

**This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, lawyer, accountant, tax adviser or other professional advisers.**

An application was made to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 12 August 2020 for permission to list and deal in and for quotation of all the shares of the ICBC CSOP FTSE Chinese Government Bond Index ETF which may be issued from time to time. The ICBC CSOP FTSE Chinese Government Bond Index ETF has received a letter of eligibility from the SGX-ST for the listing and quotation of its shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this prospectus (the “**Prospectus**”) or any of the reports referred to in this Prospectus. The ICBC CSOP FTSE Chinese Government Bond Index ETF’s eligibility-to-list on the Main Board of the SGX-ST and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of ICBC CSOP FTSE Chinese Government Bond Index ETF or of its shares or of CSOP Asset Management Pte. Ltd. (the “**Manager**”). Acceptance of applications for the shares of the ICBC CSOP FTSE Chinese Government Bond Index ETF is conditional upon the issue of the shares of the ICBC CSOP FTSE Chinese Government Bond Index ETF and permission being granted to list them on the SGX-ST. In the event that such permission is not granted, the subscription amounts received will be returned to the investors (without any interest).

**See “Risk Factors” under paragraphs 6 and 7 of this Prospectus and see “Specific Risk Factors” under the relevant Appendix of each sub-fund of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the sub-fund(s) of CSOP Investments VCC (the “Sub-Fund(s)”).**

## **CSOP INVESTMENTS VCC**

***a Singapore variable capital company with the following sub-fund authorised under  
Section 286 of the Securities and Futures Act, Chapter 289 of Singapore***

## **ICBC CSOP FTSE Chinese Government Bond Index ETF**

## **PROSPECTUS**

**This Prospectus dated 9 September 2020 is a replacement prospectus lodged pursuant to Section 298 of the Securities and Futures Act, Chapter 289 of Singapore and replaces the prospectus registered by the Monetary Authority of Singapore on 7 September 2020.**

## **MANAGER**

**CSOP ASSET MANAGEMENT PTE. LTD.**

## **CSOP INVESTMENTS VCC**

### **DIRECTORY**

#### **DIRECTORS OF THE COMPANY**

NG Choe Yong  
WONG Ka Yan  
CHEN Chia Ling

#### **MANAGER**

CSOP Asset Management Pte. Ltd.  
(Company Registration No. 201814646Z)  
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#18-03 Millenia Tower One  
Singapore 039192

#### **DIRECTORS OF THE MANAGER**

DING Chen  
NG Choe Yong

#### **CUSTODIAN**

HSBC Institutional Trust Services (Singapore)  
Limited  
10 Marina Boulevard  
Marina Bay Financial Centre, Tower 2 #48-01  
Singapore 018983

#### **SOLICITORS TO THE COMPANY**

Simmons & Simmons JWS Pte. Ltd.  
168 Robinson Road  
#11-01 Capital Tower  
Singapore 068912

#### **AUDITORS**

PricewaterhouseCoopers LLP  
7 Straits View, Marina One  
East Tower, Level 12  
Singapore 018936

#### **REGISTRAR**

**(in respect of the maintenance of register of  
Shareholders)**

HSBC Institutional Trust Services (Singapore) Limited  
10 Marina Boulevard  
Marina Bay Financial Centre, Tower 2 #48-01  
Singapore 018983

#### **INVESTMENT ADVISORS**

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Xicheng District, Beijing  
  
ICBC Asset Management (Global) Company  
Limited  
Unit 2507 – 10, 25/F  
ICBC Tower, 3 Garden Road  
Central, Hong Kong

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## **PRELIMINARY**

This Prospectus has been prepared in connection with the offer in Singapore of shares in the Sub-Fund(s) ("**Shares**") under the CSOP Investments VCC (the "**Company**"), a variable capital company incorporated in Singapore on 15 July 2020 with variable capital and limited liability.

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Company, the Sub-Fund(s) and the listing and quotation of the shares of the Sub-Fund(s), and the Directors are not aware of any facts the omission of which would make any statement in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

The collective investment scheme(s) offered in this Prospectus, the Sub-Fund(s), are authorised scheme(s) under the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "**MAS**"). The MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus with the MAS does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the Sub-Fund(s).

Applicants for Shares should consult their financial advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to acquire Shares and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable.

Shares are traded on SGX-ST at market prices throughout the trading day. Market prices for Shares may, however, be different from their net asset value. Listing for quotation of the Shares on the SGX-ST does not guarantee a liquid market for the Shares.

The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Shares in certain jurisdictions may be restricted by law. The Company requires persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to the Company. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

### **Restriction on U.S. Persons on subscribing to the Sub-Fund(s)**

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur. In particular, please note that the Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any other applicable law of the United States. The Sub-Fund(s) have not been and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended. The Shares are being offered and sold outside the United States to persons that are not "U.S. persons" (as defined in Regulation S promulgated under the U.S. Securities Act) in reliance on Regulation S promulgated under the U.S. Securities Act. The Shares are

not being offered or made available to U.S. persons and nothing in this Prospectus is directed to or is intended for U.S. persons.

#### Foreign Account Tax Compliance Act

The US Foreign Account Tax Compliance Act and sections 1471 through 1474 of the US Internal Revenue Code (collectively referred to as **"FATCA"**) includes provisions under which the Company as a Foreign Financial institution (**"FFI"**) may be required to collect information aiming to identify direct and indirect shareholders that are Specified U.S. Persons for FATCA purposes and report them to the U.S. Internal Revenue Service (**"IRS"**). Failure to do so could result in the FFI being subject to a withholding tax (currently at the rate of 30 per cent) on certain payments. Payments subject to withholding under these rules generally include gross US-source dividend and interest income, gross proceeds from the sale of property that produces dividend or interest income from sources within the US and certain other payments made by or through "Participating Foreign Financial Institutions" to "recalcitrant account holders" and "Non-participating Financial Institutions".

Singapore has concluded a Model I Intergovernmental Agreement (the **"IGA"**) with the US government. Under the Singapore-US IGA, entities classified as "Reporting Singapore-based Financial Institutions" will be required to register with the IRS, obtain certain information from investors and report requisite account information of investors who are Specified US Persons or where the controlling person (in certain circumstances) is a Specified US Person to the Inland Revenue Authority of Singapore (**"IRAS"**). The IRAS will in turn report the relevant information to the IRS. Singapore FATCA regulations apply to financial institutions who, amongst others, are incorporated or tax residents in Singapore. The Company and/or the Sub-Fund(s) are obliged to comply with the provisions of FATCA under the terms of the Singapore-US IGA and under the terms of Singapore legislation implementing the IGA.

In order to comply with its FATCA obligations, the Company and/or the Manager may be required to obtain certain information from its investors (or the controlling person, in certain circumstances) to ascertain their US tax status. If the investor is a Specified US Person under the provisions of FATCA, non-US entity (i.e. a passive non-foreign financial entity) with one or more controlling persons that is a Specified U.S. Person, non-participating FFI or does not provide the requisite documentation, the Company will need to report information on these investors to the IRAS, in accordance with applicable law and regulations, which will in turn report this to the IRS. Provided that the Company acts in accordance with these provisions, it will not be subject to withholding tax under FATCA.

If the Company is not able to comply with the obligations under the Singapore FATCA legislation, a 30% withholding tax could be imposed on US-sourced amounts paid to the Company. The Company may also be subject to penalties under the Singapore law.

Distributors and investors should note that it is the existing policy of the Company that Shares are not being offered or sold for the account of U.S. Persons and that subsequent transfers of Shares to such U.S. Persons are prohibited. If Shares are beneficially owned by such U.S. Person, the Company may compulsorily redeem such Shares. Investors should note that under the FATCA legislation, the definition of "Specified U.S. Persons" will include a wider range of investors than the current U.S. Person definition.

#### Common Reporting Standard and Automatic Exchange of Information

The Common Reporting Standard (**"CRS"**) was developed by the Organisation for Economic Co-operation and Development (**"OECD"**) to be a global standard for the automatic exchange of financial account information for tax purposes, and it contains the due diligence and reporting rules for Financial Institutions. Jurisdictions committed to the CRS (each a **"Participating Jurisdiction"**) will either be a signatory to the

Multilateral Competent Authority Agreement (“**MCAA**”) or will sign Bilateral Competent Authority Agreements with certain other Participating Jurisdictions, which are the legal basis for jurisdictions to exchange information.

With effect from 1 January 2017, the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 (“**Singapore CRS Regulations**”) have been promulgated to allow Singapore to implement the CRS.

The CRS Regulations require certain Singapore financial institutions (as defined in the CRS Regulations) to identify financial asset holders and establish if they are resident for tax purposes in jurisdictions with which Singapore has a bilateral exchange relationship for CRS in force or the jurisdictions that are signatory to the MCAA (the “**CRS Reportable Jurisdictions**”). Singapore financial institutions will report prescribed financial account information of the financial asset holder to the IRAS, which will thereafter automatically transfer this information to the respective CRS Reportable Jurisdictions on a yearly basis.

Accordingly, the Company and/or the Manager may be required to obtain/ maintain certain information from/ of its financial account holders to ascertain their tax residency status. If the financial account holders (or the controlling person, in certain circumstances) are tax residents in a CRS Reportable Jurisdiction, or do not provide the requisite documentation, the Company may need to report the requisite information to the IRAS, in accordance with applicable laws and regulations, including but not limited to the financial account holders’ identities and tax residences of their accounts (and the controlling persons, if any), account details, account balance/value and income/sale or redemption proceeds.

If the Company is not able to comply with the obligations under the Singapore CRS Regulations, it may also be subject to penalties under the local Singapore tax law.

The list of Reportable Jurisdictions for Singapore is available on the IRAS website at [https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/Quick\\_Links/International\\_Tax/List%20of%20Reportable%20Jurisdictions\\_2019%20CRS%20reporting.pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/Quick_Links/International_Tax/List%20of%20Reportable%20Jurisdictions_2019%20CRS%20reporting.pdf)

By investing (or continuing to invest) in the Company, investors shall be deemed to acknowledge that:

- (a) the Company (or any person authorised by it such as the Manager or agent or distributor) may be required to disclose to the IRAS certain confidential information in relation to the investor, including but not limited to the investor’s name, address, tax identification number (if any) and certain information relating to the investor’s investment;
- (b) the IRAS will automatically exchange such information received as outlined above with the authorities of CRS Reportable Jurisdictions;
- (c) the authorities may use such information received for the purpose of administering its tax legislation;
- (d) the Company (or any person authorised by it such as the Manager or agent or distributor) may require the investor to provide additional information and/or documentation which the Company may be required to disclose to the IRAS; and
- (e) in the event an investor does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Company, or a risk of the Company or its investors being subject to penalties under the relevant CRS regulations, the Company reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the investor concerned.

All investors should consult with their professional advisors regarding their own obligation under CRS Regulations as well as the possible tax implications and other consequences with respect to the implementation of the CRS in Singapore and the jurisdictions which he/she has tax residency.

#### Data Protection

For the purposes of, and subject to the provisions in, the Personal Data Protection Act 2012 (No. 26 of 2012) (“**PDPA**”) and its regulations, each investor consents and acknowledges that all personal data of the investor provided to the Company, the Sub-Fund(s), the Manager or any delegate, agent or distributor appointed by the Company and/or the Manager (including but not limited to the administrator, custodian, sub-custodians, registrar and any other third party service provider which may be applied), may be collected, used, disclosed or otherwise processed to enable each of the aforesaid entities to carry out their respective duties and obligations, or to enforce their respective rights and remedies, in connection with any investment by the investor into the Sub-Fund(s) or any law applicable to the respective parties.

All enquiries in relation to the Sub-Fund(s) should be directed to the Company.

## **DEFINITIONS**

In this Prospectus, unless the context requires otherwise, the following expressions have the meanings set out below.

“Application” means an application by a Participating Dealer for the creation or redemption of Shares, in accordance with the procedures for creation and redemption of Shares set out in the Operating Guidelines, the relevant Participation Agreement and the terms of the Constitution.

“Application Basket” means a portfolio of Index Securities fixed by the Manager at the start of business on the relevant Dealing Day and/or the cash equivalent of the Index Securities where applicable, and/or such other securities as may be approved by the Manager, for the purpose of the creation and redemption of Shares in an Application Share size, notified on the relevant date by the Manager in accordance with the Operating Guidelines for Applications.

“Application Basket Value” means the aggregate value of the Index Securities and/or the cash equivalent of the Index Securities where applicable and/or such other securities as may be approved by the Manager constituting the Application Basket at the Valuation Point on the relevant Dealing Day.

