Asset Value Growth ①	Standard Deviation of Net Asset Value ②	Benchmark Return Rate ③	Standard Deviation of Benchmark Return Rate ④	①—③	②—④
Apr.7, 2016-Dec.31, 2016	0.40%	1.08%	1.13%	0.78%	-0.73%	0.30%
Jan.1, 2017- Dec. 31, 2017	18.03%	0.71%	8.95%	0.57%	9.08%	0.14%
Jan.1 2018-Dec. 31 2018	-18.14%	1.43%	-26.08%	1.16%	7.94%	0.27%
Jan.1 2019-Dec. 31 2019	52.14%	1.23%	31.10%	1.07%	21.04%	0.16%

Mar.22, 2007-Dec. 31 2019	47.58%	1.15%	6.76%	0.94%	40.82%	0.21%
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## **PART XII Fund Properties**

### **12.1 Total Asset Value of the Fund**

The Total Asset Value of the Fund includes the total aggregate value of various marketable securities owned by the Fund, principal and interest of bank deposits, the receivables of the Fund, and value generated from other investments.

Its main components include:

- (1) Bank deposits and accrued interest;
- (2) Settlement reserves and accrued interest;
- (3) Deposits paid in accordance with related regulations;
- (4) Receivables from settlement of securities transactions;
- (5) Receivables from Subsequent Subscription capital;
- (6) Equity investments and their valuation adjustments;
- (7) Bond investments and their valuation adjustments as well as accrued interest;
- (8) Warrant investments and their valuation adjustments;
- (9) Other investments and their valuation adjustments;
- (10) Other assets.

### **12.2 Net Asset Value of the Fund**

The Net Asset Value of the Fund refers to the value calculated by deducting liabilities of the Fund from the Total Asset Value of the Fund.

### **12.3 Accounts for the Fund Properties**

The bank account shall be opened in the name of the Fund by the Fund Custodian, and the bank reserve seal for the Fund Accounts shall be kept and used by the Fund Custodian. The Fund Securities Account shall be opened in the joint names of the Fund and the Fund Custodian and the Settlement Reserves Account for Fund securities

transactions assets shall be opened in the name of Fund Custodian in the China Securities Depository and Clearing Co., Ltd. Shanghai and Shenzhen Branches for the settlement of securities assets by the Fund Custodian. The Inter-bank Bond Custody Account shall be opened in the name of the Fund and filed in the People's Bank of China for record purposes. The aforementioned Fund Accounts shall be independent from the accounts for the personal and other properties of the Fund Manager, the Fund Custodian, Sales Agencies and the Registrar.

#### **12.4 Custody and Disposal of Fund Properties**

12.4.1 Fund properties hereof shall be independent from the inherent properties of the Fund Manager and the Fund Custodian, and shall be in the custody of the Fund Custodian. Both the Fund Manager and the Fund Custodian shall not classify Fund properties as part of their own inherent properties.

12.4.2 Properties and income acquired from the management, utilization and other uses of Fund properties by the Fund Manager and the Fund Custodian shall be regarded as part of Fund properties.

12.4.3 If the Fund Manager or the Fund Custodian are to be liquidated following the dissolution, dismissal, or bankruptcy declaration by the relevant Laws and Regulations, Fund properties hereof shall be excluded from the scope of liquidation.

12.4.4 The claims of the Fund properties hereof shall not be used to offset the debts and liabilities of the inherent properties of the Fund Manager and the Fund Custodian; neither shall the claims and the debts and liabilities of different Fund properties be used to offset one another.

12.4.5 Debts not incurred by uses of Fund properties shall not be compulsorily executed against Fund properties.

12.4.6 Fund properties shall not be punished, unless as stipulated otherwise by the relevant Laws and Regulations, the Fund Contract or other relevant provisions.

## **PART XIII Valuation of Fund Assets**

### 13.1 Purpose of Valuation

The purpose of valuation of the Fund is to accurately and truly reflect the fair values of relevant financial assets and financial liabilities of the Fund. The prices for Subsequent Subscription for and Redemption of units of open-ended funds shall be calculated based on the Net Asset Value per Unit determined after valuation of the Fund.

### 13.2 Valuation Day

After the effectiveness of the Fund Contract, the properties of the Fund shall be valued on every Trading Day.

### 13.3 Object of Valuation

All financial assets and financial liabilities held by the Fund.

### 13.4 Valuation Methods

#### 13.4.1 Valuation of marketable securities listed on the securities exchange

- (1) The marketable securities listed on the exchange (including stocks, warrants, etc.) shall be valued based on the market price (closing price) quoted on the securities exchange on its valuation day; if there is no transaction on the valuation day and the economic environment experiences no major changes or there is no material event of the securities issuer affecting the securities price after the last Trading Day, they shall be valued based on the market price (closing price) on the last Trading Day; if the economic environment experiences a major change or there is any material event of the securities issuer affecting the securities price after the last Trading Day, the market prices of the latest transactions shall be adjusted with reference to the prevailing market prices of similar investment products and the factors of major change so as to determine the fair value;

- (2) The fixed income products listed or quoted for transfer on the exchange (except as otherwise provided) shall be valued based on the net valuation price of similar products on that day provided by the third-party valuation institution;
- (3) The convertible bonds listed and traded on exchange shall be valued based on the net price calculated by deducting the interests receivable of bonds included in the closing price of the convertible bonds from the closing price on the valuation day;
- (4) The fair value of asset-backed securities and SME private bonds quoted for transfer on the exchange market shall be determined using valuation techniques. If the fair value cannot be determined using valuation techniques in a reliable manner, valuation shall be based on cost.

13.4.2 Valuation of marketable securities during the unlisted period shall be conducted according to the following different circumstances:

- (1) For new shares arising from bonus issue, capitalisation issue, right issue and secondary public offering, they shall be valued using the valuation method of the same share quoted on the securities exchange on the valuation day, or valued at the market price (closing price) on the latest day if there is no trading on that day;
- (2) For the shares, bonds and warrants that are initially publicly offered and not yet listed, the fair value shall be determined using valuation techniques. If the fair value cannot be determined using valuation techniques in a reliable manner, valuation shall be based on cost.
- (3) The shares that are initially publicly offered with definite lock-up period shall be valued using the valuation method of the same share listed on the exchange after the listing of such shares on the exchange; for the shares that are not publicly offered with definite lock-up period, their fair values shall be



determined in accordance with the relevant provisions of regulatory authorities or the industry association.

- (4) The fair value of bonds issued on the exchange market, which have not been listed or quoted for transfer, shall be determined using valuation techniques. If the fair value cannot be determined using valuation techniques in a reliable manner, valuation shall be based on cost.

13.4.3 The fixed income products that are traded on the national inter-bank bond market such as bonds and asset-backed securities shall be valued based on the net valuation price of similar products on that day provided by the third-party valuation institution.

13.4.4 Where a bond is traded on two or more markets at the same time, it shall be valued respectively based on the market where the bond is located.

13.4.5 Valuation methods of stock index futures and treasury bond futures contracts

- (1) Generally, valuation is conducted based on the settlement price on the valuation day.
- (2) In any case, the adoption of the method specified in the above paragraph (1) by the Fund Manager for valuation of the Fund assets shall be considered as an adoption of appropriate valuation method. However, if the Fund Manager considers that valuation of the Fund assets using the method specified in above paragraph (1) cannot objectively reflect the fair value, the Fund Manager may, pursuant to the specific circumstances and after consultation with the Fund Custodian, conduct valuation based on the price which best reflects the fair value.
- (3) If any latest provision of the state is promulgated in respect of the above, valuation shall be conducted in accordance with such provisions.

13.4.6 If the relevant Laws and Regulations or regulatory authorities compulsorily

provide, such provisions shall prevail. If any new provisions are promulgated, valuation shall be conducted in accordance with the latest provisions of the state.

13.4.7 If there is conclusive evidence proving that the valuation based on the above-mentioned methods cannot objectively reflect the fair value, the Fund Manager may, pursuant to the specific circumstances and after consultation with the Fund Custodian, determine the value at a price which best reflects the fair value.

If the Fund Manager or the Fund Custodian finds that the valuation of the Fund violates the methods and process of valuation specified in the Fund Contract and the provisions of relevant Laws and Regulations, or the valuation fails to fully maintain the interest of the unitholders, the Fund Manager or the Fund Custodian shall immediately notify each other and together investigate the cause and a solution.

According to the relevant Laws and Regulations, it is the obligation of the Fund Manager to calculate the Net Asset Value of the Fund and to review the accounting of the Fund. The accounting responsibility of the Fund shall be assumed by the Fund Manager, so if there are accounting issues related to the Fund, after being fully discussed by the relevant parties on the basis of equality, and if no consensus is reached, the Fund Manager's calculation results of the information about the Net Value of the Fund shall be announced to the public.

### 13.5 Valuation Procedures

The Fund Manager and the Fund Custodian shall conduct daily valuation of the Fund. After the Fund Manager has finished valuation of the Net Asset Value per Unit of each class, the valuation result shall be sent in writing to the Fund Custodian. The Fund Custodian shall then verify the valuation in accordance with the valuation methods, time and procedures stipulated in the Fund Contract. If the Fund Custodian has verified and corrected the valuation, the Fund Custodian shall sign and return the valuation result to the Fund Manager, and the Fund Manager shall make an announcement to the public. Review of valuation at the end of the month, in the middle of the year and at the

end of the year are conducted at the same time as the verification of the Fund's accounting record.

### 13.6 Circumstances of Suspending Valuation

13.6.1 The securities exchange involved in the investment of the Fund is closed due to public holidays or other reasons;

13.6.2 The Fund Manager or the Fund Custodian cannot accurately value the value of the properties of the Fund due to Force Majeure or other circumstances;

13.6.3 The Fund Manager shall suspend Fund valuation after consulting the Fund Custodian, if active market prices are not available for assets accounting for over 50% of the Net Asset Value of the Fund on the previous valuation day and significant uncertainty in the Fund's fair value cannot be removed by using evaluation techniques;

13.6.4 Other circumstances stipulated by the CSRC.

### 13.7 Confirmation of Net Asset Value per Fund Unit

The Net Asset Value per Unit for Fund information disclosure shall be calculated by the Fund Manager and reviewed by the Fund Custodian. The Fund Manager shall, after the end of Trading Hours of each Working Day, calculate the Net Asset Value per Unit on that day and send the result to the Fund Custodian. The Fund Custodian shall review and confirm the net value calculation before sending the same to the Fund Manager, and the Fund Manager shall publish the Net Asset Value per Unit.

The Net Asset Value per Unit of Class A-CNY Units and Class H-CNH Units shall be calculated to the nearest RMB 0.001, and the fourth decimal place shall be rounded off. The Net Asset Value per Unit of Class H-USD Units shall be calculated to the nearest USD 0.001, and the fourth decimal place shall be rounded off. The Net Asset Value per Unit of Class H-HKD Units shall be calculated to the nearest HKD 0.001, and the fourth decimal place shall be rounded off.

If the state provides otherwise, such provisions shall prevail.

### 13.8 Handling of Valuation Errors

13.8.1 When there is an error at or before the third decimal place of the Net Assets Value per Unit arising from Valuation of Fund Assets, it shall be regarded as a valuation error of Net Asset Value per Unit.

13.8.2 The Fund Manager and the Fund Custodian shall take necessary, appropriate and reasonable measures to ensure the accuracy and timeliness of Valuation of Fund Assets. When there are errors in the Net Asset Value per Unit, the Fund Manager shall make an immediate correction and take reasonable measures to prevent further losses. If any calculation error amounts to or exceeds 0.25% of the Net Asset Value per Unit, the Fund Manager shall report to the CSRC. If any calculation error amounts to or exceeds 0.5% of the Net Asset Value per Unit, the Fund Manager shall make an announcement and report to the CSRC at the same time.

13.8.3 If the Laws and Regulations or the regulatory authority provides otherwise in respect of the above, such provisions shall prevail.

### 13.9 Handling under Special Circumstances

13.9.1 Where the Fund Manager conducts valuation in accordance with the relevant valuation methods stated in paragraph 13.4.5, any inaccuracy arising shall not be treated as an error of Net Asset Value per Unit.

13.9.2 If the Fund Manager and the Fund Custodian have taken necessary, appropriate and reasonable measures to review but failed to discover the error due to Force Majeure or errors in the data transmitted by the securities exchange and the registration and clearing company, the Fund Manager and Fund Custodian may be exempted from the liability for such error in the Valuation of Fund Asset. However, the Fund Manager should actively take necessary measures to eliminate the impact of such error.

- Notes: 1. The above content, in connection with Valuation of Fund Assets, has been updated in accordance with the *Notice on the Implementation of the Accounting Standards for Business Enterprises by Fund Management Companies and Securities Investment Funds* (CSRC Kuai Ji Zi [2006] No. 23) of the CSRC, and the *Announcement on Amendment to the Fund Contract of Franklin Sealand China Prospect Mixed Assets Fund (formerly known as Franklin Sealand China Prospect Equity Fund)* dated September 29, 2007.
2. Pursuant to the relevant provisions and requirements in the *Guiding Opinions on Further Regulating the Valuation Business of Securities Investment Funds* (CSRC announcement [2008] No.38) of the CSRC, and in accordance with the provisions of the Fund Contract and the Prospectus, from September 16, 2008, stocks subject to long-term suspension which are held by funds under management will be valued by way of “index return method” as described in the *Reference Method for Valuation of Suspended Stocks released by the Fund Valuation Team of the Securities Association of China*.

## **PART XIV Fund Income and Distribution**

### **14.1 Composition of Fund Income**

- 14.1.1 Fund Income includes dividends, stock interest, bond interest, bid-offer spread from the sale and purchase of securities, accrued interest on bank deposits, and other forms of income generating from the investment of the Fund.
- 14.1.2 Any cost or expense savings resulting from the use of Fund properties shall be included in Fund Income.
- 14.1.3 The Net Fund Income refers to the aggregate Fund Income net of costs, expenses and other items, which may be deducted from the Fund Income as provided by the relevant Laws and Regulations.

### **14.2 Net Fund Income**

The Net Fund Income shall be the aggregate Fund Income net of costs and expenses, which may be deducted from the Fund Income as provided by the relevant Laws and Regulations.

### **14.3 Principles of Fund Income Distribution**

- 14.3.1 There are two methods of Fund Income distribution: cash dividends and dividend reinvestment. Investors can choose either cash dividend or automatically convert the cash dividends into Fund Units as reinvestment based on the calculation of the Net Asset Value per Unit on the ex-dividend date; if no prior option is made by the Fund Unitholder, the default method for Fund Income distribution shall be cash dividend.
- 14.3.2 Each Fund unit in the same Unit Class enjoys the same equal distribution rights.
- 14.3.3 The Fund Income from the present period shall first offset any accumulated deficits from the prior periods before Fund Income distribution may be carried out.