“Application Cancellation Fee” means the fee payable by a Participating Dealer on each occasion that a Creation Application or Redemption Application is withdrawn by the Participating Dealer or cancelled by the Company, as set out in the Constitution, this Prospectus and the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

“Application Share”, in relation to each Sub-Fund, means such number of Shares or whole multiples thereof (if any) as specified in the relevant Appendix or such other number of Shares from time to time determined by the Company and notified to the Participating Dealers, either generally or for a particular Class or Classes or for a particular period of time.

“associate” has the meaning ascribed to it in the listing manual of the SGX-ST.

“Business Day”, in respect of a Sub-Fund, means a day on which (a) the SGX-ST is open for normal trading, and (b) the Index is compiled and published, or such other day or days as the Company may determine.

“Cancellation Compensation” means an amount payable by a Participating Dealer in respect of a default, as set out in the Constitution, the Participation Agreement and/or the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

“Cash Component” means the difference between the aggregate Net Asset Value of the Shares comprising an Application Share and the Application Basket Value.

“CDP” means The Central Depository (Pte) Limited or any successor thereof established by the SGX-ST as a depository company which operates a central depository system for the holding and transfer of book-entry securities.

“Class” means a class of Shares and/or sub-class of a class of Shares issued by the Company or by the Company in respect of a Sub-Fund, as the case may be.

“Code” means the Code on Collective Investment Schemes issued by the MAS (as may be amended from time to time).

“Code Guidelines” means the investment and borrowing guidelines as set out in Appendix 1 of the Code and the guidelines for index funds as set out in Appendix 5 of the Code, as the same may be modified, amended, supplemented or revised by the MAS from time to time.

“Connected Person” has the meaning ascribed to it under the Securities and Futures Act, and the Listing Rules, and in relation to any firm, limited liability partnership, corporation or company (as the case may be) means:

- (a) another firm, limited liability partnership or corporation in which the first mentioned firm, limited liability partnership or corporation has control of not less than 20 per cent of the voting power in that other firm, limited liability partnership or corporation; or
- (b) a director, chief executive officer or substantial shareholder or controlling shareholder of the company or any of its subsidiaries or an associate of any of them.

“Constitution” means the constitution of the Company filed with the Accounting and Corporate Regulatory Authority of Singapore, as amended or restated from time to time.

“Creation Application” means an Application by a Participating Dealer for the creation and issue of Shares in an Application Share size in accordance with the relevant procedures set out in the Constitution and the Operating Guidelines.

“Custodian” means HSBC Institutional Trust Services (Singapore) Limited or its successors.

“Dealing Day” means each Business Day during the continuance of the relevant Sub-Fund, and/or such other day or days as the Company may from time to time determine either generally or for a particular Class or Classes of Shares.

“Dealing Deadline” in relation to any Dealing Day, means such time or times as the Company may from time to time determine generally or for a particular Class or Classes of Shares of a Sub-Fund.

“Directors” means the directors of the Company for the time being or the directors of the Company present at a meeting of directors at which a quorum is present and includes any committee of the Directors duly constituted for the purposes relevant in the context in which any reference to the Directors appears or the members of such committee present at a meeting of such committee at which a quorum is present, and “Director” shall be construed accordingly.

“Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage fees, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Sub-Fund Assets or the increase or decrease of the Sub-Fund Assets or the creation, issue, transfer, cancellation or redemption of Shares or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, any transaction or dealing and including but not limited to, in relation to an issue of Shares or redemption of Shares, a charge (if any) of such amount or at such rate as determined by the Manager to be made for the purpose of (i) compensating or reimbursing the Company and/or the Sub-Fund(s) for the difference between (a) the prices used when valuing the Securities of the Sub-Fund Assets for the purpose of such issue or redemption of Shares and (b) (in the case of an issue of Shares) the prices which would be used when acquiring the same Securities if they were acquired by the Company and/or the Sub-Fund(s) with the amount of cash received by the Company and/or the Sub-Fund(s) upon such issue of Shares and (in the case of a redemption of Shares) the prices which would be used when selling the same Securities if they were sold by the Company and/or the Sub-Fund(s)

in order to realise the amount of cash required to be paid out of the Sub-Fund Assets upon such redemption of Shares and (ii) preventing the Net Asset Value of the Company and/or the Sub-Fund(s) from being diluted by the high transactional costs which would be incurred by the Company and/or the Sub-Fund(s) in connection with a large or significant Creation Application or Redemption Application.

“Excluded Investment Product” means any capital markets product that belongs to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018, issued by the MAS (as may be amended from time to time).

“Extension Fee” means the fee payable by a Participating Dealer to the Company on each occasion that the Company, upon a Participating Dealer’s request, grants the Participating Dealer an extended settlement in respect of a Creation Application or Redemption Application.

“Hong Kong dollar” or “HK\$” means the lawful currency for the time being and from time to time of Hong Kong.

“Index” means the index, if any, against which a Sub-Fund may be benchmarked or may otherwise be referenced as set out in the relevant Appendix.

“Index Securities” means Securities of those companies which are at the relevant time the constituent companies of the Index, any Securities used to track the performance of such Securities constituting the Index at the relevant time or such other Securities designated by the Manager.

“Insolvency Event” occurs in relation to a person where (i) an order has been made or an effective resolution passed for the liquidation or bankruptcy of the person, (ii) a receiver or similar officer has been appointed in respect of the person or of any of the person’s assets or the person becomes subject to an administration order, (iii) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts, (iv) the person ceases or threatens to cease to carry on its business or substantially the whole of its business or makes or threatens to make any material alteration to the nature of its business, or (v) the Company in good faith believes that any of the above is likely to occur.

“Issue Price” means in respect of each Sub-Fund (or Class), the price at which Shares in that Sub-Fund (or Class) may be issued, determined in accordance with the Constitution.

“Listing Rules” means the listing rules issued by the SGX-ST applicable to the listing of each Sub-Fund as an investment fund on the SGX-ST (as amended or supplemented from time to time).

“Management Agreement” means the investment management agreement dated 21 August 2020 between the Company for itself and each Sub-Fund and the Manager by which the Manager is appointed.

“Management Shares” means the management shares in the capital of the Company issued subject to and in accordance with the Variable Capital Companies Act and the Constitution and having the rights and subject to the restrictions provided for in the Constitution.

“Manager” means CSOP Asset Management Pte. Ltd. or such other person or persons for the time being duly appointed as manager or managers of the Company in succession thereto.

“Market” means in relation to any Security, the SGX-ST or such other stock exchange from time to time determined by the Manager and any over-the-counter transaction conducted in any part of the world and in relation to any Security shall be deemed to include any bilateral agreement with a responsible firm, corporation or association in any country in any part of the world dealing in the Security which the Manager may from time to time elect.

“MAS” means the Monetary Authority of Singapore or its successors.

“Member” means a registered holder of shares in the Company or a registered holder of Shares in the Company in respect of a particular Sub-Fund, as the case may be.

“Net Asset Value” means the net asset value of a Sub-Fund or, as the context may require, the net asset value of a Share of a Sub-Fund (or Class thereof) calculated pursuant to the Constitution.

“Operating Guidelines” means, in respect of a Sub-Fund, the guidelines for the creation and redemption of Shares of a Class as set out in the schedule to each Participation Agreement as may be amended, restated or supplemented from time to time by the Company and following consultation, to the extent reasonably practicable, with the relevant Participating Dealers, including without limitation, the procedures for creation and redemption of Shares subject always, in respect of the relevant Operating Guidelines for a Participating Dealer, any amendment being notified in writing by the Company in advance to the Participating Dealer. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the relevant Sub-Fund applicable at the time of the relevant Application.

“Ordinary Resolution” means an ordinary resolution of the Company in general meeting passed by a majority of Members in accordance with the Constitution and the Variable Capital Companies Act (and includes any resolution in writing signed in accordance with the Constitution).

“Participating Dealer” means a broker or dealer who has entered into a Participation Agreement in form and substance acceptable to the Company.

“Participation Agreement” means an agreement entered into between the Company and a Participating Dealer setting out, amongst other things, the arrangements in respect of the Applications.

“Participating Shares” means the participating shares in the capital of the Company or in respect of a particular Sub-Fund issued subject to and in accordance with the Variable Capital Companies Act and the Constitution and having the rights and subject to the restrictions provided for in the Constitution. For the avoidance of doubt, if the Company has constituted two or more Sub-Funds, the Participating Shares of each Sub-Fund participate only in the assets and liabilities of that particular Sub-Fund as a collective investment scheme segregated from other Sub-Fund or Sub-Funds.

“Permissible Investment” means such investment as may be permitted to be made by a Sub-Fund under the Code, (where applicable) the CPF Investment Guidelines and (for so long as Shares of a Sub-Fund are Excluded Investment Products and Prescribed Capital Markets Products) the Securities and Futures (Capital Markets Products) Regulations 2018, or as may be permitted to invest in, by the MAS.

“Prescribed Capital Markets Product” means any capital markets product that belongs to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018.

“Recognised Stock Exchange” means an international stock exchange which is approved by the Manager.

“Redemption Application” means an Application by a Participating Dealer for the redemption of Shares in an Application Share size in accordance with the Operating Guidelines and the Constitution.

“Redemption Price” means, in respect of each Sub-Fund (or Class), the price at which Shares in that Sub-Fund (or Class) may be redeemed in accordance with the Constitution;

“Register” means the register of Shareholders kept and maintained by the Company in accordance with section 81 of the Variable Capital Companies Act.

“Registrar” means HSBC Institutional Trust Services (Singapore) Limited or such person as may from time to time be appointed by the Company (and acceptable to the Manager) as registrar in respect of each Sub-Fund to maintain the Register on behalf of the Sub-Fund.

“RMB” means the lawful currency for the time being and from time to time of the People’s Republic of China.

“Securities Account” means a securities account or sub-account maintained by a depositor with the CDP.

“Securities and Futures Act” means the Securities and Futures Act, Chapter 289 of Singapore (as may be amended or supplemented from time to time).

“Security” means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, warrants, participation notes, certificates, structured products, treasury bills, instruments or notes of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, and whether listed or unlisted, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):-

- (a) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust;
- (b) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;
- (c) any instrument commonly known or recognised as a security;
- (d) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and
- (e) any bill of exchange and any promissory note,

provided that each of such security falling within paragraphs (a) to (e) of this definition shall be a Permissible Investment.

“Settlement Day” means such Business Days in respect of the relevant Dealing Day as determined by the Company from time to time and notified to the relevant Participating Dealers, either generally or for a particular Class or Classes of Shares.

“SGX-ST” means the Singapore Exchange Securities Trading Limited or its successors.

“Share” means the shares in the capital of a particular Sub-Fund, and may be divided into more than one Class of the same.

“Shareholder” means the person for the time being entered on the Register as the holder of a Share or Shares including, where the context so admits, persons jointly so registered.

“Singapore dollar” or “S\$” means the lawful currency for the time being and from time to time of Singapore.

“Special Resolution” means a special resolution of the Company in general meeting passed in accordance with the Constitution and the Variable Capital Companies Act (and includes any resolution in writing signed in accordance with the Constitution).

“Specified US Person” means U.S. Person, other than: (i) a corporation the stock of which is regularly traded on one or more established securities markets; (ii) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the U.S. Internal Revenue Code, as a corporation described in clause (i); (iii) the United States or any wholly owned agency or instrumentality thereof; (iv) any State of the United States, any U.S. Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (v) any organization exempt from taxation under section 501(a) of the U.S. Internal Revenue Code or an individual retirement plan as defined in section 7701(a)(37) of the U.S. Internal Revenue Code; (vi) any bank as defined in section 581 of the U.S. Internal Revenue Code; (vii) any real estate investment trust as defined in section 856 of the U.S. Internal Revenue Code; (viii) any regulated investment company as defined in section 851 of the U.S. Internal Revenue Code or any entity registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (ix) any common trust fund as defined in section 584(a) of the U.S. Internal Revenue Code; (x) any trust that is exempt from tax under section 664(c) of the U.S. Internal Revenue Code or that is described in section 4947(a)(1) of the U.S. Internal Revenue Code; (xi) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; (xii) a broker as defined in section 6045(c) of the U.S. Internal Revenue Code; or (xiii) any tax-exempt trust under a plan that is described in section 403(b) or section 457(g) of the U.S. Internal Revenue Code.

“Sub-Fund Asset” means an asset of the Company in respect of or attributed to or allocated or held by the Company for the purpose of a Sub-Fund.

“Transaction Fee” means, in respect of a Sub-Fund, the fee payable by the Participating Dealer to the Custodian on each Application made by the relevant Participating Dealer.

“Unauthorised US Person” means (i) a US person within the meaning of Rule 902 of the United States Securities Act of 1933, as amended, (ii) a US resident within the meaning of the United States Investment Company Act of 1940, as amended, or (iii) any person that would not qualify as a Non-United States person within the meaning of United States Commodity Futures Trading Commission Rule 4.7(a)(1)(iv).