- 14.3.4 The Net Asset Value per Unit for each Class A-CNY Unit shall not be less than the face value of each Class A-CNY Unit after any Fund Income distribution for the aforementioned Unit Class; The Net Asset Value per Unit for each Class H-CNH Unit shall not be less than the face value of each Class H-CNH Unit after any Fund Income distribution for the aforementioned Unit Class; The Net Asset Value per Unit for each Class H-USD Unit shall not be less than the face value of each Class H-USD Unit after any Fund Income distribution for the aforementioned Unit Class; The Net Asset Value per Unit for each Class H-HKD Unit shall not be less than the face value of each Class H-HKD Unit after any Fund Income distribution for the aforementioned Unit Class.
- 14.3.5 No Fund Income distribution shall be carried out if a deficit occurs in the present period.
- 14.3.6 Under the premise of satisfying all relevant requirements and conditions for Fund Income distribution, there may be at most 4 times of Fund Income distribution each year.
- 14.3.7 The ratio of Fund Income distribution throughout the entire year shall not be less than 75% of the Fund's realized net profits during that same year. Fund Income shall not be distributed if the Fund Contract has only taken effect for less than 3 months.
- 14.3.8 The amount of Fund Income allocated to each Class H-USD Unit and Class H-HKD Unit is calculated based on the amount of Fund Income distributed to each Class H-CNH Unit and the corresponding foreign exchange conversion rate. For detailed information, please refer to the Prospectus or other relevant announcements released by the Fund Manager.
- 14.3.9 The currency of the cash dividends to be distributed for each Class A-CNY Unit and each Class H-CNH Unit shall be RMB; The currency of the cash dividends to be distributed for each Class H-USD Unit shall be U.S. Dollars;

And the currency of the cash dividends to be distributed for each Class H-HKD Unit shall be Hong Kong Dollars. The net value of dividend reinvestment applicable for each different Unit Class shall be the Net Asset Value per Unit of the same Unit Class.

14.3.10 These provisions shall apply unless otherwise stipulated by the relevant Laws and Regulations or the relevant regulatory authorities.

#### **14.4 Fund Income Distribution Plans**

The distribution plans for Fund Income shall specify the scope of Fund Income and the profits available for distribution, the beneficiaries and distribution principles of Fund Income distribution, the time of distribution, the amount and proportion of distribution, information regarding the distribution and payment methods and other related information, etc.

#### **14.5 Determination, Announcement and Implementation of Fund Income Distribution Plans**

The distribution plans for Fund Income shall be formulated by the Fund Manager, and shall be reviewed and approved by the Fund Custodian. Thereafter, the Fund Manager shall make any necessary information disclosure to the public in accordance with the relevant Laws and Regulations.

#### **14.6 Expenses of Fund Income Distribution**

14.6.1 If the method for the distribution of Fund Income is dividend reinvestment, no reinvestment expenses shall be charged.

14.6.2 If any expenses or charges are incurred during the distribution of Fund Income, such as handling fees for bank transfers or any other transaction fees, the Fund Unitholder shall be personally responsible for all such expenses or charges. If the cash dividends distributed to the Fund Unitholder of the relevant Fund Unit



Class is insufficient to pay for the aforementioned expenses or charges, such as handling fees for bank transfers or any other transaction fees, the Registrar has the right to automatically convert the cash dividends of such Fund Unitholder into Fund units of the same Unit Class.

## **PART XV Expenses and Taxes of the Fund**

### **15.1 Category of Fund Expenses**

- 15.1.1 Management fee payable to the Fund Manager;
- 15.1.2 Custody fee payable to the Fund Custodian;
- 15.1.3 Expenses incurred from security transactions or settlement of the Fund (including but not limited to handling fee, stamp duty, SEC charges, transfer fee, transaction fee, brokerage commission, clearing fee for warrant transactions and other fees with similar nature);
- 15.1.4 Unless otherwise provided by Laws and Regulations or the CSRC, information disclosure expenses payable after effectiveness of the Fund Contract;
- 15.1.5 Expense of the Unitholders' meetings;
- 15.1.6 Accounting fees and legal fees related to the Fund after effectiveness of the Fund Contract;
- 15.1.7 Capital transfer fee of the Fund;
- 15.1.8 Other expenses that can be included in accordance with provisions of the relevant Laws and Regulations.

### **15.2 Accrual Methods, Accrual Standards and Payment Methods of Fund Expenses**

#### **15.2.1 Management fee payable to the Fund Manager**

The Fund management fee payable to the Fund Manager shall be accrued at the rate of 1.5% per annum of the Net Asset Value of the Fund.

Generally, the Fund management fee shall be accrued at the rate of 1.5% per annum of the Net Asset Value of the Fund on the preceding day. The calculation method is as follows:

$$H = E \times 1.5\% / \text{number of days in the current year}$$

H is the Fund management fee accrued every day

E is the Net Asset Value of the Fund on the preceding day

The Fund management fee is accrued daily and payable monthly. The Fund Manager will send the payment instruction for the Fund management fee to the Fund Custodian, and the Fund Custodian will review and make a lump-sum payment to the Fund Manager out of the properties of the Fund within 10 Working Days from the first day of the following month.

#### 15.2.2 Custody fee payable to the Fund Custodian

The Fund custody fee payable to the Fund Custodian shall be accrued at the rate of 0.25% per annum of the Net Asset Value of the Fund.

Generally, the Fund custody fee shall be accrued at the rate of 0.25% per annum of the Net Asset Value of the Fund on the preceding day. The calculation method is as follows:

$$H = E \times 0.25\% / \text{number of days in the current year}$$

H is the Fund custody fee accrued every day

E is the Net Asset Value of the Fund on the preceding day

The Fund custody fee is accrued daily and payable monthly. The Fund Manager will send the payment instruction for the Fund custody fee to the Fund Custodian, and the Fund Custodian will review and make a lump-sum payment to the Fund Custodian out of the properties of the Fund within 10 Working Days from the first day of the following month.

15.2.3 The expenses stated in items 3 to 8 under clause 1 in this section shall be included in the expenses of the Fund of the period by the Fund Manager and the Fund Custodian in accordance with relevant regulations and provisions of the relevant agreement.

#### 15.2.4 Expenses Related to Sales of the Fund

For details of the rate levels, calculation formulae, charging methods and usages of Subscription fee and Redemption fee of the Fund, please refer to the relevant

provisions in “8.6 Prices and Fees of Subsequent Subscription and Redemption and their Usages” under "Part VIII SUBSEQUENT SUBSCRIPTION AND REDEMPTION OF UNITS "in the Prospectus. The relevant rules on the switching fee of switching between different funds shall be formulated and announced by the Fund Manager at that time in accordance with relevant Laws and Regulations and provisions in the Fund Contract. The Subscription fee, Subsequent Subscription and Redemption fees and fee of Fund Switching shall be borne by the Fund Investors and shall not be included in the properties of the Fund.

### **15.3 Items Not Included in the Expenses of the Fund**

Expenses other than those specified under clause 1 in this section and the expenses or losses of the properties of the Fund arising from the failure of the Fund Manager and the Fund Custodian to perform or fully perform their obligations and the expenses arising in the course of handling issues not related to the Fund’s operations shall not be included in the expenses of the Fund.

The relevant expenses before the Fund Contract comes into effect (including but not limited to capital verification fee, accounting and legal fees, information disclosure expenses, etc.) shall not be included in the expenses of the Fund. Other specific items not included in the expenses of the Fund shall be charged according to the relevant provisions of the CSRC.

### **15.4 Adjustment of Expenses**

The Fund Manager and the Fund Custodian may negotiate to reduce the management fee and custody fee of the Fund at their discretion without convening a Unitholders’ meeting.

### **15.5 Taxes of the Fund**

Every taxpayer involved in the Fund's operations shall perform their obligations to pay tax pursuant to the Laws and Regulations on taxes of the state.

## **PART XVI Fund Accounting and Auditing**

### **16.1 Fund Accounting Policies**

- 16.1.1 The accounting year for the Fund is from January 1 to December 31 of each Gregorian calendar year.
- 16.1.2 Fund accounting adopts RMB as the base currency for bookkeeping and the accounting unit.
- 16.1.3 The accounting system is established based on the relevant State accounting system.
- 16.1.4 The Fund shall set up independent accounts and shall conduct independent accounting.
- 16.1.5 The Fund Manager shall be responsible for the accounting of the Fund.
- 16.1.6 The Fund Manager and the Fund Custodian should keep complete accounts and certificate proofs, carry out accounting daily and prepare financial statements for the Fund in accordance with the provisions of relevant Laws and Regulations. The Fund Custodian shall periodically verify the accounting, the financial statement preparation and other information related to the Fund Manager and provide written confirmation.

### **16.2 Auditing of Fund**

- 16.2.1 The Fund Manager shall employ an accounting firm with the qualifications for practice in securities- and futures-related businesses and the relevant CPAs, independent from the Fund Manager and the Fund Custodian, to conduct the auditing of the Fund's annual financial statements and other required matters.
- 16.2.2 Any replacements of the handling CPA at the accounting firm shall first be approved by the Fund Manager.
- 16.2.3 The Fund Manager shall first obtain consent from the Fund Custodian in the event that the Fund Manager deems there to be sufficient reasons to replace the

accounting firm responsible for auditing. The Fund Manager shall publicly disclose such information within 2 days after the replacement of the accounting firm.

## **PART XVII Disclosure of Fund Information**

The persons responsible for the disclosure of Fund information shall disclose such Fund information via the media designated by the CSRC within the time period as required by the CSRC, and shall guarantee that Fund Investors can consult or duplicate publicly disclosed information in accordance with the specified time and method in the Fund Contract. Please see the Supplementary Documents to the Prospectus for details regarding the method of disclosure for information relating to Class H Fund Units that should be disclosed by those persons responsible.

### **17.1 Prospectus, Fund Product Key Facts, Fund Contract and Fund Custody Agreement**

After the approval of the Fund offering application by the CSRC, the Fund Manager shall publicize abstracts of the Prospectus and the Fund Contract on designated newspapers and websites 3 days prior to the offering of Fund Units. The Fund Manager and the Fund Custodian shall publicize and upload the Fund Contract and the Custody Agreement on their respective websites.

After the Effective Date of the Fund Contract, if information contained in the Prospectus of the Fund and the Fund Product Key Facts is changed significantly, the Fund Manager shall update the Prospectus of the Fund and the Fund Product Key Facts and publicize the updates thereof on Designated Websites within three Working Days. In particular, the updated Fund Product Key Facts shall also be publicized on the websites of Sales Institutions of the Fund or in operational branches. Except in the case of material changes, where other information contained in the Prospectus of the Fund and the Fund Product Key Facts is changed, the Fund Manager shall update the Prospectus of the Fund and the Fund Product Key Facts at least once a year. If the Fund ceases to operate, the Fund Manager shall no longer update the Prospectus of the Fund and the Fund Product Key Facts.



### 17.2 Units Offering Announcement

The Fund Manager shall formulate the Units Offering Announcement, provide for specific issues relating to the offering of Fund units in the Announcement, and publicize it on designated newspapers and websites on the day of disclosure for the Prospectus.

### 17.3 Announcement on the Execution of the Fund Contract

The Fund Manager shall publicize an announcement on the execution of the Fund Contract via the Designated Media and upload the announcement on websites the day following the Effective Date of the Fund Contract.

### 17.4 Announcement on the Information about the Net Value of the Fund

After the Effective Date of the Fund Contract, the Fund Manager shall publicly announce the Net Asset Value per Unit and the accumulative Net Asset Value per Unit on Designated Websites at least once a week before processing the Subsequent Subscription or Redemption of Fund Units.

After the commencement of the Subsequent Subscription or Redemption of Fund Units, the Fund Manager shall disclose the Net Asset Value per Unit and the accumulative Net Asset Value per Unit of various classes as of the Working Days via Designated Websites, websites of Sales Institutions of the Fund or through operational branches on the day following each Working Day (except the period of suspension of Subsequent Subscription or Redemption as announced by the Fund Manager in accordance with laws and regulations and the provisions of the Fund Contract).

Not later than the date immediately following the last Trading Day of the semi-annual and annual year-ends respectively, the Fund Manager shall publicly announce the Net Value per Unit and the accumulative Net Value per Unit of various classes as of the last Trading Day of the semi-annual and annual year-ends respectively

via Designated Websites.

#### 17.5 Periodic Reports of the Fund

The periodic reports of the Fund shall be separately prepared by the Fund Manager in accordance with the relevant Laws and Regulations, and the relevant documents promulgated by the CSRC in connection to the content and format requirements for information disclosure by securities investment funds, and shall, thereafter, be reviewed by the Fund Custodian in accordance with the relevant Laws and Regulations. The periodic reports of the Fund shall include the annual report, the interim report and the quarterly report (including the quarterly asset portfolio report).

1. Annual Report for the Fund: The Fund Manager shall prepare and complete the annual report of the Fund within three months after the end date of each year, and shall publicize the same on Designated Websites and the indicative announcements of the annual report on Designated Newspapers. The financial and accounting reports in the annual reports of the Fund shall be audited by an accounting firm with the qualifications for practice in securities- and futures-related businesses.

2. Interim report for the Fund: The Fund Manager shall prepare and complete the interim report of the Fund within two months after the end date of the first half of the year, and shall publicize the full interim report on Designated Websites and the indicative announcements of the interim report on Designated Newspapers.

3. Quarterly Report for the Fund: The Fund Manager shall prepare and complete the quarterly report of the Fund within 15 Working Days after the end date of each quarter, and shall publicize the full quarterly report on Designated Websites and the indicative announcements of the quarterly report on Designated Newspapers.

The Fund Manager does not have to prepare and complete periodic quarterly reports, interim reports or annual reports if the Fund Contract has only taken effect for less than 2 months.

If Fund units held by a single investor reach or exceed 20% of the total Fund units

(the disclosable holding of a class H-CNY, H-USD and H-HKD unitholder is calculated according to the holding of nominal holder) during the reporting period that the Fund is in operation, the Fund Manager shall at least specify the class of the investor, the Fund units held by such investor as at the end of the reporting period and corresponding percentage, changes in his/her/its holding during the reporting period and inherent risks of the Fund in the section headed “Other Important Information Affecting Investors’ Decisions”, unless otherwise stipulated by the CSRC.

During on-going operation of the Fund, the Fund Manager shall disclose in the Fund’s annual and interim reports such information as Fund asset portfolio and liquidity risk analysis thereof.

In case of any additional or other applicable Laws and Regulations or CSRC provisions, such Laws and Regulations or CSRC provisions shall prevail.

#### 17.6 Provisional Report and Public Announcement

In the event of major events for the Fund, the persons responsible for the disclosure of Fund information shall prepare and publicly announce a provisional report within 2 days and publicize the same on Designated Newspapers and Designated Websites.

The aforementioned major events, which may have a significant impact on the rights and interests of Fund Unitholders or the unit price of the Fund, include the following:

1. Convening of Unitholders’ meeting;
2. Termination of the Fund Contract, liquidation of the Fund;
3. Change of Fund operation mode, merger of the Fund;
4. Replacement of the Fund Manager or the Fund Custodian;
5. The Fund Manager having the units of the Fund registered, accounted for, valued, etc., by fund service agencies; and the Fund Custodian having the Fund

accounted for, valued, reviewed, etc., by fund service agencies;

6. Changes to the legal names and residences of the Fund Manager and the Fund Custodian;

7. Change by the Fund Manager to the shareholders holding more than five percent of the stock rights in the Fund and the de facto controller of the Fund Manager;

8. The extension of the Initial Offer Period of the Fund;

9. Changes to senior management and portfolio manager of the Fund Manager and the principals of the Specialised Fund Custody Department of the Fund Custodian;

10. Changes to more than 50% of the directors of the Fund Manager over the most recent 12 months;

11. Changes to more than 30% of the main business staff of the Fund Manager or the Fund Custody Department of the Fund Custodian over the most recent 12 months;

12. Lawsuits involving the Fund management activities, Fund properties or the custody business of the Fund;

13. The Fund Manager or its senior management and portfolio managers being subject to severe administrative and criminal punishment due to its or their actions related to the fund management business, or the Fund Custodian or the principals of the Specialised Fund Custody Department of the Fund Custodian being subject to severe administrative and criminal punishment due to its or their actions related to the fund custody business;

14. The Fund Manager using the Fund properties to trade the securities issued by the Fund Manager, the Fund Custodian and their respective controlling shareholders, de facto controllers or companies with which the Fund Manager or the Fund Custodian has a significant interest or the securities underwritten during the underwriting period, or engaging in other significant related party transactions, except as otherwise provided by the CSRC;

15. Fund Income distribution matters;

16. Changes to the accrual standard, accrual method and rate of fees for management expenses, custodial expenses, subscription fees, redemption fees and other expenses;

17. The valuation discrepancies of the Net Value per Unit reach 0.5% of the Net Value per Unit;

18. Changes of the accounting firm employed by the Fund;

19. Changes to the Registrar by the Fund;

20. Commencement of the Subsequent Subscription and Redemption processes;

21. Substantial Redemption by the Fund and deferral of the Redemption;

22. Continuous Substantial Redemptions and the suspension of Redemption application acceptance or deferral of Redemption payment;

23. Suspension of acceptance of Subsequent Subscription and Redemption applications by the Fund or resumption thereof after the suspension;

24. Listing transactions for the Fund units;

25. Resolutions of Unitholders' meetings;

26. Adjustments made in matters related to subsequent subscription and/or redemption of fund units, and important matters arising that may affect fund unit redemption by investors;

27. Other events that may, in the opinion of the persons responsible for the disclosure of Fund information, have a significant impact on the rights and interests of Fund Unitholders or the price of the Fund Units, or other events as stipulated by the CSRC.

#### 17.7 Public Clarification Announcement

During the term of the Fund Contract, the persons responsible for the disclosure of Fund-related information shall publicly clarify any information which may have a misleading impact on the Fund unit price or may give rise to larger fluctuations and

harm the interests of the Unitholders, after receiving knowledge that such information has appeared in the public media or has spread in the market, and shall also immediately report the relevant circumstances to the CSRC.

#### 17.8 Liquidation Report

When the Fund Contract is terminated, the Fund Manager shall organize a fund asset liquidation group in accordance with the law to process the liquidation of Fund properties and prepare a liquidation report. The fund asset liquidation group shall publicize the liquidation report on Designated Websites and the indicative announcements of the liquidation report on Designated Newspapers.

#### 17.9 Preservation and Access of Information Disclosure Documents

After being issued, the information that must be disclosed in accordance with the law shall be separately preserved in the residences of the Fund Manager and the Fund Custodian in accordance with the relevant laws and regulations for inspection and reproduction by the public. Investors may also, after paying the costs, obtain duplicate copies of the aforementioned documents within a reasonable time.

## **PART XVIII Risk Disclosures**

### **1. Risks of Investing in the Fund**

The Fund is a hybrid fund with moderate risk and return. It's expected return and expected risk levels are lower than that of equity funds but higher than that of bond funds and money market funds.

#### (1) Major Risks of Investing in the Fund

##### 1. Market risk

The fluctuations in the price of the securities market due to various factors such as economic, political, investment psychology and trading system factors subject the Fund Assets to potential risks, which mainly include the following:

##### (1) Policy risk

Changes in national policies such as monetary policies, fiscal policies, and industry policies impose certain effects on the securities market, which lead to market price fluctuations and affect Fund Income, therefore giving rise to risks.

##### (2) Economic cycle risk

The securities market is a barometer of the national economy and the economy's operation is periodic. The operation of macro-economy will affect the return of the securities market, thus giving rise to risks.

##### (3) Interest rate risk

Interest rate fluctuations in the financial market will result in the changes in the price and the yield of the stock market and the bond market, and at the same time directly affect companies' financing costs and profits. If the Fund invests in stocks and bonds, the level of return thereof will be subject to the interest rate change.

##### (4) Operation risk of listed companies

The operation of listed companies is affected by various factors such as market, technology, competition, management and finance, etc., which all result in changes in

the companies' profits, and therefore changes in the return of the Fund's investment.

(5) Purchasing power risk

In case of inflation, the gains from investment in securities by the Fund may be offset by the inflation, which will affect the value maintenance and appreciation of the Fund assets.

2. Credit risk

It refers to the risk that the Fund defaults in delivery during the transaction, or the issuer of bonds invested in by the Fund defaults or refuses to pay the due principal and interest, which results in the loss of the Fund assets.

3. Risk of bond yield curve change

Risk of bond yield curve change refers to the risk of non-parallel shift of bond yield curve. A single duration index cannot fully reflect the existence of this risk.

4. Reinvestment risk

Reinvestment risk reflects the effect of decline in interest rates on the gains from reinvestment of interests from fixed-income securities, which offsets the price risk brought by the rise in interest rates (i.e. the interest rate risk mentioned above). Specifically, when interest rates decrease, the Fund will earn less return from the reinvestment of interest income derived from investment in fixed income securities.

5. Liquidity risk

It refers to the risk that the Fund assets cannot be converted into cash quickly, or possible substantial Redemption requests from Investors cannot be met.

Substantial Redemption may occur during the trading of open-end funds. The substantial Redemption may result in difficulties in adjusting the position of the Fund, resulting in liquidity risk and even affecting the Net Asset Value per Unit.

(1) Arrangements for Subsequent Subscription and Redemption



For details of the arrangements for subsequent subscription and redemption of the Fund, investors are advised to refer to “Part VI. Subsequent Subscription, Redemption and Switching of Fund Units” of the Fund Contract and “Part VIII. Subsequent Subscription and Redemption of Fund Units” of this Prospectus.

When liquidity risk occurs to the Fund, the Fund Manager may utilise reserved liquidity risk management tools comprehensively to reduce or mitigate the liquidity risk, and investors may be subject to such risks as delay of substantial redemption, suspension of redemption acceptance, deferral of redemption payment, charges on short-term redemption and suspension of Fund valuation. Investors should understand their own preference for liquidity and assess whether it is compatible with the liquidity risk of the Fund.

(2) Assessment on liquidity risk relating to target markets, industries and assets to be invested in

The Fund mainly targets investments markets providing better liquidity including stock exchanges, national inter-bank bond market and other regulated markets, and principally invests in financial instruments with good liquidity, including stocks, bonds and money market instruments legally issued and listed in China. Besides, adhering to the principle of diversified investment, the Fund has not invested heavily in any individual industry or securities. The liquidity risk of the Fund is moderate in normal market conditions under the comprehensive assessment.

(3) Liquidity risk management measures in case of substantial redemption

In case of substantial redemption, the Fund Manager may decide to accept the redemption in whole or to defer the redemption in part based on the status of the Fund’s asset portfolio and the percentage of substantial redemption in the total Fund value at that time. Meanwhile, if the Fund units requested for redemption by a single unitholder of the Fund on a single business day exceed certain percentage of the total Fund units, the Fund Manager has the right to postpone the redemption request or

defer the redemption payment.

(4) Circumstances and procedures for applying reserved liquidity risk management tools and potential impact thereof on investors

Under extreme circumstances where the market experiences significant fluctuation and depletion of liquidity which make it impossible to settle substantial redemption of investors, the Fund Manager will cautiously select liquidity risk management tools including delay of substantial redemption, suspension of redemption acceptance, deferral of redemption payment, charges on short-term redemption as ancillary measures in strict compliance with laws, regulations and the Fund Contract on the premise of protecting the legitimate rights and interests of investors. In respect of the utilization of various liquidity risk management tools, the Fund Manager will, under the principles of stringent approval and prudent decision-making, monitor and assess relevant risks timely and effectively, and such tools will be applied only after the internal approval procedure has been fulfilled and a consensus has been reached with the Fund Custodian. In applying various liquidity risk management tools, the redemption request of and redemption payment to investors may be affected accordingly. The Fund Manager will act in strict compliance with laws, regulations and the Fund Contract, in order to protect the legitimate rights and interests of investors in an all-around manner.

#### 6. Risks associated with the STAR BOARD

(1) Corporate Governance risk. Registration system is applied in STAR Board stocks, while the listing requirements are different from that of the main board. STAR Board enterprises adopt more flexible share incentive mechanism, which might lead to voting differential between share holders.

##### (2) Liquidity Risk:

As there is threshold requirement to invest STAR Board, institutional investors are the major investors of STAR Board. Liquidity risk might be caused by the

convergence of institutional investors' structure.

STAR Board may adopt lottery to lock up the winning account participating offline for a certain period of time, during which stock trading is not allowed so there may be liquidity risk.

(4) Delist risk:

- 1) There are more delist situations. When the new market value of a listed company is lower than the required standard, information disclosure or standardized operation has major defects, it will directly lead to delisting
- 2) Shorter delist time. Because the STAR Board cancelled the suspension of listing and resumption of listing procedures, there is a situation of directly terminating the listing of enterprises that should be delisted;
- 3) Stricter regulations. When a listed company obviously loses its ability of continuous operation and only relies on trade unrelated to its main business or related transactions without commercial substance to maintain its income, it may directly lead to delisting.

(4) Price-Fluctuation risk: STAR Board has a looser policy on limits-up and down. There is no limit on first five trading days, after that period limits-up and down is 20%.

(5) International enterprises risk: International enterprises are allowed to issue stock or list on STAR Board by depository receipt; however its disclosure and dividend policy might be different from that of domestic enterprises.

Depository receipt special risk: Depository receipts represent the rights of overseas underlying securities, but the holder does not directly own overseas underlying securities.

(6) Depository receipt special risk: Depository receipts represent the rights of overseas underlying securities, but the holder does not directly own overseas underlying securities.

(7) Systematic risk: All of STAR Board enterprises are highly recognized by the

market and have similar business operation and profit model. Therefore, the correlation of individual stocks of STAR Board is high, and the systemic risk will be more significant when the market performance is poor.

(8) Policy risk: Government's support and attitude on STAR Board and high-tech might change which influence STAR Board a lot. The change in international economics tendency also brings policy influence on STAR Board and strategic emerging industries.

#### 7. Management risk

During the management and operation of the Fund, the income level of the Fund may be affected by the misjudgement of the economic situation and securities market by the Fund Manager or incomplete information received. Factors such as management level, management approaches and management techniques of the Fund Manager and the Fund Custodian may affect the income level of the Fund.

#### 8. Operational or technical risk

It refers to the risk arising from any operational errors or violations of operation rules by the related parties in the operation process of each business step due to defective internal control or human factors, such as unauthorised transactions, frauds of accounting department, transaction errors and IT system failures.

During various transactions or back-office operations of open-end funds, any failures or errors of any technology systems may affect regular transactions or the Investors' interests. This kind of technical risk may arise from the fund management companies, the Registrars, the Sales Institution, the stock exchanges, and the securities registration and settlement institutions etc.

#### 9. Compliance risk

It refers to the risk of breaching national Laws and Regulations during the management or operation of the Fund, or the investment of the Fund violating the regulations and the relevant requirements in the Fund Contract.

#### 10. Other risks

Any event of Force Majeure, such as wars and natural disasters etc., will seriously affect the operation of the securities markets and may lead to the loss of Fund assets.

Risks beyond direct control of the Fund Manager, such as financial market crisis, industry competition, default of the agencies and custodians, may cause loss of the interest of the Fund or the Unitholders.

#### **2. Declarations**

The Fund is not guaranteed by government, authority or department at any level. Investors voluntarily invest in the Fund and shall bear the investment risks themselves.

Other than the direct sale of the Fund by the Fund Manager, the Fund is also sold through the Sales Agencies. However, the Fund is not a deposit or a liability of these Sales Agencies, nor are the returns thereof guaranteed by the Sales Agencies of the Fund. Therefore, the Sales Agencies cannot guarantee its returns or the principal.

## **PART XIX Termination of the Fund Contract and Liquidation of Fund Properties**

### **19.1 Termination of the Fund Contract**

The Fund Contract shall be terminated in any of the following circumstances:

1. The unitholders' meeting decides to terminate the Fund Contract;
2. The Fund Contract is ordered by the CSRC to be terminated due to material violations of laws or misconducts;
3. The responsibilities of the Fund Manager or the Fund Custodian are terminated, and no new Fund Manager or Fund Custodian takes over the responsibilities within 6 months;
4. Other circumstances stipulated by the Laws and Regulations as well as the Fund Contract.

When the Fund Contract is terminated, the Fund Manager shall make an announcement and establish a liquidation group for liquidation of Fund properties.

### **19.2 Liquidation of Fund Properties**

19.2.1 When the Fund Contract is terminated, liquidation of Fund properties shall be performed in accordance with the Laws and Regulations as well as relevant provisions of the Fund Contract.