“Unit Trust” means any arrangement whose units are not quoted, made for the purpose, or having the effect, of providing facilities for the participation by persons, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of Securities or any other property whatsoever or in respect of any such arrangement which offers more than one class of units to participating persons (each representing a separate portfolio acquiring, holding, managing or disposing as aforesaid) means each such class of units.

“US dollar” or “US\$” means the lawful currency for the time being and from time to time of the United States of America.

“US Person” means a US citizen or resident individual, a partnership or corporation organised in the US or under the laws of the US or any State thereof, a trust if (i) a court within the US would have authority under applicable law to render orders or judgements concerning substantially all issues regarding administration of the trust, and (ii) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the US.

“Valuation Point” in respect of each Sub-Fund, means the official close of trading on the Market on which the Securities constituting the Index are listed on each Dealing Day or if more than one such Market, the official close of trading on the last relevant Market to close or such other time or times as determined by the Company who shall determine if the Shareholders should be informed of such change provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Shares.

“Value” means, except where otherwise expressly stated, the value of any Security, or of the Sub-Fund Assets, in each case determined in accordance with the Constitution.

“Variable Capital Companies Act” means the Variable Capital Companies Act (No. 44 of 2018) of Singapore.

## **1. CSOP INVESTMENTS VCC**

The Company is an umbrella variable capital company incorporated in Singapore on 15 July 2020 under the Variable Capital Companies Act, with the company number T20VC0088A. It is constituted by way of its Constitution with its registered address at 1 Temasek Avenue, #18-03 Millenia Tower One, Singapore 039192. The Company will consist of a number of Sub-Funds. The Company currently has 1 Sub-Fund established under it. A copy of the Constitution is available for inspection by Shareholders and potential investors at the registered office of the Company during usual business hours. The assets of a Sub-Fund will be invested and administered separately from the other assets of the Company. All assets and liabilities attributable to each Sub-Fund shall be segregated from the assets and liabilities of any other Sub-Fund(s), and shall not be used for the purpose of, or borne by the assets of, any other Sub-Fund.

The Company will issue two different types of shares: Management Shares and Participating Shares. The Management Shares will be issued in respect of the Company only while the Participating Shares will be issued in respect of each Sub-Fund. It is intended that only one Management Share will be issued to the Manager. Each Management Share and Participating Share will compromise one vote at any general meeting of the Company.

Management Shares shall carry the following rights:

- (1) notice, attendance and voting rights: the holder of a Management Share shall (in respect of such share) have the right to receive notice of, attend at and vote as a Member at, any general meeting of the Company (including the right to vote on a scheme of arrangement, merger, reconstruction or amalgamation);
- (2) right to financial statements: the holder of a Management Share shall have the right, in accordance with the Variable Capital Companies Act, to receive a copy of the financial statements (or consolidated financial statements and balance sheet, as the case may be) of the Company in its capacity as a person entitled to receive notice of general meetings;
- (3) redemption and repurchase rights: Management Shares are redeemable and repurchasable at the option of the Company in accordance with the Constitution and are not redeemable at the option of the holders of such Management Shares in accordance with the Constitution and as set out in this Prospectus, save that no Management Shares may be redeemed or repurchased if there shall be less than one Management Share in issuance after such redemption and repurchase;
- (4) economic participation: Management Shares shall not be entitled to any share of the profits of the Company or any proceeds of realisation of the assets of the Company. A holder of Management Shares will only be entitled to the return of capital paid up on the Management Shares on the liquidation of the Company in accordance with the order of priority set out the Constitution and may not be redeemed or repurchased for an amount greater than the capital paid up on the Management Shares; and
- (5) such other rights in accordance with the Constitution and as set out in this Prospectus. For the avoidance of doubt, where the Company comprises two or more Sub-Funds, the Management Shares carry the rights and restrictions described in sub-paragraphs (1) to (4) above for each of the Sub-Funds.

Participating Shares shall carry the following rights:

- (1) voting rights: the holder of a Participating Share shall (in respect of such share) have the right to vote as a Member at any general meeting of the Company (including any vote on a scheme of arrangement, merger, reconstruction or amalgamation);
- (2) notice, attendance and requisition rights: the holder of a Participating Share shall (in respect of such share) have the right to receive notice of, attend and speak at any general meeting of the Company, and shall have the right to convene a general meeting on requisition in accordance with the Constitution and the Variable Capital Companies Act;
- (3) right to financial statements: the holder of a Participating Share shall have the right, in accordance with the Variable Capital Companies Act and the Code, to receive a copy of the financial statements (or consolidated financial statements and balance sheet, as the case may be) of the Company in its capacity as a person entitled to receive notice of general meetings;
- (4) redemption and repurchase rights: Participating Shares are redeemable and repurchasable at the option of the Company in accordance with the Constitution and Participating Shares shall be redeemable at the option of the holders of such Participating Shares in accordance with the Constitution and, in each case, as set out in this Prospectus;
- (5) economic participation: the holders of Participating Shares may receive dividends in accordance with the Constitution and the distributable proceeds, income and profits earned by the Company from holding or disposal of investments and any surplus assets available for distribution to the holders of Participating Shares in the event of liquidation shall be divided among the Shareholders in accordance with the order of priority set out in the Constitution; and
- (6) such other rights in accordance with the Constitution and as set out in this Prospectus. For the avoidance of doubt, where the Company comprises two or more Sub-Funds, each Sub-Fund shall issue Participating Shares that participate in the Sub-Fund Asset and Sub-Fund Liability of such Sub-Fund only, and the Participating Shares carry the rights described in sub-paragraphs (1) to (5) above for that Sub-Fund only.

Investors should note that the Sub-Fund(s) differ from a typical unit trust or fund offered in Singapore. The Shares of a Sub-Fund are listed on the SGX-ST and trade like any other security listed on the SGX-ST. Only Participating Dealers may purchase or redeem Shares directly from the Sub-Fund at the Net Asset Value. All other investors may purchase and sell Shares in the Sub-Fund on the SGX-ST or through a Participating Dealer, subject to such terms and conditions as may be imposed by the Participating Dealer.

## **2. REGISTRATION AND EXPIRY DATE**

The date of registration of this Prospectus by the MAS is 7 September 2020. This Prospectus shall be valid for a period of 12 months after the date of registration and shall expire on 7 September 2021.

## **3. INVESTMENT OBJECTIVE**

The investment objective of each Sub-Fund is stated in the relevant Appendix. Appendix I contains information in respect of the ICBC CSOP FTSE Chinese Government Bond Index ETF.

## **4. INVESTMENT POLICY OF THE SUB-FUND(S)**

### **4.1 Investment Approach**

The investment approach of each Sub-Fund is stated in the relevant Appendix.

### **4.2 Investment Strategy**

In managing a Sub-Fund, the Manager may adopt either a Replication Strategy or Representative Sampling Strategy (both as described below). The Manager may swap between the two strategies, without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the relevant Sub-Fund.

#### **(a) Replication Strategy**

Using a Replication Strategy, the Sub-Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Index. This may result in a situation where the Application Basket may comprise of odd lots of the Index Securities. For purposes of tracking the Index closely, the Manager may, from time to time, adjust the number of odd lots of Index Securities in each Application Basket. However, if the Manager believes that a Replication Strategy is not the most efficient means to track the Index, the Manager may decide to adopt a Representative Sampling Strategy instead.

#### **(b) Representative Sampling Strategy**

Using a Representative Sampling Strategy, the Sub-Fund will hold a representative sample of a portfolio of Securities selected by the Manager using quantitative analytical models in a technique known as “portfolio sampling”. Where a Representative Sampling Strategy is employed, Securities that are not constituents of the Index may be held by this Sub-Fund. Such Securities will be expected to have a high level of correlation or a similar valuation or market capitalisation as the relevant Index Securities. The Manager will seek to construct the portfolio of this Sub-Fund such that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of the Index.

The investment strategy of each Sub-Fund is stated in the relevant Appendix.

## **5. INVESTMENT RESTRICTIONS AND BORROWING POLICY**

Each Sub-Fund is subject to the investment guidelines, restrictions and borrowing limits set out in the Code, which guidelines, restrictions and borrowing limits may be amended from time to time by the MAS. For so long as the Shares are Excluded Investment Products and Prescribed Capital Markets Products, the Sub-Fund will not invest in any product or engage in any transaction which may cause the Shares not to be regarded as Excluded Investment Products and Prescribed Capital Markets Products (unless otherwise permitted by the MAS).

Subject to the Code and to the provisions of the Constitution, the Manager may at any time make and vary arrangements for the borrowing (including entering into overdraft facilities) by the Company for the account of any Sub-Fund of any currency for the purpose of meeting redemptions and bridging requirements or such other purposes as permitted by the Code.

The Manager may from time to time formulate such other investment and borrowing restrictions to apply to each Sub-Fund, as it may in its sole discretion think fit, subject to the investment guidelines, restrictions and borrowing limits set out in the Code.

To the extent that Shares of a Sub-Fund are classified as Excluded Investment Products and Prescribed Capital Markets Products, the Manager may engage in securities lending or repurchase transactions for the Sub-Fund, where such securities lending or repurchase transactions are carried out solely for the purpose of efficient portfolio management and do not amount to more than 50% of the Net Asset Value of the Sub-Fund, and is in line with the Securities and Futures (Capital Markets Products) Regulations 2018 issued by the MAS (as may be amended from time to time). Any securities lending or repurchase transactions which the Manager may engage in will be in accordance with Appendix 1 of the Code.

## **6. RISK FACTORS**

*The Sub-Fund(s) are subject to the following principal risks. The market price of Shares and the Net Asset Value per Share may fall or rise. There can be no assurance that you will achieve a return on your investments in the Shares or a return on capital invested. Some or all of the following risks may adversely affect the Sub-Fund'(s) Net Asset Value, yield, total return and/or its ability to achieve its investment objective. Investors should note the following risk factors associated with investing in the Sub-Fund(s). The following statements are intended to be summaries of some of those risks. They are by no means exhaustive and they do not offer advice on the suitability of investing in the Sub-Fund(s). Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Shares of the Sub-Fund(s). You should be aware that an investment in the Sub-Fund(s) may be exposed to other risks of an exceptional nature from time to time.*

### **6.1 Investment Objective Risk**

There is no assurance that the investment objective of a Sub-Fund will be achieved. Whilst the Manager will implement strategies it believes are appropriate for the investment objective of each Sub-Fund, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all its investment in a Sub-Fund. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the relevant Sub-Fund.

### **6.2 Market Risk**

The Net Asset Value of the Shares of each Sub-Fund will fluctuate with changes in the market value of the Securities held by the Sub-Fund. The price of Shares and the income from them may go down as well as up. Investors may not get back their original investment. The capital return and income of a Sub-Fund is based on the capital appreciation and income of the Securities that it holds, less expenses incurred. A Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Sub-Fund may experience volatility and decline in response to changes in the relevant Index. Investors in a Sub-Fund are exposed to the same risks that investors who invest directly in the underlying Securities would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Index).

### **6.3 Passive Investment Risk**

Sub-Fund(s) which track an Index are not actively managed. Accordingly, such Sub-Fund(s) may be affected by changes in the market segments relating to the relevant Index or Indices. The Manager does not attempt to select Securities individually or to take defensive positions when the Index moves in an unfavourable direction. In such circumstances investors may lose a significant part of their respective investments. Each Sub-Fund invests (either directly or indirectly) in the Securities included in or representative of the relevant Index regardless of their investment merit, except to the extent of any representative sampling strategy. Investors should note that the lack of discretion on the part of the Manager to adapt to market changes due to the passive investment nature of the Sub-Fund(s) will mean that falls in the Index or Indices in the case of

Sub-Fund(s) tracking the performance of the Index or Indices are expected to result in corresponding falls in the value of the Sub-Fund(s), and investors may lose substantially all of their investment.

#### **6.4 Tracking Error Risk**

In the case of a Sub-Fund which tracks an Index, factors such as fees and expenses of a Sub-Fund, imperfect correlation between a Sub-Fund's assets and the Index Securities constituting the Index, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the relevant Index. A Sub-Fund's returns may therefore deviate from the relevant Index and there is no assurance that the Sub-Fund will be able to fully track the performance of the relevant Index. A Replication Strategy may be adopted to minimise tracking error, by investing a Sub-Fund's assets in substantially the same weightings as the relevant Index. A Sub-Fund may invest in Securities which are not constituents of the relevant Index by using the Representative Sampling Strategy. The Manager will endeavour to manage the tracking error if the Representative Sampling Strategy is used.

#### **6.5 Concentration Risk**

A Sub-Fund which tracks the performance of a single geographical region may be subject to concentration risk. Such a Sub-Fund is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the relevant region.

#### **6.6 Foreign Exchange Risk**

An investment in a Sub-Fund may directly or indirectly involve exchange rate risk. The constituent Securities of an Index or the Securities of a Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Fluctuations in the exchange rates between such currency and the base currency may have an adverse impact on the performance of the Sub-Fund.

#### **6.7 Shares may trade at prices other than at Net Asset Value**

The Net Asset Value of a Sub-Fund represents the fair price for buying or selling Shares. As with any listed fund, the secondary market price of Shares may sometimes trade above or below this Net Asset Value. There is a risk, therefore, that Shareholders may not be able to buy or sell at a price close to this Net Asset Value. The deviation from Net Asset Value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Shares on the SGX-ST. However, given that the Shares can be created and redeemed in an Application Share size by Participating Dealers, as applicable, it is not anticipated that large discounts or premiums will be sustained.

#### **6.8 Absence of prior Active Market**

Although an application has been made for the Shares of a Sub-Fund to be listed for trading on the SGX-ST, there can be no assurance that an active trading market will be developed or be maintained. There is no certain basis for predicting the actual price levels at, or sizes in, which the Shares may trade.

#### **6.9 Creation and Redemption through Participating Dealers**

Investors may generally not create or redeem Shares directly with the Company and in any event can only create or redeem Shares through Participating Dealers if investors are clients of the relevant Participating Dealer. Shares will normally only be issued or redeemed in an Application Share size which is the number of Shares specified in the relevant Appendix. The Participating Dealers are under no obligation to agree to do so on behalf of any investor and may impose terms and conditions in connection with such creation or

redemption orders from investors. Each Participating Dealer may, in its absolute discretion, refuse to accept a creation order from an investor and can charge such fees as it may determine. The willingness of a Participating Dealer to redeem Shares may depend upon, but is not limited to, that Participating Dealer's ability to sell the relevant Shares as well as any agreement which may be reached between the investor and the Participating Dealer. The Participating Dealer will not be able to create or redeem Shares during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities through the CDP is disrupted or the Index is not compiled or published. In addition, the Participating Dealer will not be able to create or redeem Shares if some other event occurs which impedes the calculation of the Net Asset Value of the Sub-Fund or disposal of the Sub-Fund's Securities cannot be effected.

#### **6.10 Trading in Shares on the SGX-ST may be suspended or delisted**

Investors will not be able to purchase or sell Shares on the SGX-ST during any period when the SGX-ST suspends trading in the Shares. The SGX-ST may suspend the trading of Shares whenever, amongst other factors, the SGX-ST determines that it is necessary or expedient in the interest of maintaining a fair, orderly and transparent market. The creation and redemption of Shares may also be suspended in the event that the trading of Shares on the SGX-ST is suspended. The SGX-ST imposes certain requirements for the continued listing of securities, including the Shares, on the SGX-ST. Investors cannot be assured that the Sub-Fund(s) will continue to meet the requirements necessary to maintain the listing of Shares on the SGX-ST or that the SGX-ST will not change the listing requirements. The Sub-Fund(s) may be terminated if Shares are delisted from the SGX-ST or if the CDP is no longer able to act as the depository for the Shares listed on the SGX-ST. Dealings of Shares on the SGX-ST may not necessarily be suspended in the event that the creation and redemption of Shares is temporarily suspended by the Company in accordance with the Constitution. If the creation and redemption of Shares is temporarily suspended, the trading price of the Shares may be adversely affected and differ from the Net Asset Value of the Sub-Fund(s).

#### **6.11 The Sub-Fund(s) are not typical funds**

Investors should note that the Sub-Fund(s) are not like the typical funds offered to the public in Singapore. Shares may only be created and redeemed in an Application Share size by Participating Dealers and Shares may not be subscribed for, or redeemed, directly by investors. For so long as the Shares are listed for quotation on the SGX-ST, investors shall have no right to request the Company to redeem or purchase their Shares. Participating Dealers will not be able to create or redeem Shares during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities in CDP is disrupted or the Index is not compiled or published. Investors may generally only realise the value of their Shares by selling their Shares on the SGX-ST. These features are not usually present in a typical fund offered to investors in Singapore, where units/interests can generally be purchased and redeemed directly with a manager or its approved distributors.

Additionally, investors should note that the Sub-Fund(s) are not like the typical exchange traded funds offered to the public in Singapore and which are structured as unit trusts. The Company is a variable capital company constituted under the Variable Capital Companies Act and is not structured as an umbrella unit trust. In the typical umbrella unit trust structure, a trustee is appointed to safeguard the rights and interests of the holders of the unit trust. This is not present in the Company and the Sub-Fund(s). Instead, the Company has appointed Directors who are obliged to act in the best interest of the Company and each Sub-Fund, pursuant to their duties imposed by the Variable Capital Companies Act as well as any other duties mandated by common law, and are responsible for the overall management and control of the Company and each Sub-Fund. As a variable capital company, the Company is also regulated by the Variable Capital Companies Act, which is administered by the Accounting and Corporate Regulatory Authority.

## 6.12 Risks related to Borrowings by a Sub-Fund

Subject to the Code, the Company may pledge the assets of a Sub-Fund if the lender requires security to be provided in connection with any borrowings by the Company for the account of the Sub-Fund. In the event that the Sub-Fund is unable to repay the principal or interest on such borrowing, the pledged assets may be disposed of by the lender. If the price received by the lender is insufficient to satisfy the outstanding due to the lender in full, the Sub-Fund may have to dispose of its investments to raise cash for payment of the shortfall to the lender. There may be an adverse effect on the Net Asset Value of the Sub-Fund if such disposal is effected during any period when general market conditions are unfavourable.

## 6.13 Derivatives Risk

### (a) Use of financial derivative instruments ("FDIs")

The Manager may use or invest in FDIs on behalf of a Sub-Fund in accordance with the Securities and Futures (Capital Markets Products) Regulations 2018 (to the extent that Shares of a Sub-Fund are Excluded Investment Products and Prescribed Capital Markets Products), Appendix 1 of the Code and the Constitution. Such FDIs may include, but are not limited to futures, options, warrants, forwards, contract for differences, extended settlement contracts, swaps or swap options. Subject to the Securities and Futures (Capital Markets Products) Regulations 2018 (to the extent that Shares of a Sub-Fund are Excluded Investment Products and Prescribed Capital Markets Products), the Manager may use or invest in FDIs on behalf of a Sub-Fund for the purposes of hedging, efficient portfolio management, optimising returns or a combination of all three.

### (b) Risks associated with the use of FDIs

While the judicious use of FDIs can be beneficial, the ability to use such instruments successfully depends on the Manager's ability to accurately predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the Manager's predictions are wrong, or if the FDIs do not work as anticipated, the Sub-Fund could suffer greater losses than if the Sub-Fund had not used such FDIs.

In addition to the inherent risks of investing in FDIs, a Sub-Fund will also be exposed to credit risk on the counterparties with which it trades, particularly in relation to FDIs that are not traded on a recognised market. Such instruments are not afforded the same protection as may be afforded to participants trading such FDIs on a recognised market, such as the performance guarantee of an exchange clearing house. The Sub-Fund may be subject to the possibility of insolvency, bankruptcy or default of a counterparty with which that Sub-Fund trades, which could result in substantial losses to the Sub-Fund.

Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Sub-Fund's investments may be liquidated at a loss. In cases of FDIs which are derivatives on commodities, such transactions shall be settled in cash at all times.

### (c) Exposure to FDIs

The Manager confirms that the global exposure of each Sub-Fund to FDIs or embedded FDIs will not exceed 100%. Such exposure would be calculated using an approach as specified in the relevant Appendix.

(d) Risk Management Process and Compliance Controls

In the event the Manager uses FDIs on behalf of a Sub-Fund, it is of the view that it has the necessary expertise to control and manage the risks relating to the use of FDIs. The Manager will ensure that the risk management and compliance procedures and controls adopted are adequate and have been or will be implemented and that they have the necessary expertise to control and manage the risks relating to the use of FDIs.

**6.14 Taxation Risk**

Investing in a Sub-Fund may have tax implications for a Shareholder depending on the particular circumstances of each Shareholder. Prospective investors are strongly urged to consult their own tax advisers and counsel on the possible tax consequences with respect to an investment in the Sub-Fund. Such tax consequences may differ in respect of different investors.

**6.15 Securities Lending or Repurchase Transactions Risk**

Securities lending or repurchase transaction involve counterparty risk, credit risk, liquidity risk, sufficiency of collateral risk, collateral investment risk, delivery risk and operational risk, as described below:

(a) Counterparty risk

A counterparty to such securities lending or repurchase transaction may default on its obligations by being insolvent or otherwise being unable to complete a transaction.

(b) Liquidity risk

A counterparty may not be able to settle its obligations under such securities lending or repurchase transaction for the full value when it is due but would be able to settle on some unspecified date thereafter. This may affect the ability of a Sub-Fund to meet its redemption obligations and other payment commitments.

(c) Sufficiency of collateral risk

Following a default by a counterparty, a Sub-Fund can sell its collateral in the market to raise funds to replace the lent securities. It will suffer a loss if the value of the collateral securities falls relative to the lent securities.

(d) Collateral investment risk

The value of the securities in which the Manager invests the cash collateral may decline due to fluctuations in interest rates or other market-related events.

(e) Delivery risk

Delivery risk occurs both when securities have been lent and collateral has not been received at the same time or prior to the loan, and when collateral is being returned but the loan has not been received.

(f) Operational risk

The custodian or the lending agent may not administer the program as agreed. This includes the failure to mark to market the collateralisation levels, call for additional margin or to return excess margin and to post corporate actions and income including all economic benefits of ownership.

## 6.16 Liquidity Risk

Trading volumes in the underlying investments of a Sub-Fund may fluctuate significantly depending on market sentiment. There is a risk that investments made by a Sub-Fund may become less liquid in response to market developments, adverse investor perceptions or regulatory and government intervention (including the possibility of widespread trading suspensions implemented by domestic regulators). In extreme market conditions, there may be no willing buyer for an investment and so that investment cannot be readily sold at the desired time or price, and consequently the relevant Sub-Fund may have to accept a lower price to sell the relevant investment or may not be able to sell the investment at all. An inability to sell a particular investment or portion of a Sub-Fund's assets can have a negative impact on the value of the relevant Sub-Fund or prevent the relevant Sub-Fund from being able to take advantage of other investment opportunities.

The Manager has established liquidity risk management policies which enable it to identify, monitor and manage the liquidity risks of the Sub-Fund(s). Such policies, combined with the liquidity management tools available, seeks to achieve fair treatment of Shareholders and safeguard the interests of remaining Shareholders against the redemption behaviour of other investors and mitigate against systemic risk.

The Manager's liquidity risk management policies take into account the relevant Sub-Fund's liquidity terms, asset class, liquidity tools and regulatory requirements.

The liquidity risk management tools available to manage liquidity risk include the following:

- (a) a Sub-Fund may borrow up to 10 per cent of the latest available Net Asset Value of the relevant Sub-Fund (or such other percentage as may be prescribed by the Code) at the time the borrowing is incurred and the borrowing period should not exceed one month provided always and subject to the borrowing restrictions in the Code;
- (b) the Company may pursuant to the Constitution, suspend the redemption of Shares of the relevant Class or Sub-Fund, and/or delay the payment of any monies and transfer of any Securities in respect of any Redemption Application; and
- (c) the Manager may reduce the redemption requests rateably and pro rata amongst all Shareholders seeking to redeem Shares on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10 per cent (or such higher percentage as the Manager may determine in respect of a Sub-Fund) of the Shares of the relevant Class or Sub-Fund then in issue.

## 6.17 Cross Liability Risk

The assets and liabilities of each Sub-Fund under the Company will be tracked, for book keeping purposes, separately from the assets and liabilities of any other Sub-Fund(s). The Constitution provides that the assets of each Sub-Fund should be segregated from each other and that transactions relating to each Sub-Fund shall be separately recorded. Any asset derived from any Sub-Fund Asset shall be applied in the books and records of the Company to the same Sub-Fund as the asset from which it was derived and any increase or diminution in the value of such asset shall be applied to such Sub-Fund, and each Sub-Fund shall be charged with the liabilities, expenses, costs and charges of the Company in respect of or attributable to the Sub-Fund. While section 29 of the Variable Capital Companies Act provides that the assets of a sub-fund cannot be used to discharge the liabilities of any sub-fund or the umbrella variable capital company itself and that any liability of a sub-fund must be discharged solely out of the assets of the sub-fund including in its winding up,

there is no guarantee that the courts of any jurisdiction outside Singapore will respect the limitations on liability and that the assets of any particular Sub-Fund will not be used to satisfy the liabilities of any other Sub-Fund.

## **6.18 Conflicts of Interest Risk**

The Directors, the Fund Administrator, the Custodian, the Manager and other service providers or their respective agents, delegates or associated parties may face potential conflicts of interest in the course of discharging their duties owed to the Company and each Sub-Fund.