#### **19.2.2 Fund Properties Liquidation Group**

- (1) The Fund properties liquidation group shall be established by the Fund Manager within 30 Working Days from the date on which the Fund Contract is terminated. Before the Fund properties liquidation group takes over the Fund properties, the Fund Manager and the Fund Custodian shall continue to perform their duties of protecting the safety of the Fund properties in accordance with the provisions of the Fund Contract and the Custody Agreement.

- (2) The fund properties liquidation group shall consist of the Fund Manager, the Fund Custodian, as well as certified public accountants and lawyers qualified to engage in securities- and futures-related businesses and personnel designated by the CSRC. The fund properties liquidation group may engage necessary staff.
- (3) The fund properties liquidation group shall be responsible for safekeeping, clearing, valuation, realisation and distribution of Fund properties. The fund properties liquidation group can carry out necessary civil activities in accordance with laws.

#### 19.2.3 Liquidation Procedures

- (1) Upon termination of the Fund Contract, the fund properties liquidation group shall take over the Fund properties;
- (2) The fund properties liquidation group shall determine the liquidation term according to the conditions of the Fund properties;
- (3) The fund properties liquidation group shall clear and confirm the Fund properties;
- (4) Valuation and realisation of the Fund properties;
- (5) Preparation of liquidation report;
- (6) Engage an accounting firm to carry out external audit of the liquidation report and engage a law firm to issue legal opinions on the liquidation report;
- (7) Submit the liquidation report to the CSRC for filing and publication of an announcement;
- (8) Distribute the Fund properties.

#### 19.2.4 Liquidation Expenses

Liquidation expenses refer to all reasonable fees incurred by the fund properties liquidation group during the Fund liquidation process, which shall be paid out of the properties of the Fund by the fund properties liquidation group with priority.

#### 19.2.5 Distribution of Remaining Properties of the Fund

The Fund's remaining properties shall be used to make payments in the following order:

- (1) Pay liquidation expenses;
- (2) Pay outstanding taxes;
- (3) Settle debts of the Fund;
- (4) Determine the percentage of the remaining properties attributable to each class according to the percentage of the Net Asset Value of each class as of the occurrence of any event that may result in the termination of the Fund Contract, and make distribution in proportion to the unitholders' holdings in each Unit class.

The Fund properties, before making payment according the provisions of the aforesaid items (1) - (3), shall not be distributed to the unitholders.

#### 19.2.6 Announcement on Liquidation of the Fund Properties

The liquidation report prepared by the Fund properties liquidation group shall be audited by an accounting firm with the qualification for practice in securities- and futures-related businesses, with written legal opinions from a law firm before being reported to the CSRC for filing and announced. The fund property liquidation group shall publicize the liquidation report on the Designated Websites and the indicative announcement of the liquidation report on the Designated Newspapers.

19.2.7 The books of accounts and documents relating to the liquidation of the Fund properties shall be maintained by the Fund Custodian for at least 15 years.



## **PART XX Summary of the Fund Contract**

### **20.1 Rights and Obligations of Parties to the Fund Contract**

#### 20.1.1 Rights and Obligations of Unitholders

1. Investors' purchase of units of the Fund shall be deemed as acknowledgement and acceptance of the Fund Contract; Investors of the Fund have become Unitholders and Parties to the Fund Contract upon acquisition of units in accordance with the Fund Contract. Written signature of unitholders (as Parties to the Fund Contract) on the Fund Contract shall not be the necessary conditions. Each unit in the same class has the same lawful interests.

#### 2. Unitholders' rights:

- (1) To share the income brought by the Fund assets;
- (2) To participate in the distribution of the remaining Fund assets after the liquidation;
- (3) To transfer or apply for Redemption of the units held by them in accordance with the law;
- (4) To request to convene the Unitholders' Meeting in accordance with the provisions;
- (5) To attend or appoint a proxy to attend Unitholders' Meetings and exercise their voting rights on matters under consideration at the Unitholders' Meeting;
- (6) To review or copy the publicly disclosed information of the Fund;
- (7) To supervise the investment operation of the Fund Manager;
- (8) To file a lawsuit against the Fund Manager, the Fund Custodian and the Sales Institutions of the units for their prejudice of their lawful interests;
- (9) Other rights stipulated by the Laws and Regulations and the Fund Contract.

#### 3 · Unitholders' obligations

- (1) To comply with the Laws and Regulations and the Fund Contract;

- (2) To pay the Subscription and Subsequent Subscription monies of the Fund and the expenses specified by the Fund Contract;
- (3) To assume the limited liability for the loss of the Fund or termination of the Fund Contract to the extent of the units held by them;
- (4) To return any undue profits obtained for any reasons in the course of transactions of the Fund from the Fund Manager, the Fund Custodian, or the Sales Agency of the Fund;
- (5) Not to engage in any activity that will harm the Fund, the legitimate interests of other unitholders and other Parties to the Fund Contract;
- (6) To execute resolutions of the unitholders' meetings;
- (7) Other obligations stipulated by the Laws and Regulations and the Fund Contract.

#### 20.1.2 Rights and Obligations of the Fund Manager

##### 1 · Fund Manager's rights

- (1) To offer the Fund according to the law and undertake the filing procedure for the Fund;
- (2) To independently manage and utilise the Fund assets according to Laws and Regulations and provisions of the Fund Contract;
- (3) To formulate, amend and publish the business rules related to the businesses such as Subscription, Subsequent Subscription, Redemption, Agency Transfer, Fund Switching, non-trade transfer, freezing and income distribution of the Fund in accordance with Laws and Regulations and provisions of the Fund Contract;
- (4) To decide the rate structure and the charging method pursuant to Laws and Regulations and provisions of the Fund Contract, and receive the Fund management fee and charge the Subscription fee, Subsequent Subscription fee, Redemption fee, and other reasonable fees previously approved or

announced, and other fees required by Laws and Regulations or approved by the regulatory authorities;

- (5) To offer the units pursuant to Laws and Regulations and provisions of the Fund Contract;
- (6) During the valid term of this contract, without breach of the principle of fairness and reasonableness and on the basis of not impeding the Fund Custodian's compliance with relevant Laws and Regulations and regulatory requirements of the industry, the Fund Manager has the right to conduct necessary supervision on the Fund Custodian's performance of the Fund Contract. If the Fund Manager believes the Fund Custodian breaches Laws and Regulations or requirements of the Fund Contract and causes substantial losses to the Fund assets and interests of the other Parties to the Fund Contract, the Fund Manager shall make a timely report to the CSRC and the CBRC and take other necessary measures to protect the interests of the Fund and the related Parties to the Fund Contract;
- (7) To select an appropriate Sales Agency of the Fund pursuant to provisions of the Fund Contract, and has the right to conduct necessary supervision and inspection of the Sales Agency according to the sales agency agreement and the relevant Laws and Regulations;
- (8) To act as the Registrar of the Fund or select or replace the Registrar of the Fund, to process the Registration Business of the Fund, and conduct necessary supervision and inspection of the registration agency of the Fund according to provisions of the Fund Contract;
- (9) To reject or temporarily suspend acceptance of the applications for Subsequent Subscription and Redemption within the scope specified by the Fund Contract;
- (10) Should the Laws and Regulations permit, carry out securities margin trading

- for the interests of the Unitholders of the Fund pursuant to the law;
- (11) To formulate an income distribution plan of the Fund in accordance with Laws and Regulations and provisions of the Fund Contract;
  - (12) According to Laws and Regulations, to exercise the shareholder's rights of the invested companies on behalf of the Fund, and to exercise rights arising from investment in other securities on behalf of the Fund;
  - (13) To nominate a new Fund Custodian in the event of termination of services of the Fund Custodian;
  - (14) To convene the Unitholders' Meetings according to Laws and Regulations and provisions of the Fund Contract;
  - (15) To select and replace the lawyer, auditor, securities broker or other external institutions providing services to the Fund, and to determine the relevant fee rate;
  - (16) Other rights stipulated by Laws and Regulations and the Fund Contract.

## 2. Fund Manager's obligations

- (1) To offer the Fund according to the law, and to undertake or entrust other agencies authorised by the securities regulatory authority under the State Council to undertake offering, Subsequent Subscription, Redemption and Registration of Units;
- (2) To manage and use the Fund assets in good faith and with due diligence as from the Effective Date of Fund Contract;
- (3) To undertake the filing procedure for the Fund;
- (4) To employ adequate personnel with professional qualifications to conduct analysis and make decisions regarding the Fund's investment, and to manage and operate the Fund assets in a professional business manner;
- (5) To establish sound systems for internal risk control, supervision and auditing, financial management and personnel management, so as to ensure that the

- Fund assets under management and the assets of the Fund Manager are independent of each other; to separately manage and keep books of various funds under management; to carry out securities investment;
- (6) To determine the distribution scheme of Fund Income and to distribute Fund Income to the Unitholders in timely manner according to the agreement in the Fund Contract;
  - (7) Not to seek benefits for itself and any third party or entrust any third party to operate the Fund assets unless otherwise provided by the *Funds Law*, the Fund Contract and other relevant provisions;
  - (8) To conduct auditing of the Fund and prepare the financial and accounting report of the Fund;
  - (9) To be supervised by the Fund Custodian according to the law;
  - (10) To prepare the quarterly, interim and annual report of the Fund;
  - (11) To take appropriate and reasonable measures so that the method for calculating the Subscription, Subsequent Subscription, Redemption and cancellation prices of the units of open-ended funds complies with the provisions of the legal documents such as the Fund Contract;
  - (12) To calculate and announce information about the Net Value of the Fund and determine the Subsequent Subscription and Redemption prices of units;
  - (13) To perform the obligations of information disclosure and reporting in strict accordance with the *Funds Law*, the Fund Contract and other relevant provisions;
  - (14) To keep business secrets of the Fund and not disclose any investment plan, investment intentions of the Fund and so on. To keep confidential and not disclose to others any information of the Fund before the same is made available to the public, unless otherwise specified in the *Funds Law*, the Fund Contract and other relevant requirements;

- (15) To accept applications for Subsequent Subscription and Redemption and pay the Redemption monies in time and in full according to provisions;
- (16) To keep the records, books of account, statements, material contracts signed on behalf of the Fund and other relevant materials of the business activities regarding management of the Fund assets;
- (17) To convene the Unitholders' Meetings in accordance with the *Funds Law*, the Fund Contract and other relevant provisions or cooperate with the Fund Custodian and the Unitholders to convene the Unitholders' Meetings pursuant to the law;
- (18) To exercise the litigation rights or perform other legal acts in the name of the Fund Manager and in the interest of the Unitholders;
- (19) To organise and join the fund asset liquidation group and participate in the keeping, clearing, valuation, realisation and distribution of the Fund assets;
- (20) To assume liability to pay compensation in the event of any loss to the Fund assets or any harm to the lawful interests of the unitholders caused by breach of the Fund Contract. Such liability shall not be relieved as a result of its retirement;
- (21) In the event of any losses to the Fund assets arising from the Fund Custodian's breach of the Fund Contract, the Fund Manager shall claim for compensation against the Fund Custodian in the interest of the Unitholders;
- (22) Other obligations specified by the Laws and Regulations, the Fund Contract and securities regulatory authority under the State Council.

### 20.1.3 Rights and Obligations of the Fund Custodian

#### 1. Rights of the Fund Custodian

- (1) To safely keep the Fund assets in accordance with Laws and Regulations and provisions of the Fund Contract;
- (2) To receive the Fund custody fees according to the agreement in the Fund

Contract;

- (3) To supervise the investment operation of the Fund by the Fund Manager;
- (4) To nominate a new fund manager in the event of termination of services of the Fund Manager;
- (5) To convene the Unitholders' Meetings according to Laws and Regulations and provisions of the Fund Contract;
- (6) Other rights stipulated by Laws and Regulations and the Fund Contract.

## 2. Obligations of the Fund Custodian

- (1) To safely keep the Fund assets;
- (2) To establish a specialised fund custody department, which operates in business premises which meet the requirements, employs adequate full-time qualified personnel who are familiar with the fund custody business, and is responsible for the custody of Fund assets;
- (3) To open a capital account and a securities account for the Fund assets according to the provisions;
- (4) Not to seek benefits from the Fund assets for itself and any third party, or entrust the custody of Fund assets to any third party unless otherwise provided by the *Funds Law*, the Fund Contract and other relevant provisions;
- (5) To set up separate accounts for the assets of different funds under custody to ensure the integrity and independence of the fund assets;
- (6) To keep the material contracts related to the Fund signed by the Fund Manager on behalf of the Fund and the relevant certificates;
- (7) To keep the records, books of account, statements and other relevant materials of the business activities regarding custody of the Fund;
- (8) To duly process the clearing and settlement matters according to the agreement in the Fund Contract and the Investment Instructions of the Fund Manager;

- (9) To keep business secrets of the Fund and not disclose to others any information of the Fund before the same is made available to the public, unless otherwise required by the *Funds Law*, the Fund Contract and other relevant provisions;
- (10) To handle the information disclosure related to the business activities regarding custody of the Fund;
- (11) To issue opinions on the financial and accounting reports, quarterly reports, interim reports and annual reports of the Fund to state whether the Fund Manager's operation in all major aspects is in strict accordance with the provisions of the Fund Contract; in the event that the Fund Manager fails to act as required by the Fund Contract, it is also necessary to specify whether the proper measures have been taken by the Fund Custodian;
- (12) To create and keep the Fund Unitholders' register;
- (13) To review and verify the Net Asset Value of the Fund and the Subsequent Subscription and Redemption prices of the units calculated by the Fund Manager;
- (14) To prepare the relevant books of account and check with the Fund Manager in accordance with the provisions;
- (15) To pay the Fund Income and the Redemption monies to the Unitholders pursuant to the instructions of the Fund Manager or the relevant provisions;
- (16) To convene the Unitholders' Meetings according to the provisions or cooperate with the Unitholders to convene the Unitholders' Meetings by themselves pursuant to the law;
- (17) To supervise investment operation of the Fund Manager according to the provisions;
- (18) To assume liability to pay compensation in the case of any loss to the Fund properties caused by breach of the Fund Contract. Such liability shall not be



relieved as a result of its retirement;

(19) In the event of any losses of the Fund properties arising from the Fund Manager's breach of the Fund Contract, the Fund Custodian shall claim for compensation against the Fund Manager in the interest of the Fund;

(20) Other obligations specified by the Laws and Regulations, the Fund Contract and securities regulatory authority under the State Council.