For instance, certain Directors of the Company may also serve as directors and executives of the Manager's related corporations. In addition, only the Manager (by virtue of being the holder of the Management Share) may vote on the appointment and removal of the Directors in accordance with the Constitution while the Directors may terminate the appointment of the Manager in accordance with the Management Agreement. These matters do not require and are not subject to the approval of holders of Participating Shares. In the event that the Manager shall retire or be removed or its appointment shall otherwise terminate, the Company shall appoint another corporation to act as the manager of the Company and such appointment is subject to the approval of the holders of Participating Shares by Special Resolution.

In dealing with any potential conflicts of interest, the Directors are obliged to act in the best interest of the Company and each Sub-Fund, pursuant to their duties imposed by the Variable Capital Companies Act as well as any other duties mandated by common law. Further, the Company will have at least one independent Director. Additionally, the Manager is required to act in the best interest of Shareholders pursuant to the Code. The holders of Participating Shares may also determine by Special Resolution at a general meeting that the Manager's appointment be terminated in accordance with the Constitution. Further information on how conflicts of interest will be resolved can be found in paragraph 27 "Conflicts of Interest" below.

## **6.19 Corporate Structure Risk**

The holders of Participating Shares of each Sub-Fund do not have full voting rights. Under the Constitution, voting arrangements will differ depending on the specific matter in question. For example, to the extent that a matter relates to the appointment and removal of any Director of the Company, only the holder of the Management Share will be able to vote on the relevant resolution. Additionally, to the extent that a matter in question relates to the Company, the Shareholders of each Sub-Fund, and the holder of the Management Share will be voting on such matter. Further information on the voting rights afforded to each holder of Participating Shares can be found in paragraph 24 "Voting Rights" below.

# **7. RISK FACTORS RELATING TO THE INDICES**

## **7.1 Errors or inaccuracies in the Index**

There may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of the Index, which may result in significant deviations between the Net Asset Value of the Shares and the Index. The Company and the Manager are not responsible or involved in the compilation or calculation of the Index, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation. The computation of the Index may be inaccurate or incomplete if, amongst other factors, the information received by the Index provider from the Market on which an Index Security has its primary listing is inaccurate or incomplete. Examples of types of errors which may occur include:

- (a) the closing price of an Index Security on a given day being incorrect;
- (b) a missed corporate event;

- (c) a missed Index methodology event (deviation from what is stated in the methodology document for the Index); and
- (d) a late announcement in respect of an Index Security.

## **7.2 Index is subject to fluctuations**

The performance of the Shares should correspond closely with the performance of the Index. The Index may experience periods of volatility in the future. If the Index experiences volatility or declines, the price of the Shares will vary or decline accordingly.

## **7.3 Composition of and weightings in the Index may change**

The Securities which comprise the Index are changed by the Index provider from time to time. The price of the Shares may rise or fall as a result of such changes. The composition of the Index may also change if one of the Securities were to be delisted or if a new Security were to be added to the Index. If this happens, the weighting or composition of the Index Securities invested by a Sub-Fund would be changed as considered appropriate by the Manager in order to achieve the investment objective. Thus, an investment in the Sub-Fund will generally reflect the Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Sub-Fund.

## **7.4 Licence to use the Index may be terminated**

The Company has been granted a licence by the Index provider to use each Index in connection with the operation, marketing and promotion of the relevant Sub-Fund. The Sub-Fund may be terminated if the Index licence agreement is terminated and the Company is unable to identify or agree with the Index provider or any other index provider terms for the use of a suitable replacement index. In the event that the Index is no longer available for use by a Sub-Fund, the Company will source for a suitable replacement index that gives the same or substantially similar exposure as the Index. Any such replacement index will be notified to Shareholders via SGXNET. Accordingly, investors should note that the ability of a Sub-Fund to track the Index depends on the continuation in force of the Index licence agreement in respect of the Index or a suitable replacement.

In the event that the licence for the use of the Index is terminated for any reason, the Company will notify Shareholders of such termination via an announcement on SGXNET.

## **7.5 Compilation of the Index**

No warranty, representation or guarantee is given as to the accuracy or completeness of the Index and its computation or any information related thereto. The process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index provider without notice.

# **8. MANAGEMENT AND ADMINISTRATION**

## **8.1 Directors of the Company**

The Directors are responsible for the overall management and control of the Company and each Sub-Fund in accordance with the Constitution. In executing these responsibilities, the Directors are bound by the duties imposed by the Variable Capital Companies Act as well as any other duties mandated by common law. The list of present and past directorships of the Directors over the last 5 years is set out at Appendix II of this Prospectus.

The Directors will review the operations and investment performance of the Company and each Sub-Fund at regular meetings. For this purpose, the Directors will receive periodic reports from the Manager detailing the performance of the Company and each Sub-Fund and providing an analysis of each Sub-Fund's investment portfolio. The Manager will provide such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

The Directors of the Company are as follows: -

#### **NG Choe Yong**

Mr. Ng of 1 Temasek Avenue, #18-03 Millenia Tower One, Singapore 039192, is a Director of the Company. Mr. Ng is also concurrently the Chief Operating Officer of CSOP Asset Management Limited ("**CSOP AM**"), the parent company of CSOP Asset Management Pte. Ltd. Prior to this, Mr. Ng was the head of Business Controls and Management for South East Asia at Bank of America Merrill Lynch and was responsible for the governance and business management of the Global Banking and Markets Businesses in the region. Mr. Ng was also on the management committees of Merrill Lynch Singapore, Bank of America Singapore Branch and Bank of America Securities Limited to provide governance and acted as a liaison to local regulators in South East Asia.

Before that, Mr. Ng was the Head of APAC Middle Office for Equities Execution Services at Bank of America Merrill Lynch. In that role, he managed the team which supported the Equities Cash, Index/ETF and Delta One businesses for APAC. He also managed the implementation for the Hong Kong Shanghai Connect go-live for Middle Office.

Prior to Bank of America Merrill Lynch, Mr. Ng has worked in a number of large financial institutions such as Barclays Capital and Morgan Stanley in a variety of roles covering operations, middle office and finance. Mr. Ng started his career in Deloitte Australia as an auditor.

Mr. Ng holds a Bachelor of Computer Science and a Master of Applied Commerce (Accounting) from The University of Melbourne. He also holds a Master of Business Administration from the University of Chicago – Booth School of Business.

#### **WONG Ka Yan**

Ms. Wong of 1 Temasek Avenue, #18-03 Millenia Tower One, Singapore 039192 is a Director of the Company. She is concurrently the General Counsel and Head of Legal and Compliance Department of CSOP AM, responsible for providing strategic legal and compliance advice to the business teams of CSOP AM and its subsidiaries ("**CSOP Group**"). Ms. Wong oversees, from legal and compliance perspectives, the design and development of financial products of CSOP Group globally. Ms. Wong has extensive legal and compliance experience in relation to retail funds, in particular, the listing and distribution of exchange traded funds to retail investors in Hong Kong. Ms. Wong currently serves as the representative director of CSOP AM in the China New Balance Opportunity Fund, a retail fund domiciled in Luxemburg, and China Southern Dragon Dynamic Multi Strategy Fund SPC, a Cayman Segregated Portfolio Company. Ms. Wong is a solicitor in Hong Kong. She was trained and had worked in reputable US law firms before she joined CSOP AM, including Reed Smith LLP and Hogan Lovells. She obtained her Master of Laws degree from the University College London, and her double Bachelor's degrees in Business Administration (LAW) and LLB from the University of Hong Kong.

#### **CHEN Chia Ling** (independent director, pursuant to chapter 2A.1(a) of the Code)

Ms. Chen of 1 Temasek Avenue, #18-03 Millenia Tower One, Singapore 039192 is an Independent Director of the Company. Ms. Chen holds a Master's degree in International Business from the University of Bristol in

the United Kingdom and a Bachelor's degree from York University in Canada. Ms. Chen has over 20 years of experience in the financial services industry and over 10 years of experience in asset management, including experience with regard to launching exchange-traded funds.

From September 2013 to October 2014, Ms. Chen was a director of China Asset Management (Hong Kong) Limited (“**CAMHK**”) as the manager of ChinaAMC ETF series which are listed on Hong Kong Stock Exchange. Ms. Chen was also the Chief Executive Officer of CAMHK from 2011 to 2014. Prior to taking over the Chief Executive Officer role, Ms. Chen was the Head of Business Development in charge of new business development including the infrastructure from 2009 to 2011. Before joining CAMHK, Ms. Chen served as Head of Sales (Greater China) at Deutsche Asset Management (Hong Kong) Limited and a director of the Equity Derivatives Desk at ABN AMRO Bank.

## **8.2 Manager**

The Manager of the Company is CSOP Asset Management Pte. Ltd., whose registered office is at 1 Temasek Avenue, #18-03 Millenia Tower One, Singapore 039192.

The Manager was incorporated in Singapore on 30 April 2018. The Manager holds a capital markets services licence granted by the MAS, and provides fund management and investment advisory services to both institutional and retail clients. The issued and paid-up share capital of the Manager is S\$3,000,000.

The Manager currently manages the CSOP Global Quant Allocation Balanced III Fund, a sub-fund of CSOP Alternative VCC.

The Manager is wholly owned by CSOP AM. CSOP AM was established in Hong Kong in January 2008 and is licensed to carry on Types 1 (Dealing in Securities), 4 (Advising on Securities) and 9 (Asset Management) regulated activities under Part V of the Securities and Futures Ordinance of Hong Kong.

CSOP AM is a leading exchange traded product issuer in the Hong Kong market. CSOP AM manages a broad range of exchange traded products which covers equity exchange traded funds (“**ETFs**”), money market ETFs and leveraged and inverse products. As at the date of this Prospectus, it is currently managing 10 ETFs (sub-funds under the CSOP ETF Series and the CSOP ETF Series II which are both umbrella unit trusts domiciled in Hong Kong). In addition, CSOP AM also manages 10 products (sub-funds under the CSOP Leveraged and Inverse Series and the CSOP Leveraged and Inverse Series II which are both umbrella unit trusts domiciled in Hong Kong), which are all listed and traded on The Stock Exchange of Hong Kong Limited.

CSOP AM, a subsidiary of China Southern Asset Management Co. Ltd., is the first Hong Kong subsidiary set up by mainland Chinese fund houses to carry out asset management and securities advisory activities in Hong Kong.

## **8.3 General Responsibilities of the Manager**

The Manager has general powers of management over the assets of the Company and/or the Sub-Fund(s). The Manager has covenanted in the Management Agreement to use its best endeavours to carry on and conduct its business in a proper and efficient manner and will ensure that each Sub-Fund is carried on and conducted in a proper and efficient manner.

Under the provisions of the Management Agreement, the Manager shall not be liable for any loss to the Company howsoever arising in the absence of negligence, wilful default or fraud.

The Manager may delegate all or any of its duties, powers and discretions under the Management Agreement to any other person or corporation (including a Connected Person of the Manager) and notwithstanding such

delegation the Manager shall remain entitled to receive and retain in full all sums payable to the Manager under any provision of the Management Agreement.

The Manager may delegate any of its functions, powers and duties under the Management Agreement (including, without limitation, functions, power and duties connected with the management of the Sub-Fund(s) and the exercise of discretion in relation to any investments) to any person subject to the terms of the Management Agreement. Except to the extent otherwise agreed with the Company, the Manager shall be responsible for the costs of any such delegation including, without limitation, any fees and expenses of the delegate.

The Company may terminate the Management Agreement if the Manager is liquidated or dissolved (except a voluntary liquidation or a voluntary dissolution for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the notifying party) or be unable to pay its debts as they fall due or commit any act of bankruptcy under the laws of any jurisdiction to which that party may be subject or if a receiver is appointed over any of its assets.

The Manager will remain as manager of the Company and the Sub-Fund(s) until its appointment is terminated in accordance with the terms of the Management Agreement. In the event that the Manager shall retire or be removed or its appointment shall otherwise terminate, the Company shall appoint another corporation to act as the manager of the Company which is approved by the Shareholders by Special Resolution to be the manager in place of the Manager so retiring or being removed on or before the expiry of any period of notice of such retirement or removal.

Any change to the Manager of the Sub-Fund(s) will be announced without delay on the SGXNET.

#### **8.4 Directors of the Manager**

The directors of the Manager are as follows: -

##### **DING Chen**

Ms. Ding of 1 Temasek Avenue, #18-03 Millenia Tower One, Singapore 039192, joined CSOP AM in 2010 and is the Chief Executive Officer, overseeing the overall business of the Manager.