## **20.2 Unitholders' Meeting**

20.2.1 The Unitholders' Meetings of the Fund consist of Unitholders of the Fund or their legitimate agents.

20.2.2 A Unitholders' Meeting shall be convened in any of the following circumstances:

- (1) Termination of the Fund Contract;
- (2) Change of Fund operation mode;
- (3) Increase of the standard of remuneration of the Fund Manager and the Fund Custodian, except those that are required by Laws and Regulations;
- (4) Replacement of the Fund Manager or the Fund Custodian;
- (5) Change of Fund class;
- (6) Change of investment objectives, scope, or strategies of the Fund;
- (7) Change of the agenda, voting method and voting procedures of the Unitholders' Meeting;
- (8) Merger of the Fund with other funds;
- (9) Other matters including alteration to the Fund Contract that have a significant impact on the rights and obligations of Parties to the Fund Contract and require a Unitholders' Meeting to be convened;
- (10) Other matters for which a unitholders' meeting should be convened as stipulated by the Laws and Regulations or the CSRC;

20.2.3 In any of the following situations, it is not required to convene a Unitholders' Meeting:

- (1) To lower the Fund management fee rate or the Fund custody fee rate;
- (2) To change the Subsequent Subscription fee rate, Redemption fee rate of the Fund or the charging methods within the scope specified by the Laws and Regulations and the Fund Contract;
- (3) It becomes necessary to modify the Fund Contract because of changes made in the relevant Laws and Regulations;
- (4) The amendments to the Fund Contract do not affect the rights and obligations of the Parties to the Fund Contract;
- (5) The amendments to the Fund Contract do not have any substantial adverse impact on the interests of the unitholders;
- (6) Circumstances other than that a Unitholders' Meeting shall be convened in accordance with the Laws and Regulations and the Fund Contract;

20.2.4 Convening methods

- (1) Unless otherwise provided in the Laws and Regulations or the Fund Contract, the Unitholders' Meetings shall be convened by the Fund Manager;
- (2) The Fund Custodian shall request the Fund Manager in writing to convene a Unitholders' Meeting as it considers necessary. The Fund Manager shall decide whether to convene and give a written notice to the Fund Custodian within 10 days after receipt of the written request.

If the Fund Manager decides to convene the Unitholders' Meeting, it shall convene the meeting within 60 days after issuance of the written notice; if the Fund Manager decides not to convene the Unitholders' Meeting and the Fund Custodian still considers it necessary to convene the meeting, the Fund Custodian shall convene the Unitholders' Meeting on its own.

- (3) If the Unitholders representing 10% or more of units consider it necessary to

convene a Unitholders' Meeting, they shall submit a written request to the Fund Manager. The Fund Manager shall decide whether to convene and give a written notice to the representative(s) of the requesting Unitholders and the Fund Custodian within 10 days after receipt of the written request.

If the Fund Manager decides to convene a Unitholders' Meeting, it shall convene the meeting within 60 days after issuance of the written decision; if the Fund Manager decides not to convene the meeting and the unitholders representing 10% or more of units still consider it necessary to convene the meeting, they shall submit a written request to the Fund Custodian.

The Fund Custodian shall decide whether to convene and give a written notice to the representative(s) of the requesting Unitholders and the Fund Manager within 10 days after receipt of the written request; if the Fund Custodian decides to convene, it shall convene the meeting within 60 days after issuance of the written decision.

- (4) If the unitholders representing 10% or more of units request to convene a Unitholders' Meeting for the same matter but the Fund Manager and the Fund Custodian do not convene the meeting, the unitholders representing 10% or more of units shall have the right to convene a Unitholders' Meeting on their own, provided that they shall report to the CSRC for filing at least 30 days in advance.
- (5) If the unitholders convene a Unitholders' Meeting on their own as according to the law, the Fund Manager and the Fund Custodian shall cooperate and not obstruct or interfere.
- (6) The convener of the Unitholders' Meeting shall be responsible for determining the time, place and method to hold the meeting and the rights registration date.

#### 20.2.5 Notification

To convene a Unitholders' Meeting, the convener shall issue a public notice 30 days before the meeting on the media designated for information disclosure by the CSRC. No voting shall occur at Unitholder's Meeting for any matter which was not announced in advance. The notice of a Unitholders' Meeting shall at least specify the following contents:

- (1) The time, place, and form of the meeting;
- (2) The major issues to be considered at the meeting, the agenda and the voting method;
- (3) The time and place of delivery of the power of attorney to appoint a proxy;
- (4) The name and telephone number of the standing contact person of the meeting;
- (5) The rights registration date;
- (6) In the event of voting by correspondence, the notice shall also specify the specific means of correspondence, the appointed notary institution and its contact method and contact person, the method of delivery and receipt of written suggestions, the deadline for voting and the delivery address of written votes.

#### 20.2.6 Form of Meeting

The unitholders' meeting may be held either on site or by correspondence. On-site meeting shall be attended by unitholders in person or by their authorised proxies. The authorised proxies of the Fund Manager and the Fund Custodian shall attend the on-site meeting; meeting by correspondence means that votes are casted in written correspondence according to the relevant provisions of the Fund Contract. The form of the meeting shall be decided by the convener, but a Unitholder's Meeting on matters in connection with replacement of the Fund Manager or Fund Custodian, change of the operation mode of the Fund, or termination of the Fund Contract must be held on site.

In case of on-site meeting, the Unitholders' Meeting may commence its agenda only when both of the following requirements are met:

1. The certificates of holdings of units of the attending unitholders, the certificates of holdings of units of the principals as presented by their proxies and the powers of attorney of the principals and other documents shall meet the requirements of the Laws and Regulations, the Fund Contract and the meeting notice;

2. A verified consolidation of the certificates of holdings of units held as at the rights registration day as presented by the attendees shall indicate that the units corresponding to all valid certificates represent more than 50% of the total units of the Fund on the rights registration day.

If the following conditions are met, the meeting by correspondence shall be regarded as effective:

1. After announcing the meeting notice in accordance with the requirements of the Fund Contract, the convener makes relevant reminder announcements for 2 consecutive Working Days;

2. The convener collects the written votes from the unitholders in the way as required in the meeting notice;

3. The units represented by unitholders directly giving the written opinions and those authorising others to give written opinions on their behalf account for more than 50% of the total units on the right registration date;

4. The certificates of holdings of units submitted at the same time by the unitholders directly submitting a written vote or by other proxies appointed to submit a written vote on behalf of other persons, the certificates of holdings of units of the principals as presented by their proxies who attend the meeting and the powers of attorney of the principals and other documents shall meet the requirements of the Laws and Regulations, the Fund Contract and the meeting notice;

5. The meeting notice shall be submitted to the CSRC for filing before being

published.

If any of the above conditions for holding a meeting is not satisfied, the convener may otherwise determine and announce the time for another vote (at least 25 Working Days later), and the rights registration date for determining the entitlement of the unitholders to attend the meeting shall remain unchanged.

If votes are taken by means of correspondence, the written votes which comply with the Laws and Regulations and requirements of the Fund Contract and the meeting notice shall be deemed as valid votes. Inexplicit or contradictory votes shall be deemed as abstaining from voting but shall be included in the total number of units represented by the unitholders giving written opinions.

#### 20.2.7 Agenda and Procedure

##### 1. Agenda and Proposal right

- (1) The agenda shall be limited to the matters within the scope of reasons for holding a Unitholders' Meeting as specified in the above Section 20.2.2.
- (2) The Fund Manager, the Fund Custodian and unitholders who represent more than 10% of the Fund units can submit proposals to be considered and voted in the Unitholder's Meeting to the convener before the meeting convener sends out the meeting notice.
- (3) The convener shall examine proposals submitted by unitholders according to the following principles:
  - a) Relevance. If the matter mentioned in the proposal submitted by unitholders has a direct relation with the Fund and does not go beyond the authority of the Unitholders' Meeting as specified by the Laws and Regulations and the Fund Contract, the convener shall submit the proposal to be considered in the meeting; if the proposal does not meet the above requirements, it will not be submitted to the Unitholder's Meeting for consideration. If the convener decides not to submit the proposals of unitholders to the meeting for voting,

the convener shall explain and state the reason in the Unitholder's Meeting.

- b) Procedural. The convener may issue a decision on the procedural issues regarding the proposals submitted by unitholders. If the proposals are split or combined for voting, the approval of the original proposer shall be sought; if the original proposer disagrees with the modification, the convener can ask the Unitholder's Meeting to make a decision on the procedural issue and carry out for consideration the procedure determined by the Unitholder's Meeting.
- (4) If the proposals submitted by unitholders who represent 10% or more of the units to the unitholders' meeting for consideration and voting or the proposals submitted by the Fund Manager or the Fund Custodian to the unitholder's meeting for consideration and voting are not passed by the unitholders' meeting, the time for the same proposal to be submitted again to the unitholders' meeting shall be at least 6 months later, unless otherwise provided by the Laws and Regulations.
- (5) No voting occur at the unitholders' meeting for any matter which is not announced in advance.

## 2. Discussion procedures

In case of an on-site meeting, the convener shall first read the proposals. The proposals shall be discussed and voted on to form the meeting resolutions, which shall be effective after being submitted to the CSRC for approval or filing. In case of meeting where votes are cast by correspondence, the convener shall first announce the proposals in the meeting notice, and the notary of the notary institution engaged by the meeting will count all the valid votes to form resolutions on the second Working Day after the notified deadline of voting. The resolutions shall be effective after being submitted to the CSRC for approval or filing.

### 20.2.8 Voting

- 1. Each unit held by unitholders has equal voting right.

2. Resolutions of the unitholder's meeting include ordinary resolutions and special resolutions:

(1) Special Resolutions

Special resolutions shall be passed by two thirds or more of the voting rights held by the unitholders attending the meeting.

(2) Ordinary Resolutions

Ordinary resolutions shall be passed by 50% or more of the voting rights held by the unitholders attending the meeting.

To be effective, replacement of the Fund Manager or the Fund custodian, change of the operation mode of the Fund or termination of the Fund Contract shall be passed by a special resolution.

The Unitholders' Meeting adopts open ballot voting.

In case of voting by correspondence, the written votes, which comply with the provisions of the meeting notice, shall be deemed valid.

Each proposal or each topic in the same proposal in the Unitholders' Meeting shall be discussed and voted on separately.

#### 20.2.9 Vote Counting

##### 1. On-Site Meeting

(1) The host of the Unitholder's Meeting is the representative authorised by the convener to attend the meeting. If the meeting is convened by the Fund Manager or the Fund custodian, the host of the Unitholder's Meeting shall announce after the commencement of the meeting to elect two representatives of the unitholders among the attending unitholders together with one supervisor appointed by the convener (if the Fund Manager is the convener, the Fund custodian shall act as the supervisor; if the Fund custodian is the convener, the supervisor shall be designated by the Fund custodian amongst the unitholders attending the meeting) to act as the scrutinisers together; if the



meeting is convened by the unitholders on their own, the host of the Unitholders' Meeting shall announce, after the commencement of the meeting, to elect three representatives of the unitholders among the attending unitholders to act as the scrutinisers.

- (2) The scrutineers shall count the votes immediately after voting by the unitholders, and the meeting host shall announce the counting results on the spot.
- (3) If the meeting host doubts the voting results submitted, the host can recount the votes; if the meeting host does not recount the votes and unitholders or their proxies present in the meeting doubt the voting results announced by the meeting host, they shall have the right to ask for recounting immediately after the voting results are announced. The meeting host shall immediately recount and announce the recount results. The votes can only be recounted once.
- (4) If the Fund Manager or the Fund Custodian acts as the convener and refuses to cooperate during the vote counting process, unitholders present in the meeting shall have the right to elect three representatives of the unitholders to act as the scrutineers to count the votes.

## 2. Meeting by Correspondence

Votes can be counted in the following way in the meeting by correspondence: two supervisors authorised by the convener will count the votes under the supervision of representatives authorised by the Fund Custodian (or the authorised representative of the Fund Manager if the meeting is convened by the Fund Custodian). The notary institution will notarise the counting process.

### 20.2.10 Effectiveness and Announcement

1. The convener shall submit the matters which are voted on and passed by the unitholder's meeting according to the relevant Laws and Regulations in the *Funds Law* to the CSRC for filing within 5 days after the matters are passed. Matters

determined by the Unitholder's Meeting shall be effective from the date on which such matters are passed.

2. The effective resolutions of the Unitholder's Meeting shall be legally binding upon all unitholders, the Fund Manager and the Fund Custodian. The Fund Manager, the Fund custodian and the unitholders shall execute the effective resolutions of the Unitholder's Meeting.
3. The resolutions of the Unitholders' Meeting shall be announced by the convener of the Unitholders' Meeting on the media designated for information disclosure by the CSRC within 2 days after the CSRC approves or issues non-dissenting opinion.
4. In case of voting by correspondence, the resolutions of the Unitholder's Meeting must be published together with the full text of the notarial certificate, the name of the notary institution and the name of the notary.

20.2.11 If the Laws and Regulations or the regulatory authority provides otherwise for the Unitholders' Meeting, such provisions shall prevail.

20.2.12 Subject to the Fund Contract and relevant Laws and Regulations and after thorough consultation with Class H Unitholders, the Hong Kong Representative or Hong Kong Sales Institutions as the nominee of class H units of the Fund shall provide services to the Class H Unitholders as they exercise the rights of the relevant Unitholders' Meetings. The services include requesting a Unitholders' Meeting or convening a Unitholders' Meeting on the behalf of the unitholders, attending the Unitholders' Meetings on the behalf of the unitholders, exercising the voting rights in the Unitholders' Meeting on the behalf of the unitholders, etc.

### **20.3 Termination of the Fund Contract**

#### **20.3.1 Termination of the Fund Contract**

The Fund Contract shall be terminated in any of the following circumstances:

1. The Unitholders' Meeting decides to terminate the contract;

2.The Fund Contract is ordered by the CSRC to be terminated due to material violations of regulations and laws;

3. The duties of the Fund Manager and the Fund Custodian are terminated and no new fund manager and fund custodian take over the duties within 6 months;

4.Other circumstances stipulated by Laws and Regulations and the Fund Contract.

When the Fund Contract is terminated, the Fund Manager shall make an announcement and organise a liquidation group to process the liquidation of Fund properties.

#### 20.3.2 Liquidation of Fund Properties

1. In case of termination of the Fund Contract, liquidation of Fund properties shall be carried out in accordance with the Laws and Regulations as well as the relevant provisions in the Fund Contract.