Ms. Ding, from 2003 to June 2013, was the Assistant Chief Executive Officer and Managing Director of China Southern Asset Management Co. Ltd., one of the largest fund management companies in China with assets under management of RMB160 billion (as at 30 June 2013), where she was accountable for international strategic planning, fund product development and relationship management with various distribution channels and industry regulators for the company. She established and managed the first QDII mutual fund (assets under management RMB10 billion as at 30 June 2012), which she was also a member of the Investment Management Committee, from 2007 to June 2013. She was responsible for setting the investment policies and strategies of the fund, monitoring market, portfolio and systematic risk, asset allocation and stock selection in addition to reviewing and monitoring portfolio performance of the fund. She supervised five portfolio managers and two analysts.

Ms. Ding is the Chairperson of Chinese Asset Management Association of Hong Kong Limited, which promotes professional standards of practice in the fund management industry. She is also the Deputy Chairperson of the Chinese Securities Association of Hong Kong Company Limited. Ms. Ding was appointed under authority delegated by the Chief Executive and the Financial Secretary, as a member to the Securities and Futures Appeals Tribunal as of 1 April 2013. She was also appointed by the Securities and Futures Commission as a member of the Product Advisory Committee for two years with effect from 1 April 2014, a member to the Process Review Panel since 1 November 2014 and a member of the Advisory Committee

since 1 June 2015. Ms. Ding is also a member of the Financial Reporting Review Panel of the Financial Reporting Council as well as a member of the New Business Committee of the Hong Kong Financial Services Development Council.

Prior to joining China Southern Asset Management Co. Ltd., Ms. Ding served from 2001 to 2003 as an Associate General Manager of China Merchants Securities Co. Ltd. in the PRC. She assumed key roles in building solid management infrastructure and repositioning the asset management business of the company.

Ms. Ding was also the Investment Manager of ML Stern & Co., in California, United States, which is a securities house. She was responsible for accounts management, where she provided investment solutions to high net worth and institutional investors; customer relationship development, where she conducted company research and profiling; communicated with sell-side analysts and prepared investment analyses for clients, and participated in the innovation of annuity product rollouts.

Ms. Ding holds a Master's Degree in Business Administration from the San Francisco State University in the United States and a Bachelor degree in Electrical Engineering from the China Chengdu Science and Technology University in the PRC.

### **NG Choe Yong**

Please refer to paragraph 8.1 above for Mr. Ng's profile.

## **8.5 Key Executives**

The key executive of the Manager in respect of the ICBC CSOP FTSE Chinese Government Bond Index ETF is:

ZHANG Dinghai (Bruce)

Mr. Zhang Dinghai (Bruce) is a fixed income portfolio manager at the Manager and is responsible for bond investment strategies for fixed income investments. His major responsibilities include bond portfolio management and business development to enhance the company's bond strategies positioning.

Before that, Bruce worked at State Street Global Advisors and held several roles including product engineer, portfolio specialist and portfolio manager. He was responsible for managing fixed income portfolios across multiple sectors. Other responsibilities include bespoke analysis for the client facing teams and quantitative support for the local product group.

Bruce holds a Masters degree in Economics from the University of Hong Kong and a Bachelor of Arts from Peking University. He is a CFA Charterholder and is a member of CFA Institute and the Hong Kong Society of Financial Analysts.

## **8.6 Registrar**

HSBC Institutional Trust Services (Singapore) Limited (Company Registration No.: 194900022R) has been appointed as the Registrar. Its registered address is at 10 Marina Boulevard, Marina Bay Financial Centre, Tower 2 #48-01, Singapore 018983.

The Registrar is regulated in Singapore by the Monetary Authority of Singapore. The Registrar was incorporated on 24 February 1949 in Singapore. As at 13 May 2020, the issued and paid-up share capital of the Registrar is S\$5,150,000.

If the Registrar goes into liquidation (except for a voluntary liquidation for the purposes of reconstruction, amalgamation or merger on terms previously approved in writing by the Company), the Company may by notice in writing to the Registrar terminate the appointment of the Registrar in accordance with the fund administration agreement between the Company and the Registrar.

For so long as the Shares are listed, quoted and traded on the SGX-ST, the Company shall appoint The Central Depository (Pte) Limited (Company Registration No.: 198003912M) (the “**CDP**”) as the share depository for the Company and the Sub-Fund(s), and all Shares issued and available for trading will be represented by entries in the Register maintained by the Registrar in the name of, and such Shares will be deposited with, CDP as the registered Shareholder of such Shares.

## **8.7 Auditors**

The auditors of the Company are PricewaterhouseCoopers LLP whose registered address is at 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936.

Any changes to the auditor will be announced on the SGXNET and the Company’s website at <http://www.csopasset.com/sg/en/products/sg-wgbi/>.

## **8.8 Custodian**

The Custodian is HSBC Institutional Trust Services (Singapore) Limited.

The Company has appointed the Custodian as the global custodian to provide custodial services to the Company and the Sub-Fund(s) globally and will hold such property of the Sub-Fund(s) where such property is capable of being held in custody by the Custodian. The Custodian is entitled to appoint sub-custodians to perform any of the Custodian’s duties in specific jurisdictions where the Company and/or the Sub-Fund(s) invest.

The Custodian is a global custodian with direct market access in certain jurisdictions. In respect of markets for which it uses the services of selected sub-custodians, the Custodian shall act in good faith and use reasonable care in the selection and monitoring of its selected sub-custodians.

The criteria upon which a sub-custodian is appointed is pursuant to all relevant governing laws and regulations and subject to satisfying all requirements of the Custodian in its capacity as global custodian. Such criteria may be subject to change from time to time and may include factors such as the financial strength, reputation in the market, systems capability, operational and technical expertise. All sub-custodians appointed shall be licensed and regulated under applicable law to carry out the relevant financial activities in the relevant jurisdiction.

The Custodian will provide custodial services in respect of the property of the Sub-Fund(s) until its appointment is terminated in accordance with the terms of its appointment.

If the Custodian goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon the terms previously approved in writing by the Company) or a receiver shall be appointed over any of its assets or if a liquidator or judicial manager is appointed in respect of the Custodian, the Company may by notice in writing to the Custodian terminate the appointment of the Custodian in accordance with the custody agreement between the Company and the Custodian.

Any change to the Custodian will be announced on the SGXNET and the Company’s website at <http://www.csopasset.com/sg/en/products/sg-wgbi/>.

## 8.9 Fund Administrator

HSBC Institutional Trust Services (Singapore) Limited has been appointed as the fund administrator of the Company in respect of the Sub-Fund(s) (the “**Fund Administrator**”).

Any change to the Fund Administrator will be announced on the SGXNET and the Company's website at <http://www.csopasset.com/sg/en/products/sg-wgbi/>.

## 8.10 Investment Advisors

ICBC Wealth Management Co., Ltd and ICBC Asset Management (Global) Company Limited (collectively, the “**Investment Advisors**”) have been appointed as non-discretionary investment advisors of the Company.

Each Investment Advisor will provide the Manager with non-discretionary advice, recommendations and research services in relation to investment opportunities in respect of the ICBC CSOP FTSE Chinese Government Bond Index ETF. Each Investment Advisor will advise the Manager, upon request, concerning all actions which it appears to the Investment Advisor would be advantageous to the Manager in meeting the investment objective of the ICBC CSOP FTSE Chinese Government Bond Index ETF. If required by the Manager, each Investment Advisor will also provide material for inclusion in reports of the ICBC CSOP FTSE Chinese Government Bond Index ETF or the Company. Each Investment Advisor may also provide such information and assistance as may be reasonably required in connection with the valuation of investments of the ICBC CSOP FTSE Chinese Government Bond Index ETF.

The Investment Advisors will remain as investment advisors of the Company until the appointments are terminated in accordance with the terms of the respective investment advisory agreement.

The Company may terminate the respective investment advisory agreement if the Investment Advisors are liquidated or dissolved (except a voluntary liquidation or a voluntary dissolution for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the notifying party) or be unable to pay its debts as they fall due or commit any act of bankruptcy under the laws of any jurisdiction to which that party may be subject or if a receiver is appointed over any of its assets.

An investment advisory fee shall be paid to ICBC Wealth Management Co., Ltd in RMB in an amount equal to 5% of the net Management Fee (i.e. the Management Fee less (a) the Custodian Fee and other fees and charges which will be borne by the Manager as stated under Appendix I and (b) trailer fees (if applicable)). The investment advisory fee will be paid out of the Management Fee which is received by the Manager.

An investment advisory fee shall be paid to ICBC Asset Management (Global) Company Limited in HK\$ in an amount equal to 20% of the net Management Fee (i.e. the Management Fee less (a) the Custodian Fee and other fees and charges which will be borne by the Manager as stated under Appendix I and (b) trailer fees (if applicable)). The investment advisory fee will be paid out of the Management Fee which is received by the Manager.

A detailed description of the Investment Advisors is as follows:

### **ICBC Wealth Management Co., Ltd**

ICBC Wealth Management Co., Ltd is a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited. Its registered address is at COCP Fortune Center, No. 96 Taipingqiao Avenue, Xicheng District, Beijing, China. ICBC Wealth Management Co., Ltd is regulated in China by the China Banking and Insurance Regulatory Commission. It was incorporated on 28 May 2019 in China. The issued and paid-up share capital of ICBC Wealth Management Co., Ltd is RMB 16 billion.

ICBC Wealth Management Co. Ltd mainly engages in the issuance of publicly offered wealth management products and privately placed wealth management products, wealth management consulting and other asset management services as well as other activities approved by China Banking and Insurance Regulatory Commission.

The investment funds advised by ICBC Wealth Management Co., Ltd include the following: ICBC (Europe) UCITS SICAV - China Opportunity Bond Fund.

Other investment managers advised by ICBC Wealth Management Co., Ltd include the following: ICBC Asset Management (Global) Company Limited.

The directors and principal officers of ICBC Wealth Management Co., Ltd are:

GU Jian Gang

Mr. Gu is the Chairman of ICBC Wealth Management Co., Ltd. Mr. Gu has over 28 years of experience in banking industry. Prior to this role, Mr. Gu was the General Manager of Asset Management Department of ICBC Headquarter. Prior to that, Mr. Gu was the General Manager of Finance and Accounting Department of ICBC Shanghai.

TANG Ling Yun

Ms. Tang is the Executive Director of ICBC Wealth Management Co., Ltd. Prior to this role, Ms. Tang was the Head of Financial Markets of ICBC Headquarter.

#### **ICBC Asset Management (Global) Company Limited**

ICBC Asset Management (Global) Company Limited is an asset management company incorporated in Hong Kong on 26 March 1991. ICBC Asset Management (Global) Company Limited is a wholly owned subsidiary of Industrial and Commercial Bank of China (Asia) Limited.

Its registered address is at Unit 2507-10, 25/F, ICBC Tower, 3 Garden Road, Central, Hong Kong. As at 31 December 2019, the issued and paid-up share capital of ICBC Asset Management (Global) Company Limited is HK\$258,828,870.

ICBC Asset Management (Global) Company Limited is registered as a licensed corporation by the Commission in Hong Kong to carry out advising on securities (Type 4), advising on futures contracts (Type 5) and asset management (Type 9). ICBC Asset Management (Global) Company Limited provides professional investment management and advisory services to unit trusts, institutional clients as well as high net worth private individuals.

The investment funds advised by ICBC Asset Management (Global) Company Limited include the following: CSOP ETF Series - ICBC CSOP S&P New China Sectors ETF, CSOP ETF Series - CSOP Hong Kong Dollar Money Market ETF, ICBC Federated Funds ICAV - ICBC Federated Active Cash Fixed Income Fund and CICC Fund Series - ICBC CICC USD Money Market ETF.

Other investment managers advised by ICBC Asset Management (Global) Company Limited include the following: Federated International Management Limited and China International Capital Corporation Hong Kong Asset Management Limited.

The directors and principal officers of ICBC Asset Management (Global) Company Limited are:

WU Long

Mr. Wu was appointed as an Executive Director and Chief Executive Officer of Industrial and Commercial Bank of China (Asia) Limited in August 2018. He is a member of the Strategy and Corporate Governance Committee and Risk Management Committee of Board of Directors of Industrial and Commercial Bank of China (Asia) Limited. Mr. Wu has over 23 years of banking experience and served in several positions including Deputy Chairman, Executive Director and Chief Executive Officer of Industrial and Commercial Bank of China (Macau) Limited, Deputy Chief Executive of Industrial and Commercial Bank of China Limited, Anhui Provincial Branch and Chief Executive of Industrial and Commercial Bank of China Limited, Guangdong Jiangmen Branch.

HU Yimin

Mr. Hu is now a Senior Expert in Strategic Management and Investor Relation Department of Industrial and Commercial Bank of China Limited and full-time dispatched board director. Mr. Hu joined Industrial and Commercial Bank of China Limited since 1998 and has served in several departments within Industrial and Commercial Bank of China Limited.