##### 2. Fund Properties Liquidation Group

- (1) A Fund properties liquidation group shall be organised and established by the Fund Manager within 30 Working Days from the day on which the Fund Contract is terminated. Before the Fund properties liquidation group takes over the properties of the Fund, the Fund Manager and the Fund Custodian shall continue to perform their responsibilities of safeguarding the properties of the Fund pursuant to the provisions of the Fund Contract and the Custody Agreement.
- (2) The Fund properties liquidation group shall consist of the Fund Manager, the Fund Custodian, as well as certified public accountants and lawyers qualified for securities- and futures-related businesses, and persons designated by the CSRC. The Fund properties liquidation group may engage necessary staff.
- (3) The Fund properties liquidation group shall be responsible for safekeeping, clearing, valuation, realisation and distribution of the properties of the Fund. The Fund properties liquidation group can carry out necessary civil activities

in accordance with laws.

### 3. Liquidation Procedure

- (1) Upon the termination of the Fund Contract, the Fund properties liquidation group shall take over the Fund properties;
- (2) The Fund properties liquidation group shall determine the liquidation deadline according to the status of the Fund properties;
- (3) The Fund properties liquidation group shall clear and confirm the Fund properties;
- (4) Evaluation and realisation of the Fund properties;
- (5) Preparation of the liquidation report;
- (6) Engagement of an accounting firm to conduct external audit on the liquidation report and engagement of a law firm to issue a legal opinion on the liquidation report;
- (7) Submission of the liquidation report to the CSRC for filing and announcement;
- (8) Distribution of the Fund properties.

### 4. Liquidation Expenses

Liquidation expenses refer to all reasonable fees incurred by the Fund properties liquidation group during the process of the liquidation of the Fund, which shall be paid out of the Fund properties by the Fund properties liquidation group with priority.

### 5. Distribution of Remaining Properties of the Fund

The remaining properties of the Fund shall be used to make payments in the following order:

- (1) Pay the liquidation expenses;
- (2) Pay outstanding taxes;
- (3) Settle debts of the Fund;
- (4) Determine the percentage of the remaining properties attributable to each

class according to the percentage of the Net Asset Value of each class as of the occurrence of any event that may result in the termination of the Fund Contract, and make distribution in proportion to the unitholders' holdings of units in the scope of the remaining properties attributable to each class.

The Fund properties, before making payment according the provisions of the aforesaid items (1), (2) and (3), shall not be distributed to the unitholders.

#### 6. Announcement on Liquidation of the Fund Properties

The liquidation report prepared by the Fund properties liquidation group shall be audited by an accounting firm with the qualifications for practice in securities- and futures-related businesses, and after the law firm has issued legal opinions, shall be reported to the CSRC for filing and announcement. The fund property liquidation group shall publicize the liquidation report on the Designated Websites and the indicative announcement of the liquidation report on the Designated Newspapers.

7. The books of account and documents relating to the liquidation of the Fund properties shall be maintained by the Fund Custodian for more than 15 years.

### **20.4 Dispute Settlement Methods**

The laws of the People's Republic of China are applicable to the Fund Contract, which should be construed by such laws. The regulations of the CSRS and SFC in respect of the MRF shall be applicable to the sales of Hong Kong units of the Fund and operation of the Fund.

Disputes between Parties to the Fund Contract arising from or in connection with the Fund Contract may be settled through friendly negotiation. However, if the dispute cannot be settled through negotiation within 60 days after a written proposal of dispute settlement through negotiation by any party, either party shall have the right to submit the dispute to the China International Economic and Trade Arbitration Commission located in Beijing for arbitration in accordance with the then effective arbitration rules

of the commission. The arbitration award shall be final and binding on each party.

Except for the matter in dispute, the Parties to the Fund Contract shall continue to perform other parts of the Fund Contract.

### **20.5 Place of Keeping the Fund Contract and Methods for Investors to Obtain the Fund Contract**

The Fund Contract can be printed as a book for inspection by Investors at the offices and business premises of the Fund Manager, the Fund Custodian and Sales Agencies of the Fund; investors can buy the soft copies or hard copies of the Fund Contract at cost of production, but the content of the originals of the Fund Contract shall prevail.

## **PART XXI Summary of the Custody Agreement**

### **21.1 Parties to the Custody Agreement**

#### 1. The Fund Manager (or the “Manager”)

Name: Franklin Templeton Sealand Fund Management Co., Ltd.

Registered Address: Room 306, Unit A-13, Phase I, China-ASEAN Science and Technology Enterprise Incubation Base, No.1 Zongbu Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, People’s Republic of China

Office Address: 9/F, Phase II, Shanghai International Finance Centre, 8 Century Avenue, Pudong, Shanghai

Legal Representative: Selina Wu

Date of Establishment: November 15, 2004

Approval Authority : China Securities Regulatory Commission

Approval Number: Zheng Jian Ji Jin Zi [2004] No. 145

Organisational Form: Limited Liability Company

Registered Capital: RMB 220 million

Duration: 50 Years

#### 2. The Fund Custodian (or the “Custodian”)

Name: Bank of China Limited

Registered Address: No. 1 Fuxingmen Nei Dajie, Xicheng District, Beijing

Legal Representative: Siqing Chen

Date of Establishment: October 31, 1983

Approval Number of Custody Business: CSRC Zheng Jian Ji Zi [1998] No. 24

Organisational Form: Limited Company by Shares

Registered Capital: RMB 294,387,791,241

Business Scope: collecting RMB deposits; issuing short-term, medium-term and long-term loans; handling settlements; handling bills discounting; issuing financial

bonds; issuing as agent, cashing as agent, underwriting government bonds as agent; trading government bonds; interbank borrowing; providing letter of credit (L/C) services and guarantees; handling receipts and payments and insurance business as agent; providing safe box services; foreign exchange deposits; foreign exchange loans; foreign exchange remittances; foreign currency exchange; international settlements; foreign exchange interbank lending; foreign exchange bills acceptance and discount; foreign exchange borrowings; foreign exchange guarantees; settlement and sales of exchanges; issuing and issuing as agent foreign currency marketable securities other than stocks; trading and trading as agent foreign currency marketable securities other than stocks; self-operated foreign exchange trading; foreign exchange trading on behalf of clients; issuing foreign exchange credit cards, issuing foreign credit cards and making payments as agent; credit investigation, consultation, witness services; organising or taking part in syndicated loans; international precious metal trading; overseas branch operations and all bank businesses approved by local laws; branches in Hong Kong and Macau can issue or take part in the issuing as agent of the local currency according to local laws; other businesses approved by the People's Bank of China.

Duration: continuing operation.

## **21.2 Supervision and Examination of the Fund Manager's Business by the Fund Custodian**

21.2.1 The Fund Custodian shall, according to the provisions of the relevant Laws and Regulations, supervise the following investment operations of the Fund Manager:

1. Supervision of the investment scope and investment objects of the Fund. The Fund Manager shall, in a timely manner, provide the Fund Custodian with the specific scope of various investment products such as the stock pool and bond pool it intends to invest in. The Fund Manager may update and adjust the specific scope of each



investment product according to changes of actual conditions and notify the Fund Custodian in a timely manner. The Fund Custodian shall supervise the Fund's investment activities in accordance with the above investment scope.

2. Supervision on investment and financing proportions of the Fund;

Among which, the Fund Custodian monitored the investment portfolio ratios to ensure compliance with the following requirements, in line with the "Provisions on the Administration of Liquidity Risk of Publicly Offered Open-End Securities Investment Funds":

(1) Cash does not include settlement deposits, refundable deposits and subscription receivables;

(2) The number of tradable shares of a listed company in issuance held by all open-ended funds managed by the Fund Manager and escrowed by the same custodian shall not exceed 15% of the total number of tradable shares in such company; the number of tradable shares of a listed company in issuance held by all portfolios managed by the Fund Manager and escrowed by the same custodian shall not exceed 30% of the total number of tradable shares in such company;

(3) The total market value of assets with trading restrictions invested by the Fund proactively shall not exceed 15% of the Net Asset Value of the Fund. Where this investment limit is violated due to factors beyond control of the Fund Manager, such as securities market fluctuations, suspension of trading in shares of the listed company and changes in the size of the Fund, the Fund Manager shall not act to increase investment in the assets with trading restrictions;

(4) If the Fund conducts a reverse repurchase with a counterparty who is a private equity securities management product or other entity recognised by the CSRC, the collaterals acceptable shall fall into the investment scope agreed in the Fund Contract. The Fund Manager guarantees that, if the Fund conducts a reverse repurchase with a counterparty who is a private equity securities management product or other entity

recognised by the CSRC, the collaterals acceptable shall fall into the investment scope agreed in the Fund Contract, and that it will be liable for risks or losses arising from inconsistency between the collaterals and the items allowed in the investment scope.

21.2.2 The Fund Custodian shall check the calculation of Net Asset Value of the Fund, calculation of Net Asset Value per Unit, receipt of receivables, confirmation of the expenditure and revenue of the Fund, allocation of Fund Income, disclosure of relevant information, publishing of Fund performance data in Fund propaganda and promotional materials according to the provisions of relevant Laws and Regulations and the agreement in the Fund Contract.

21.2.3 If, during the supervision and examination as stated in 21.2.1 and 21.2.2 above, the Fund Custodian finds the Fund Manager to have violated the abovementioned provisions, the Fund Custodian shall, in a timely manner, remind Fund Manager, and the Fund Manager shall verify and confirm in a timely manner upon receipt of the reminder and give a written reply to the Fund Custodian and rectify. The Fund Custodian shall, within the specified period, have the right to review the matters as set forth in the reminder. If the Fund Manager fails to rectify the offences as reminded by the Fund Manager within the said period, the Fund Custodian shall in a timely manner report to the CSRC.

21.2.4 If the Fund Custodian discovers that any Investment Instruction of the Fund Manager breaches the provisions of the Laws and Regulations and this agreement, the Fund Custodian shall refuse to execute such instruction, remind the Fund Manager in a timely manner, and promptly submit a report to the CSRC in accordance with the provisions of the Laws and Regulations. If the Fund Custodian finds out that any effective instruction given by the Fund Manager in accordance with the trading procedures is in breach of any Laws and Regulations or this agreement, the Fund Custodian shall remind the Fund Manager in a timely manner, and promptly report to the CSRC in accordance with the provisions of the Laws and Regulations.

21.2.5 The Fund Manager shall actively cooperate with and assist the Fund Custodian on its supervision and examination, including but not limited to: replying to the Fund Custodian and making correction within the specified time, giving an explanation or evidence regarding the question of the Fund Custodian and provide the relevant data, system and so on.

### **21.3 Supervision and Examination of the Fund Custodian's Business by the Fund Manager**

1. During the effective term of the contract, on the basis of not violating the principles of fairness and reasonableness and not preventing the Fund Custodian from observing the relevant Laws and Regulations and its industry regulatory requirements, the Fund Manager shall have the right to conduct necessary supervision on the performance of this agreement by the Fund Custodian. The examination items include but not limited to the Custodian's safekeeping of the Fund properties, opening of the capital account and securities account of the Fund properties, verification of the Net Asset Value of the Fund and Net Asset Value per Unit calculated by the Fund Manager, the clearing and settlement according to the orders given by the Fund Manager, the disclosure of relevant information, supervision of the operation of Fund investment and so on.
2. If the Fund Manager discovers that the Fund Custodian makes unauthorised use of the Fund properties, does not manage the Fund properties in separate accounts, fails to execute or delays to execute the capital transfer instruction of the Fund Manager without any reason, discloses the Fund investment information and other behaviours against the relevant provisions of the Laws and Regulations, the Fund Contract and this agreement, the Fund Manager shall in a timely manner notify and require the Fund Custodian in writing to rectify within a specified period, and the Fund Custodian shall verify in a timely manner upon receipt of the notice and give a

written reply to the Fund Manager. The Fund Manager shall, within the specified period, have the right to review the matters as set forth in the notice and urge the Fund Custodian to rectify. If the Fund Custodian fails to rectify the offences as notified by the Fund Manager within the said period, the Fund Manager shall report to the CSRC.

3. The Fund Custodian shall actively cooperate in the examination conducted by the Fund Manager, including but not limited to: submitting relevant information for the Fund Manager to review the integrity and authenticity of the properties under custody, as well as replying to the Fund Manager and making corrections within the stipulated time.

## **21.4 Safekeeping of the Fund Properties**

### **21.4.1 Principle of Safekeeping of the Fund Properties**

1. The Fund properties shall be independent from the properties owned by the Fund Manager and the Fund Custodian.

2. The Fund Custodian shall safely keep the Fund properties, and is not allowed to use, dispose of or distribute any properties of the Fund without lawful and compliant instructions given by the Fund Manager, unless otherwise provided by the Laws and Regulations, the Fund Contract and this agreement.

3. The Fund Custodian shall open a capital account and a securities account for the Fund properties in accordance with the provisions.

4. The Fund Custodian shall set up accounts respectively for different Fund properties under custody, so as to ensure the integrity and independence of the Fund properties.

5. Unless provided by the *Funds Law*, the *Measures on Operation*, the Fund Contract and other relevant Laws and Regulations, the Fund Custodian shall not entrust safe custody of Fund properties to any third party.

### **21.4.2 Capital verification and Crediting of Raised Funds prior to the Effectiveness of**

## the Fund Contract

1. When the Initial Offer Period of the Fund expires or the Fund Manager announces to stop offering of the Fund, if the total amount of units offered, the amount from the Fund offering and the number of unitholders conform to the relevant provisions of the *Funds Law* and the *Measures on Operation*, the Fund Manager shall engage an accounting firm qualified for the relevant businesses within the statutory period to conduct capital verification of the Fund, as well as issue the capital verification report. To be effective, the capital verification report issued shall be signed by two or more Chinese Certified Public Accountants participating in the capital verification.
2. The Fund Manager shall transfer all funds belonging to the Fund properties to the Fund bank account opened for the Fund with the Fund Custodian, and ensure the consistency of the transferred funds with the amount confirmed by capital verification.

### 21.4.3 Opening and Management of the Fund's Bank Account

1. The Fund Custodian shall be responsible for the opening and management of the Fund's bank account.
2. The Fund Custodian opens the bank account of the Fund in the name of the Fund. The bank reserve seal of the Fund shall be kept and used by the Fund Custodian. All the receipt and payment of monies by the Fund, including but not limited to investment, payment of Redemption amount, payment of the Fund Income and receipt of Subsequent Subscription monies, shall be processed through the bank account of the Fund.
3. The Fund's bank account shall be opened and used only for the business purpose of the Fund. Neither the Fund Custodian nor the Fund Manager may open any other bank account in the name of the Fund; or use the Fund's bank account for any activity other than the Fund's business.
4. The Fund's bank account shall be managed in accordance with the *Law of the*

*People's Republic of China on Negotiable Instruments* (中華人民共和國票據法), the *Measures for the Administration of RMB Bank Settlement Accounts* (人民幣銀行結算賬戶管理辦法), the *Provisions for Cash Management* (現金管理條例), the *Administrative Provisions on RMB Interest Rates* (人民幣利率管理規定), the *Notice on the Administration of Large-amount Cash Payments* (關於大額現金支付管理的通知), the *Measures for Payment and Settlement* (支付結算辦法) as well as other relevant requirements.

#### 21.4.4 Opening and Management of Account for Fixed Deposit Investment by the Fund

The Fund Custodian shall open a deposit account with the designated business place of the bank approved by the Fund Custodian in the name of the Fund pursuant to the Fund Manager's instruction, and shall be responsible for the daily management of such account, as well as the safekeeping and use of the bank reserve seal. The Fund Manager shall assign a specialised person to assist in opening such account. During the process of opening such account and changing the related account information, the Fund Manager shall provide the Fund Custodian with the required information in connection with the opening or change of such account in advance, and shall actively cooperate with and assist the Fund Custodian.

#### 21.4.5 Opening and Management of the Fund's Securities Account and Capital Account

1. The Fund Custodian shall, on behalf of the Fund, open a securities account with China Securities Depository and Clearing Corporation Limited in joint names of the Fund Custodian and the Fund.
2. The Fund's securities account shall be opened and used only for the business purpose of the Fund. Neither the Fund Custodian nor the Fund Manager may lend or, without the other party's consent, transfer the Fund's securities account, or use the Fund's securities account for any activity other than the Fund's business.
3. The Fund Custodian shall open a settlement reserves account in the name of a legal

person with China Securities Depository and Clearing Corporation Limited, which is used to handle the fund settlement business involved in securities investment carried out at the stock exchange by all the funds under custody of the Fund Custodian (including the Fund). Settlement reserves shall be collected according to the provisions of China Securities Depository and Clearing Corporation Limited.

4. Upon effectiveness of the Custody Agreement, for the investment business of other investment products, which the Fund is allowed to engage in, if it involves opening and use of relevant accounts, in the absence of relevant provisions, the Fund Custodian should mutatis mutandis comply with the above-mentioned provisions in respect of account opening and use.

#### 21.4.6 Opening and Management of the Specialised Bond Custody Account

Upon effectiveness of the Fund Contract, the Fund Manager shall, in the name of the Fund, apply for and obtain the trading qualification in the national interbank lending market and handle the transactions on behalf of the Fund. The Fund Custodian shall, in the Fund's name, open a bond custody account in respect of the interbank bond market with the China Central Depository and Clearing Corporation Limited, and handle the clearance of the bonds and funds in the interbank bond market on behalf of the Fund. Having completed the formalities as described above, the Fund Custodian shall submit a report to the People's Bank of China for filing.

#### 21.4.7 Safekeeping of Valuable Papers Related to Investment of the Fund Properties

Valuable papers such as physical securities, fixed deposit certificates of bank invested in with the Fund properties shall be duly kept by the Fund Custodian.

#### 21.4.8 Safekeeping of Material Contracts and Relevant Certificates Related to the Fund Properties

The Fund Custodian shall keep material contracts relevant to the Fund, which are signed by the Fund Manager on behalf of the Fund according to Laws and Regulations and relevant certificates. After the Fund Manager signs the relevant material contracts

on behalf of the Fund, it shall submit one original contract to the Fund Custodian within 30 days upon receipt of the same. Unless otherwise provided in this agreement, the Fund Manager should ensure that the party of the Fund should hold more than two originals when signing material contracts relevant to the Fund on behalf of the Fund, so that the Fund Manager and the Fund Custodian shall respectively hold at least one original. Material contracts shall be separately kept by the Fund Manager and the Fund Custodian for at least 15 years as provided.

## **21.5 Calculation and Review of Net Asset Value of the Fund**

### **21.5.1 Calculation and Review of Net Asset Value of the Fund**

1. Net Asset Value of the Fund refers to the value after deducting liabilities from the Total Asset Value of the Fund. The Net Asset Value per Unit means the value calculated by dividing the Net Asset Value of the Fund on the calculation day by the total number of units on the calculation day.
2. The Fund Manager shall value the Fund properties on each Business Day. Valuation principles shall be in accordance with the Fund Contract, *Securities Investment Fund Accounting Measures* (證券投資基金會計核算辦法) and provisions of other Laws and Regulations. The Fund Manager shall be responsible for calculating the information about the Net Value of the Fund, which are used for the Fund information disclosures, and the calculation shall be reviewed by the Fund Custodian. The Fund Manager shall calculate the Net Asset Value per Unit of the day after the end of each Business Day, then seal it and send it to the Fund Custodian by fax. After receiving the above fax, the Fund Custodian should review the net value calculation results, then seal and send the review results to the Fund Manager by fax. The calculation results shall be released to the public by the Fund Manager. Review of valuation at the end of the month, in the middle of the year and at the end of the year are conducted at the same time as the verification of the Fund's



- accounting statements.
3. When the fair value of the Fund properties cannot be objectively reflected by using the valuation methods provided by relevant Laws and Regulations or the Fund Contract, the Fund Manager may in accordance with specific conditions value at a price that can best reflect the fair value after consultation with the Fund Custodian.
  4. In the event of discovery that Fund valuation has violated the valuation methods, procedures specified in the Fund Contract and the provisions of relevant Laws and Regulations, or failed to fully protect the interests of Fund Unitholders, the Fund Manager and Fund Custodian shall make timely negotiation and correction.
  5. It is regarded as valuation error of Net Asset Value per Unit when the valuation of Fund Asset leads to errors occurring within the third (inclusive) decimal place of Net Asset Value per Unit. In case there are errors occurring in Fund valuation that have influence on Net Asset Value per Unit, Fund Manager shall make corrections promptly and take reasonable measures to prevent further losses; among which, if the calculation error of Net Asset Value per Unit reaches 0.5% of Net Asset Value per Unit, the Fund Manager shall make a public announcement and submit it to the CSRC for filing. If there are separate provisions for above-mentioned contents in Laws and Regulations or stipulated by the Supervision Authority, such provisions shall be observed.
  6. The Fund Manager shall undertake responsibility for actual losses suffered by the Fund Asset or Fund Unitholders caused by any errors in the data of Net Value of Fund made public by Fund Manager. If the data for Net Value calculated by the Fund Custodian is correct, the Fund Custodian does not bear responsibility for the losses; if the data for Net Value calculated by the Fund Custodian is also incorrect, then the Fund Custodian shall also partly assume responsibility for its failure to fulfil its review duties correctly. If above errors lead to unjust gains of the Fund Asset or Fund Unitholders, the Fund Manager and the Fund Custodian shall bear their own

compensation responsibility respectively, and the Fund Manager shall take charge of proposing to the main body of unjust gains to return the unjust gains. If the returned amount is insufficient to make up compensation amount that has been born by the Fund Manager and the Fund Custodian, then Parties shall apportion the returned amount according to the proportion between their own compensation amounts.

7. If the Fund Manager and the Fund Custodian have taken necessary, due and reasonable measures to make checks and examinations but fail to identify any error due to Force Majeure or incorrect data sent from securities exchanges and/or clearing and registration companies, neither the Fund Manager nor the Fund Custodian shall be liable for any valuation error of Fund Asset caused thereby, provided that the Fund Manager and the Fund Custodian shall actively take necessary measures to eliminate the influence thereof.
8. If there are differences between the review result of the Fund Custodian and the calculation result of the Fund Manager, and the Parties cannot reach an agreement after negotiation, then the Fund Manager can make the calculation result for Net Asset Value per Unit, public and the Fund Custodian can report relevant circumstances to the CSRC for filing.

#### 21.5.2 Fund Accounting

##### 1. Establishment of Fund Accounts

With effectiveness of the Fund Contract, the Fund Manager and the Fund Custodian shall respectively and separately set up, register and keep the complete account books of the Fund in accordance with same accounting method and accounting handling principle agreed on by the Parties, and check their own accounting books regularly, supervising each other to ensure the safety of the Fund Asset. In case there are disputes between the Parties in respect to the accounting handling methods, the handling methods of the Fund Manager shall prevail.

##### 2. Check on Accounting Data and Financial Indicators

The Fund Manager and the Fund Custodian shall check accounting data and financial indicators at regular intervals. If inconsistency is found, the Parties shall investigate the causes and make corrections without delay.

### 3. Preparation and Review of Financial Statements and Periodical Reports

The Fund's financial statements shall be independently and respectively prepared by the Fund Manager and Fund Custodian on a monthly basis. Monthly statements shall be prepared within 5 Working Days after the end of each month. After the Fund Contract takes effect, if there is any significant change to the information in the Prospectus, the Fund Manager shall update the Prospectus and publish the updates on the Designated Websites in 3 working days. If there is any change to other information of the Prospectus, the Fund Manager shall update the Prospectus at least once a year. If the Fund is terminated, the Fund Manager shall no longer update the Prospectus. The Fund Manager shall prepare and complete the annual report of the Fund within 3 months after the end date of each year, and shall publicize the annual report on the Designated Websites and the indicative announcement of the annual report on the Designated Newspapers. The Fund Manager shall prepare and complete the interim report for the Fund within 2 months after the end date of the first half of the year, and shall publicize the interim report on the Designated Websites and the indicative announcement of the interim report on the Designated Newspapers. The Fund Manager shall prepare and complete the quarterly report for the Fund within 15 days after the end date of each quarter, and shall publicize the quarterly report on the Designated Websites and the indicative announcement of the quarterly report on the Designated Newspapers.

On the day the monthly statements are completed, the Fund Manager shall seal such statements and submit the same to the Fund Custodian for review. The Fund Custodian shall review such statements immediately after receipt thereof, and notify the Fund Manager of the review results in writing. On the day the quarterly reports are

completed, the Fund Manager shall submit the relevant report to the Fund Custodian for review. The Fund Custodian shall complete its review of such quarterly report within 5 Working Days upon receipt thereof and notify the Fund Manager of the review result in writing. On the day the interim reports are completed, the Fund Manager shall submit such report to the Fund Custodian for review. The Fund Custodian shall complete its review of such semi-annual report within 10 Working Days upon receipt thereof and notify the Fund Manager of the review result in writing. On the day the annual report is completed, the Fund Manager shall submit such report to the Fund Custodian for review. The Fund Custodian shall complete its review of such annual report within 15 Working Days upon receipt thereof and notify the Fund Manager of the review result in writing. The foresaid documents shall be delivered by and between the Fund Manager and the Fund Custodian by encrypted fax or other method mutually negotiated and agreed on by the Fund Manager and the Fund Custodian.

Upon finding that there is any inconsistency in the statements of Parties during the review carried out by the Fund Custodian, the Fund Custodian and the Fund Manager shall investigate the causes together and make adjustments, basing the adjustments on the way of finance handling accepted by both Parties; in case of failure to reach an agreement, the finance handling of the Fund Manager shall prevail. After the review, the Fund Custodian shall affix the official seal of Custody Department to the reports provided by the Fund Manager or issue the reviewing opinions with the special seal of the Custody Department affixed or provide electronic confirmation. Each party shall retain one copy of review opinion respectively. In case the Fund Manager and the Fund Custodian cannot come to an agreement in respect of relevant statements before the date on which Notice shall be issued, the Fund Manager is entitled to issue an announcement according to the statements prepared by it, and the Fund Custodian has the right to report relevant circumstances to the CSRC for filing.

## **21.6 Custody of the Fund Unitholders' Register**

### **21.6.1 Content of the Fund Unitholders' Register**

The content of the Fund Unitholders' register includes but is not limited to the names of the Fund Unitholders and the respective Fund Units owned by them.

The Fund Unitholders' register contains the following categories:

- 1.the Fund Unitholders' register as at the end of the Fund's Offering Period;
- 2.the Fund Unitholders' register as of the Equity Registration Date;
- 3.the Fund Unitholders' register as of the record date of the Unitholders' Meeting; and
- 4.The Fund Unitholders' register as of the last Trading Day of every half year.

### **21.6.2 Provision of the Fund Unitholders' Register**

With respect to the Fund Unitholders' register as of the last Trading Day of every half year, the Fund Manager shall deliver such register to the Fund Custodian within 5 Working Days after the end of every half year on a regular basis. With respect to the Fund Unitholders' register as at the end of the Fund's Offering Period, the Fund Unitholders' register as of the Equity Registration Date and the Fund Unitholders' register as of the record date of the Unitholders' Meeting, the Fund Manager shall deliver such registers to the Fund Custodian within 5 Working Days upon the respective formation of such registers.

### **21.6.3 Custody of the Fund Unitholders' Register**

The Fund Custodian shall keep the Fund Unitholders' register with due care. If the Fund Custodian is unable to duly keep the Fund Unitholders' register, the Fund Manager shall in a timely manner submit a report thereof to the CSRC and perform the duties of safekeeping the Fund Unitholders' register instead of the Fund Custodian. The Fund Custodian shall indemnify the Fund Manager against any reasonable costs and expenses arising therefrom.

## **21.7 Resolution of Disputes**

Any dispute between the Fund Manager and the Fund Custodian arising out of or in connection with the Fund Contract shall be settled through friendly negotiation. If the dispute cannot be resolved through such negotiation within 60 days from one party's written notice of the dispute to the other party, either party thereto may submit the dispute to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance with its arbitration rules then in effect. The arbitration award shall be final and binding upon the parties thereto.

The Parties to the Fund Contract shall continue to perform the contract except for the part of the Fund Contract involved in the dispute.

## **21.8 Amendment to and Termination of the Custody Contract**

### **21.8.1 Amendment to the Custody Agreement**

The Custody Agreement may be amended upon mutual agreement by the parties thereto. The content of the amended agreement shall have no conflict with the Fund Contract. The amended Custody Agreement shall be submitted to the CSRC for approval.

### **21.8.2 Termination of the Custody Agreement**

The Custody Agreement shall be terminated under the following circumstances:

1. the Fund Contract terminates;
2. the Fund Custodian is changed or replaced;
3. the Fund Manager is changed or replaced; or
4. Other event for termination as provided by the *Funds Law, Measures on Operation*, or other Laws and Regulations.

## **PART XXII Services for Fund Unitholders**

The Fund Manager promises to provide a series of services for Fund Unitholders, and will add or modify these service items according to the needs of Fund Unitholders and market changes. The main services provided by the Fund Manager for Class A Fund Unitholders are as follows:

### **22.1 Registration of Fund Units**

The Fund Manager concurrently acts as the Fund Registrar and has internally set up a specialized operations department responsible for providing Registration and ownership transfer services to Fund Unitholders. The department is equipped with advanced and highly efficient computer and communications systems, so as to provide Fund Account services for Fund Unitholders in an accurate and timely manner and to aggregate, store and manage all information relating to Subscriptions, Subsequent Subscriptions and Redemptions, thereby ensuring that the Registration and ownership transfers of Fund Unitholders can be carried out accurately and successfully.

### **22.2 Delivery of Materials**

1. After every completion of a Subsequent Subscription transaction, Investors may enquire and print the transaction confirmation receipt through the network of Sales Institutions after T+2 Working Days;
2. Every time after the completion of a Subscription transaction, Investors may enquire the transaction status through the network of Sales Institutions after T+2 Working Days. The final confirmed Fund units will be based on the confirmed Fund units after the establishment of the Fund.
3. The default form of delivery as approved by the Fund Manager for the delivery of Fund Account statements is via a monthly email. Fund Investors may also choose the delivery of Fund Account statements via a monthly SMS. The Fund

Manager will send the Fund Account statements to Fund Investors within 5 Working Days after the end of each month. The Fund Manager notes that Investors who cannot receive Fund Account statements via email are required to contact the customer service centre of the Fund Manager after successfully opening the Fund Account (4007004518 (free long distance), 95105680 (free long distance) and 021-38789555) after account opening is done. After verifying that the communication method of the Fund Investor is complete and without error, we may provide Fund Investors with the above-mentioned form of delivery for the Fund Account statements.

### **22.3 Dividend Reinvestment**

When Fund Income is distributed, Fund Unitholders may choose to reinvest the received dividends back into the Fund. The Registrar shall automatically convert the dividends received by Fund Unitholders into Fund units of the same Unit Class based on the Net Asset Value per Unit for that Unit Class on the ex-dividend Date.

### **22.4 Investment with Fixed Term and Fixed Amount**

The Fund may provide investment services with fixed terms and amounts to Fund Unitholders via Sales Institutions, namely Investors may apply for Subsequent Subscription for Fund units in an investment with fixed terms and amounts via Sales Institutions. Investments with fixed terms and amounts may be used without the restrictions of the minimum Subsequent Subscription amount. The specific time and method of implementation for this program will be based on the relevant Company announcements and business rules.

### **22.5 Information Services**

#### **1. Mobile phone SMS Reminder Service**

Fund Investors may leave their mobile telephone numbers when opening their Fund Accounts with the Fund Manager, so as to enjoy the mobile phone SMS reminder



service, which includes information on new Fund products, new Fund services, Fund news and information as well as transaction confirmation statuses, etc.

## 2. Email Service

Investors may register on the website of the Fund Manager and login to customize and obtain all sorts of public information as needed. If Investors provide their personal email addresses, they may receive customized information.

## **22.6 Customer Service Centre**

### 1. Customer Service Telephone

The automatic voice system of the call centre provides self-help voice services and enquiry services 24 hours a day and 7 days a week. Customers can listen to the latest public announcements, Net Asset Value per Unit, self-enquire information on the remaining balance of their Fund Accounts, transaction confirmation statuses, etc. through the telephone. At the same time, the call centre also provides manual answering services during business hours.

### 2. Online Customer Service Centre

The online customer service centre provides Fund Unitholders with enquiry services, information services and a platform for mutual communication. After registration and login, Fund Unitholders may enquire information on their personal Fund Accounts, which includes their Fund-holdings status, Fund transaction details, implementation status of Fund dividends, etc. In addition, they can also modify their personal Account information, enquire on frequently asked questions and their respective answers, look up investment publications, or submit complaints and recommendations, etc.

Company Website: [WWW.FTSFUND.COM](http://WWW.FTSFUND.COM)

E-mail: [SERVICE@FTSFUND.COM](mailto:SERVICE@FTSFUND.COM)

## **22.7 Handling of Customer Complaints**

Fund Unitholders may make complaints on the services provided by the Fund Manager and the Sales Institutions through channels such as the online complaint

section as provided by the Fund Manager, the automatic voice message recording system at the call centre, the manual answering service at the call centre, letter, email and fax, etc. Fund Unitholders may also make complaints on services provided by Sales Institutions through the service telephone number of that specific Sales Institution.

## **22.8 Service Channels**

1. Consultation Telephone Number: 4007004518 (free long distance), 95105680 (free long distance) and 021-38789555
2. Website and Online Customer Service: WWW.FTSFUND.COM
3. Fax: 021-6887 0708
4. Email: SERVICE@FTSFUND.COM
5. Others, e.g., mail, etc.

H Class Fund Unitholders shall make inquiries of the authorised distributors about the relevant details, and different authorised distributors may provide various services relating to the investment in the Fund. Please make inquiries of the authorised distributors about the relevant details.

## **PART XXIII OTHER MATTERS SUBJECT TO DISCLOSURE**

1. The Summary of the Annual Report of 2018 of Franklin Sealand China Prospect Mixed Assets Fund dated March 29, 2019;

2. The Annual Report of 2018 of Franklin Sealand China Prospect Mixed Assets Fund dated March 29, 2019;

3. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to continue to participate in the special offer of Industrial and Commercial Bank of China Limited for subsequent subscription rate of funds through personal electronic banking dated March 30, 2019;

4. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to continue to participate in the special offer of Bank of Communications Co., Ltd. for subsequent subscription of funds through mobile and online banking and via counters as well as periodic and fixed amount investment services dated March 30, 2019;

5. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for hiring Beijing Baidu Baiying Fund Sales Co., Ltd. as its funds sales agency and offering conversion services, periodic and fixed amount investment services, and special offers dated April 17, 2019;

6. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to offer periodic and fixed amount investment services at Guoyuan Securities Company Limited dated April 17, 2019;

7. The 1st Quarter Report of 2019 of Franklin Sealand China Prospect Mixed Assets Fund dated April 22, 2019;

8. The Updated Prospectus Summary of Franklin Sealand China Prospect Mixed Assets Fund (2019 Edition 1) dated May 5, 2019;

9. The Updated Prospectus of Franklin Sealand China Prospect Mixed Assets Fund (2019 Edition 1) dated May 5, 2019;

10. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for hiring Harvest Wealth Management Co., Ltd. as its funds sales agency and offering conversion services, periodic and fixed amount investment services, and special offers dated May 10, 2019;

11. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to participate in the special offer of China Minsheng Banking Corp., Ltd. for subsequent subscription of funds and periodic and fixed amount investment services through the Jijintong platform of the direct sales bank of China Minsheng Banking Corp., Ltd. dated May 16, 2019;

12. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for offering the fast payment service regarding online transactions through direct sales, providing fee discounts, and carrying out special offers of telephone transaction rates dated May 20, 2019;

13. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for hiring Shanghai Huaxia Fortune CCI Capital Ltd. as its funds sales agency and offering conversion services, periodic and fixed amount investment services, and related special offers dated May 29, 2019;

14. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for advising investors to update the basic information about customer identity in a timely manner dated June 19, 2019;

15. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to participate in the investment in the Sci-Tech Innovation Board and relevant risk disclosures dated June 21, 2019;

16. The announcement of Franklin Templeton Sealand Fund Management Co. Ltd. for some of its funds to participate in the special offer of Bank of China Limited for periodic and fixed amount investment services dated June 26, 2019;

17. The announcement of Franklin Templeton Sealand Fund Management Co.,

Ltd. for some of its funds to participate in the special offer of CITIC Securities Company Limited for subsequent subscription of funds and periodic and fixed amount investment services dated July 3, 2019;

18. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to participate in the special offer of China CITIC Bank Corporation Limited for subsequent subscription of funds by using the “Xinzhitou (信智投)” product and periodic and fixed amount investment services dated July 6, 2019;

19. The announcement of Franklin Templeton Sealand Fund Management Co. Ltd. for hiring Beijing Danjuan Fund Sales Co., Ltd. as its funds sales agency and offering conversion services, periodic and fixed amount investment services, and special offers dated July 16, 2019;

20. The 2nd Quarter Report of 2019 of Franklin Sealand China Prospect Mixed Assets Fund dated July 18, 2019;

21. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for hiring Tibet Eastmoney Securities Co., Ltd. as its funds sales agency and offering conversion services and related special offers dated July 23, 2019;

22. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to offer periodic and fixed amount investment services at Essence Securities Co., Ltd. and participate in subscription and special offers of the services dated August 1, 2019;

23. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for hiring Fanhua Puyi Fund Sales Co., Ltd. as its funds sales agency and offering conversion services, periodic and fixed amount investment services, and related special offers dated August 16, 2019;

24. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to carry out the special offer of conversion rates via direct sales counters dated August 20, 2019;

25. The announcement of Franklin Sealand China Prospect Mixed Assets Fund on suspending large-sum subsequent subscriptions, periodic and fixed amount investments, and switching and switching-in businesses dated August 23, 2019;

26. The Semi-annual Report and Summary of 2019 of Franklin Sealand China Prospect Mixed Assets Fund dated August 28, 2019;

27. The income distribution announcement of Franklin Sealand China Prospect Mixed Assets Fund dated September 23, 2019;

28. The announcement of Franklin Sealand China Prospect Mixed Assets Fund on resuming large-sum subsequent subscriptions, periodic and fixed amount investments, and switching and switching-in businesses dated October 10, 2019;

29. The announcement of Franklin Templeton Sealand Fund Management Co. Ltd. for hiring Beijing Tangding Yaohua Fund Sales Co., Ltd. as its funds sales agency and offering conversion services, periodic and fixed amount investment services, and special offers dated October 16, 2019;

30. The 3rd Quarter Report of 2019 of Franklin Sealand China Prospect Mixed Assets Fund dated October 24, 2019;

31. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for hiring Industrial Bank Co., Ltd. as its funds sales agency and offering conversion services, periodic and fixed amount investment services, and special offers dated November 12, 2019;

32. The announcement of Franklin Sealand China Prospect Mixed Assets Fund on suspending large-sum subsequent subscriptions, periodic and fixed amount investments, and switching and switching-in businesses dated November 20, 2019;

33. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to participate in the special offer of China CITIC Bank Corporation Limited for subsequent subscription of funds by using the “Xinzhitou (信智投)” product and periodic and fixed amount investment services dated December

10, 2019;

34. The income distribution announcement of Franklin Sealand China Prospect Mixed Assets Fund dated December 20, 2019;

35. The announcement of Franklin Sealand China Prospect Mixed Assets Fund on resuming large-sum subsequent subscriptions, periodic and fixed amount investments, and switching and switching-in businesses dated December 24, 2019;

36. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to continue to participate in the special offer of Industrial and Commercial Bank of China Limited for the subsequent subscription of funds through personal electronic banking and the special offer themed “Cordial Give-Back 2020” for regular fund investments dated December 27, 2019;

37. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for Franklin Sealand China Prospect Mixed Assets Fund to adjust the limits of the Class H-CNH minimum Subsequent Subscription amount and of the minimum units to be redeemed dated December 30, 2019;

38. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to continue to participate in the special offer of Bank of Suzhou for subsequent subscription of funds and periodic and fixed amount subscriptions dated December 31, 2019;

39. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to continue to participate in the special offer of Bank of Communications Co., Ltd. for subsequent subscription of funds through mobile banking and periodic and fixed amount investments dated December 31, 2019;

40. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for some of its funds to participate in the special offer of ABC for subsequent subscription of open-ended securities investment funds and regular investments dated January 4, 2020;

41. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. for hiring Beijing Chuangjin Qifu Fund Sales Co., Ltd. as its funds sales agency and offering conversion services, periodic and fixed amount investment services, and related special offers dated January 17, 2020;

42. The 4th Quarter Report of 2019 of Franklin Sealand China Prospect Mixed Assets Fund dated January 17, 2020;

43. The indicative announcement of Franklin Templeton Sealand Fund Management Co., Ltd. on doing a good job in prevention and control of COVID-19 dated February 3, 2020;

44. The announcement of Franklin Templeton Sealand Fund Management Co., Ltd. on revising the legal documents of its 32 public funds according to the *Administrative Measures on Information Disclosure of Publicly Offered Securities Investment Funds* dated February 28, 2020;

45. The updated Fund Contract of Franklin Sealand China Prospect Mixed Assets Fund dated February 28, 2020;

46. The updated Custody Agreement of Franklin Sealand China Prospect Mixed Assets Fund dated February 28, 2020;

47. The updated Prospectus and Prospectus Summary of Franklin Sealand China Prospect Mixed Assets Fund dated February 28, 2020;

48. The announcement of Franklin Sealand China Prospect Mixed Assets Fund on revising legal documents according to the *Administrative Measures on Information Disclosure of Publicly Offered Securities Investment Funds* dated February 28, 2020;

49. The Annual Report of 2019 of Franklin Sealand China Prospect Mixed Assets Fund dated March 27, 2020.



## **PART XXIV Maintenance of and Access to Prospectus**

After the preparation of the Prospectus is completed, the Prospectus shall be kept in the business offices of the Fund Manager and the Fund Custodian, and the relevant Fund Sales Institutions and their respective Fund Sales Outlets and is available for free public review. Investors may also obtain duplicates or copies of the aforementioned documents within a reasonable time period after paying the fee. The Investors may also review the aforementioned documents on the designated websites of the Fund Manager

The Fund Manager and the Fund Custodian guarantee full consistency between the contents of this text and the contents of the Offering Announcement.

## **PART XXV Documents for Future Reference**

The following documents are deposited in the offices and business premises of the Fund Manager, the Fund Custodian and the Sales Institutions for future reference and are available for free public review by Investors during office hours.

1. Documents on the approval of the CSRC for the offering of the Franklin Sealand China Prospect Mixed Assets Fund.

2. Fund Contract of Franklin Sealand China Prospect Equity Fund (and as from August 8, 2015, it was changed to Fund Contract of Franklin Sealand China Prospect Mixed Assets Fund) and any amendments thereto;

3. Custody Agreement of Franklin Sealand China Prospect Equity Fund (and as from August 8, 2015, it was changed to Custody Agreement of Franklin Sealand China Prospect Mixed Assets Fund) and any amendments thereto;

4. Open-end Fund Business Management Rules of Franklin Templeton Sealand Fund Management Co., Ltd.

5. Legal Opinions regarding the offering application of the Franklin Sealand China Prospect Equity Fund

6. Business licences and approvals and certificates for the business qualifications of the Fund Manager

7. Business licences and approvals and certificates for the business qualifications of the Fund Custodian

8. Other documents as required by the CSRC

Franklin Templeton Sealand Fund  
Management Co., Ltd.  
April 20, 2020