WEI Quanhong

Ms. Wei Quanhong, Senior Economist, was appointed as Deputy General Manager of Asset Management Department, Industrial and Commercial Bank of China Limited. She is currently responsible for marketing management, project investment, elite account management, global market investment, and quantitative investment of ICBC Asset Management Department. Ms. Wei joined ICBC in 1991, and worked for International Banking Department, Operating Department, Global Financial Market Department accordingly. At that time, she was responsible for international settlement, bond issuance and asset management business. Ms. Wei possesses over 28 years' experience in banking and financial industry.

LI Dong

Mr. Li joined the Industrial and Commercial Bank of China (Asia) Limited in May 2016 and was appointed as an Assistant Chief Executive in November 2016. He is currently responsible for Industrial and Commercial Bank of China (Asia) Limited's corporate banking business, global capital financing business, custody services and asset management business. Mr. Li has over 19 years of banking experience.

YANG Fan

Mr. Yang joined Industrial and Commercial Bank of China Limited in 2005, he served as a Division Head of Debt & Structure in Finance and has many years of experience in financial market business. Mr. Yang joined Industrial and Commercial Bank of China (Asia) Limited in November 2015 and is currently the Chief Executive Officer of ICBC Asset Management (Global) Company Limited, a subsidiary of Industrial and Commercial Bank of China (Asia) Limited.

## **9. BROKERAGE TRANSACTIONS**

The policy of the Manager regarding purchases and sales of Securities is that primary consideration will be given to obtaining the most favourable prices and best execution of transactions in accordance with the requirements of the Code. Consistent with this policy, when Securities transactions are effected on a stock exchange or an interbank bond market, the Manager's policy is to pay commissions or execution prices which

are considered fair and reasonable without necessarily determining that the lowest possible commissions or execution prices are paid in all circumstances.

The Manager believes that a requirement always to seek the lowest possible commission cost or execution price may impede effective portfolio management and preclude the Company, the Sub-Fund(s) and the Manager from obtaining a high quality of brokerage. In seeking to determine the reasonableness of brokerage commissions or execution prices paid in any transaction, the Manager relies upon its experience and knowledge regarding commissions or execution prices generally charged by various brokers and on its judgement in evaluating the brokerage services received from the broker effecting the transaction. Such determinations are necessarily subjective and imprecise and, as in most cases, an exact dollar value for those services is not ascertainable.

In seeking to implement the above policies, the Manager effects transactions with those brokers and dealers that the Manager believes provide the most favourable prices and are capable of providing best execution of transactions in accordance with the requirements of the Code. If the Manager believes such price and execution are obtainable from more than one broker or dealer, it may consider placing portfolio transactions with those brokers and dealers who also furnish other services to the Company, the Sub-Fund(s) or the Manager. Such services may include, but are not limited to, information as to the availability of Securities for purchase or sale, and statistical information pertaining to corporate actions affecting Securities.

None of the Manager, its directors and their associates is or will be entitled to receive any part of any brokerage charged to the Company and/or the Sub-Fund(s), or any part of any fees, allowances and benefits (other than soft dollar commissions or arrangements mentioned below) received on purchases charged to the Company and/or the Sub-Fund(s).

## **10. SOFT DOLLAR COMMISSIONS OR ARRANGEMENTS**

The Manager may receive or enter into soft dollar commissions or arrangements in respect of the Company and/or the Sub-Fund(s). The Manager will comply with applicable regulatory and industry standards on soft dollars. Subject to the Code, the soft dollar commissions which the Manager may receive include research, and payment of certain expenses, such as newswire and data processing charges, quotation services, and periodical subscription fees.

Soft dollar commissions or arrangements shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries, direct money payment, or any other goods and services as may be prescribed from time to time in any code or guideline issued by the Investment Management Association of Singapore from time to time.

The Manager will not accept or enter into soft dollar commissions or arrangements unless such soft dollar commissions or arrangements would, in the opinion of the Manager, be reasonably expected to assist the Manager in their management of the Company and/or the Sub-Fund(s), provided that the Manager shall ensure at all times that transactions are executed on a "best execution" basis taking into account the relevant market at the time for transactions of the kind and size concerned, and that no unnecessary trades are entered into in order to qualify for such soft dollar commissions or arrangements.

The Manager does not, and is not entitled to, retain cash or commission rebates for their own account in respect of rebates earned when transacting in Securities for account of the Company and/or the Sub-Fund(s).

The Company may be deemed to be paying for these services with "soft" or commission dollars. Although the Manager believes that the Company will demonstrably benefit from the services obtained with "soft" dollars generated by trades, the Company does not benefit from all of these "soft" dollar services because the Manager and other accounts managed by the Manager or its affiliates also derive substantial direct or

indirect benefits from these services, particularly to the extent that the Manager uses “soft” or commission dollars to pay for expenses the Manager would otherwise be required to pay itself.

The Manager intends generally to consider the amount and nature of research, execution and other services provided by brokers, as well as the extent to which such services are relied on, and attempt to allocate a portion of their brokerage business on the basis of that consideration. The investment information received from brokers, however, may be used by the Manager and its affiliates in servicing other accounts and not all such information may be used by the Manager in connection with the Company. The Manager believes that such an allocation of brokerage business may help the Company to obtain research and execution capabilities and provides other benefits to the Company.

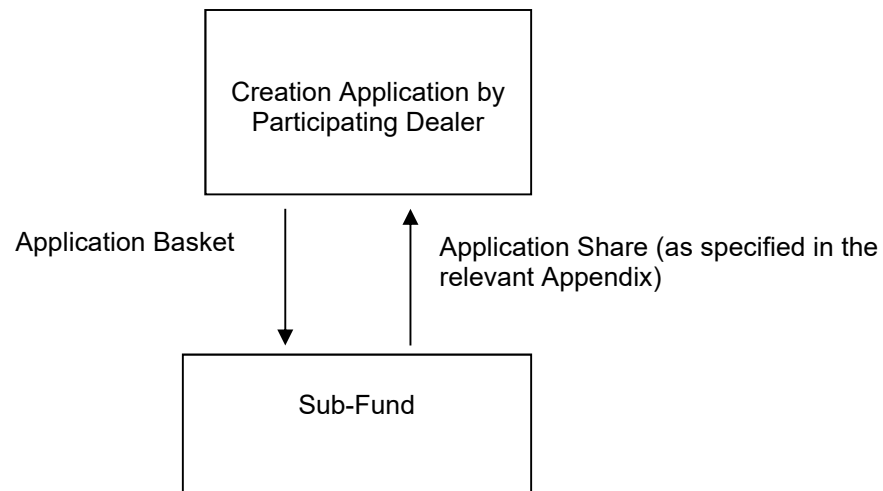
The relationships with brokerage firms that provide “soft” dollar services to the Manager may influence the Manager’s judgement in allocating brokerage business and create a conflict of interest in using the services of those broker-dealers to execute brokerage transactions. The brokerage commissions that the Manager will pay to those firms, however, will not differ materially from and will not be in excess of customary full brokerage commissions payable to other firms for comparable services.

#### **11. OPERATION OF THE SUB-FUND(S)**

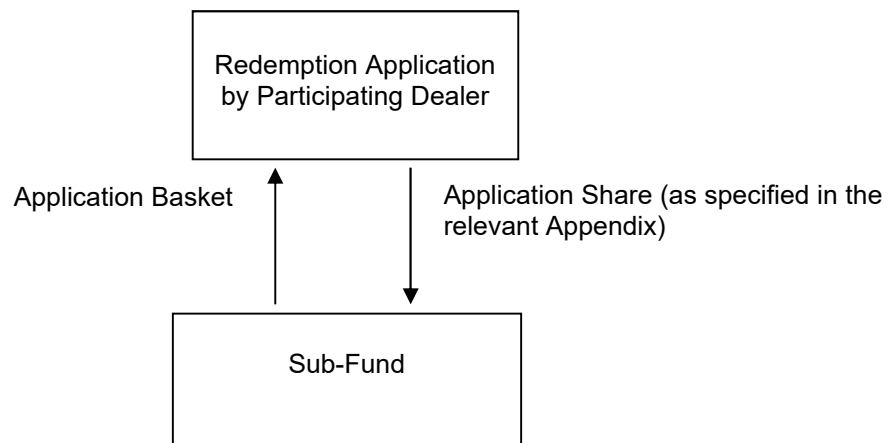
Only a Participating Dealer can create and redeem Shares directly with a Sub-Fund. Any person, other than the Participating Dealer, who buys and sells Shares of a Sub-Fund will have to effect this on the SGX-ST or through a Participating Dealer (subject to such terms and conditions as may be imposed by the Participating Dealer). The diagrams below illustrate the methods of acquiring and disposing Shares in a Sub-Fund after listing:

## 11.1 Direct creation and redemption by a Participating Dealer:

### *(i) Direct Creation by a Participating Dealer*

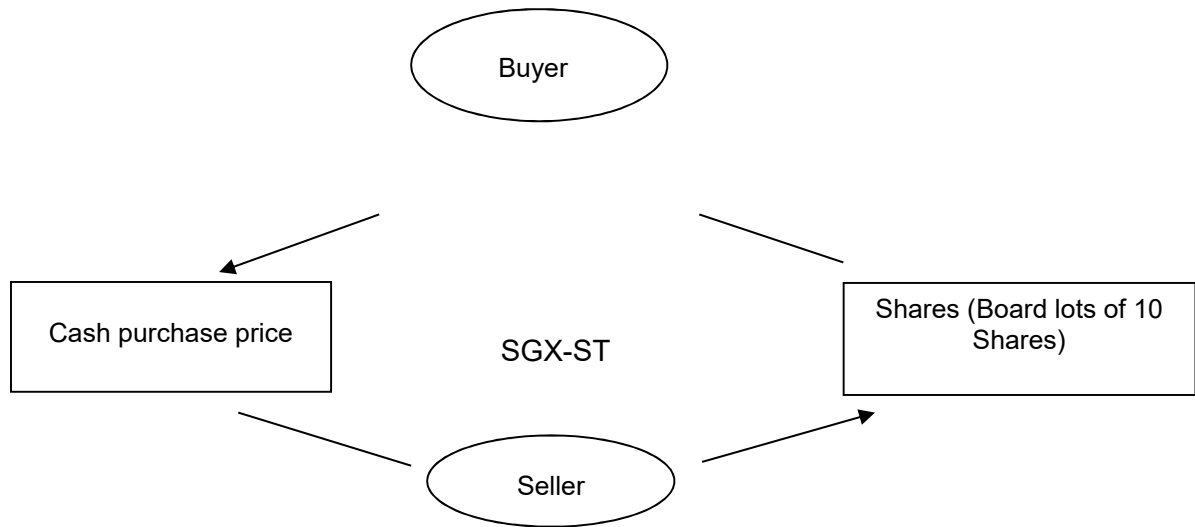


### *(ii) Direct Redemption by a Participating Dealer*

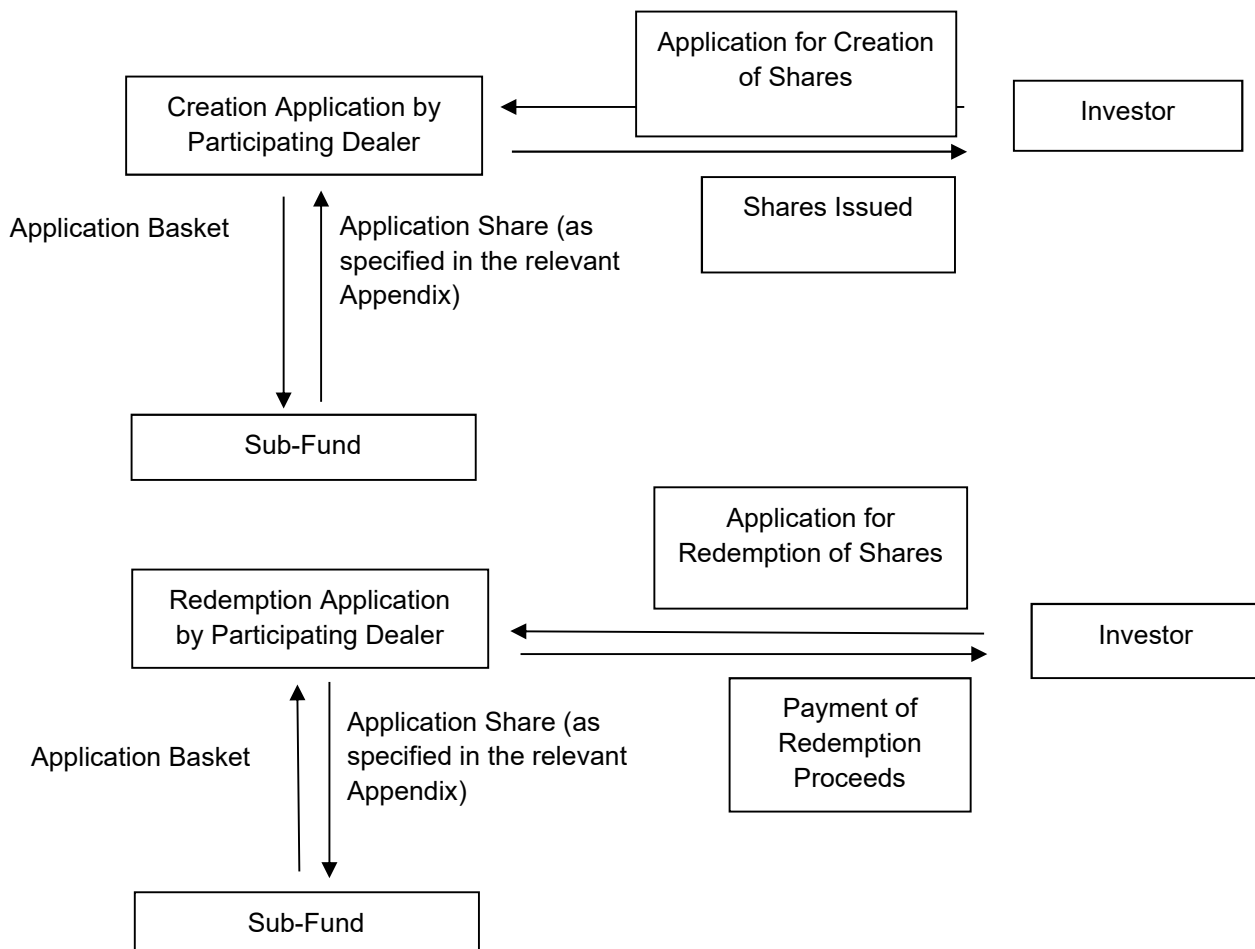


## 11.2 Investors other than Participating Dealers:

### (i) Trading Shares in the secondary market on the SGX-ST:



**(ii) Subscribing and redeeming Shares through a Participating Dealer<sup>1</sup>**



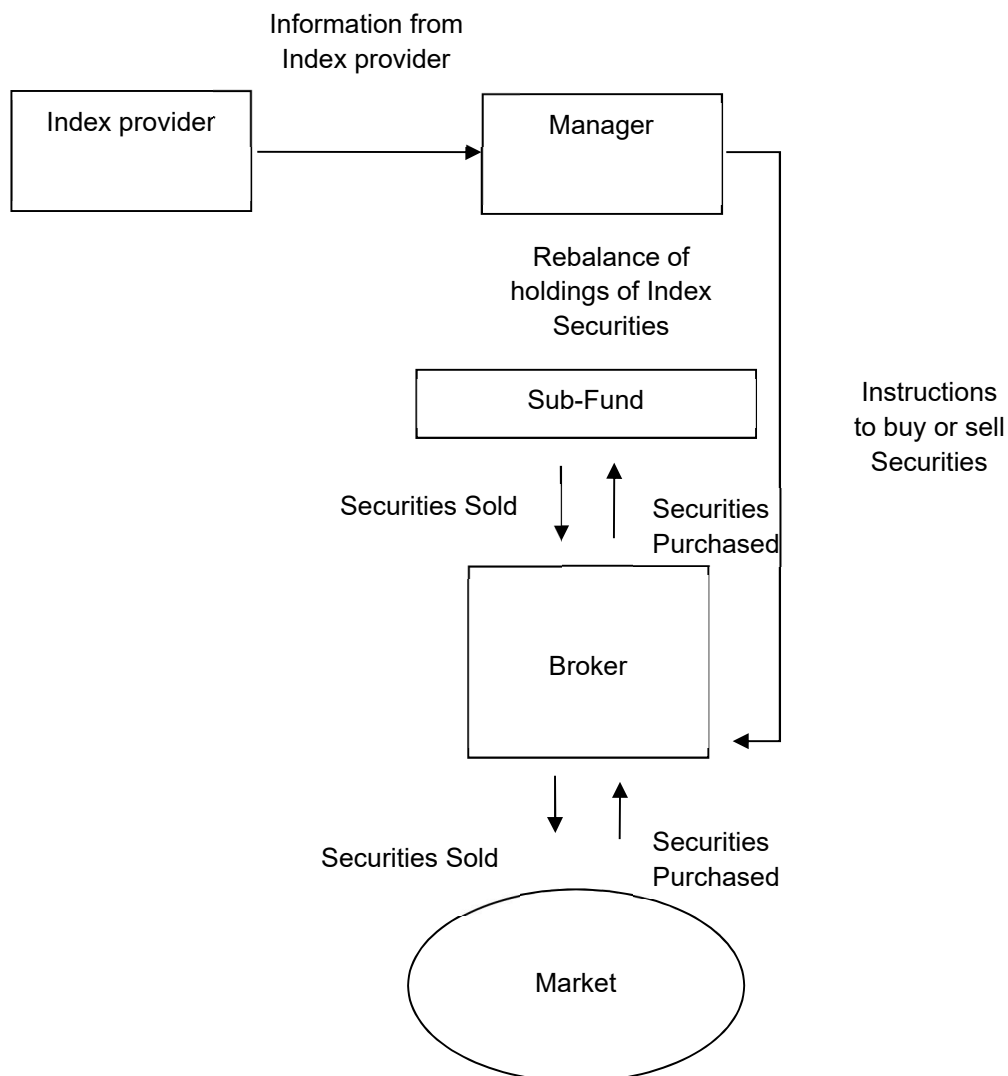
### 11.3 Index Rebalancing

The constituent Index Securities and their respective weightings within an Index will change from time to time. In order for a Sub-Fund to achieve its investment objective of tracking the relevant Index, it will accordingly be necessary for the Manager to rebalance the Sub-Fund's holdings of Index Securities comprised in the relevant Index. The Manager will liaise with the Index provider with regard to such proposed rebalancing and/or derive public information announced by the Index provider and rebalance the holdings of Index Securities accordingly.

An Index will be reviewed on a periodic basis and minor rebalancing will be carried out as and when necessary. For Sub-Fund(s) which adopt a Replication Strategy, it is expected that during the rebalancing, the Sub-Fund's holding of the Index Securities will be realigned to reflect substantially the Index constituents. Minor rebalancing will only be carried out after cost considerations have been taken into account. For Sub-Fund(s) which adopt a Representative Sampling Strategy, the Manager will monitor the tracking error daily and rebalance such Sub-Fund's holdings if considered necessary. You may obtain information on the tracking error of the relevant Sub-Fund (once available) from the Company's website at <http://www.csopasset.com/sg/en/products/sg-wgbi/>.

<sup>1</sup> Only for clients of Participating Dealers and subject to such terms and conditions as may be imposed by the relevant Participating Dealer.

The diagram below represents the rebalancing of a Sub-Fund's holdings of Index Securities following the rebalancing of the Index:



#### 11.4 Market Maker

A market maker is a broker or a dealer registered by the SGX-ST as a designated market maker to act as such by making a market for the Shares in the secondary market on the SGX-ST. A designated market maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Shares on the SGX-ST. Designated market makers accordingly facilitate the efficient trading of Shares by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SGX-ST. Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one designated market maker for a Sub-Fund to facilitate efficient trading.

The current designated market makers for the ICBC CSOP FTSE Chinese Government Bond Index ETF are Flow Traders Asia Pte. Ltd., AP Capital Investment Limited and Phillip Securities Pte Ltd. Any changes to the designated market makers will be announced on the SGXNET and the Company's website at <http://www.csopasset.com/sg/en/products/sg-wgbi/>.

## **11.5 Participating Dealer**

The role of a Participating Dealer is to facilitate creation and redemption of Shares in the Sub-Fund(s) from time to time. Under the terms of the Participation Agreement, only a Participating Dealer may apply to create Shares in respect of an Application Share by the presentation of Index Securities and/or the cash equivalent of the Index Securities where applicable. In its absolute discretion, a Participating Dealer may also apply to create Shares on behalf of its clients from time to time, subject to such terms and conditions as may be imposed by the relevant Participating Dealer.

Any changes to the Participating Dealers will be announced on the SGXNET and the Company's website at <http://www.csopasset.com/sq/en/products/sq-wgbi/>.

## **12. DEALING BY INVESTORS**

Investors cannot create or redeem Shares directly in a Sub-Fund. However, investors may purchase or sell Shares either through Participating Dealers (subject to such terms and conditions as may be imposed by the relevant Participating Dealer) or through the SGX-ST.

For a Sub-Fund listed on the SGX-ST, investors can place an order to buy or sell Shares in cash during the trading day through a broker or any trading member of the SGX-ST as one would in the case of a security listed on the SGX-ST, at any time after dealings in the Shares commence and for so long as the Shares are listed on the SGX-ST. The trading price of Shares may differ from the Net Asset Value per Share and there can be no assurance that a liquid secondary market will exist for the Shares.

Investors who wish to use their Supplementary Retirement Scheme ("SRS") monies to purchase Shares in a Sub-Fund should check with their broker or SRS operator on the procedures.

Brokerage and other fees may be payable when purchasing and selling Shares on the SGX-ST. Please see paragraph 19.4 "Fees and Charges Payable by Investors Dealing in Shares on the SGX-ST" below.

## **13. SUBSCRIPTION AND REDEMPTION**

### **13.1 Minimum Subscription Amount (applicable to Participating Dealers only)**

The minimum subscription amount for a Sub-Fund through a Participating Dealer is 1 Application Share. The Application Share size for a Sub-Fund is the number of Shares specified in the relevant Appendix. Investors who wish to acquire less than 1 Application Share may only acquire such Shares on the SGX-ST.

### **13.2 Continuous Offering of Shares and Dealing Deadlines (applicable to Participating Dealers only)**

Shares in a Sub-Fund will, subject to any suspension of dealings by the Company, be continuously offered to Participating Dealers who may apply for them on any Dealing Day on their own account or for the account of their clients in accordance with the Operating Guidelines. The Dealing Deadline for purposes of subscription or redemption of Shares in cash is 2:30 p.m.(Singapore time) (or such other time as the Company may determine with prior notification to Participating Dealers). All dealing requests are dealt with at the same Net Asset Value at the same Valuation Point for the relevant Dealing Day (or such other time as may be determined by the Company from time to time).

### **13.3 Procedures for Creation of Application Share Size (applicable to Participating Dealers only)**

Only Participating Dealers may submit Creation Applications to the Company and the Manager (with a copy to the Custodian).

The Company shall effect, for the account of the relevant Sub-Fund, the creation of Shares in Application Share size in accordance with any of (a) or (b) below (or a combination of both):

- (a) in exchange for a transfer, by the Participating Dealer, to or for the account of the relevant Sub-Fund, of Securities constituting an Application Basket for the relevant Shares, a cash amount equivalent to any Duties and Charges and any incidental costs associated with the creation of Shares payable plus, if the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component; and if the Cash Component is a negative value, the Company shall make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to the Participating Dealer, provided that in the event that the relevant Sub-Fund has insufficient cash required to pay any Cash Component payable by the relevant Sub-Fund, the Company may effect the sale of all or some of the Sub-Fund Assets of the relevant Sub-Fund, or to borrow monies in accordance with the Constitution, to provide the cash required; or
- (b) in exchange for a cash payment equivalent to the relevant Application Basket Value (which shall be accounted for as Sub-Fund Assets) for the relevant Shares in the Sub-Fund, *plus* an amount equivalent to any Cash Component (if the Cash Component is positive), which the Manager shall use (i) to purchase the Securities comprised in the Application Basket or (ii) to purchase such Securities as the Manager may consider appropriate or (iii) to apply such cash for entry into such contractual agreements (being FDIs or otherwise being in the nature of investments by the Sub-Fund) as the Directors consider appropriate, and if the Cash Component is a negative value, the Company shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to the Participating Dealer, provided that the Company shall be entitled in its absolute discretion to (i) charge (for the account of the relevant Sub-Fund) to the Participating Dealer, such additional sum as represents the appropriate provision for Duties and Charges and any incidental costs associated with the creation of Shares, and (ii) in respect of any difference (if any) between the prices used when valuing the Securities comprising the Application Basket of the relevant Sub-Fund for the purpose of such creation and the purchase prices actually paid or to be paid out of the Sub-Fund Assets in acquiring such Securities comprising the Application Basket for the account of the relevant Sub-Fund (after the addition to the relevant purchase prices of any Duties and Charges and any incidental costs associated with such acquisition of Securities), require the Participating Dealer to pay such difference to the Company (if the difference is negative), or cause to be paid to the Participating Dealer (if the difference is positive), an amount as is determined by the Directors in their sole discretion up to an amount equal to such difference.

The Company shall have the right to reject, acting in good faith, any Creation Application under exceptional circumstances, including without limitation the following circumstances:

- (i) any period during which (i) the creation or issue of Shares of the relevant Class or Sub-Fund is suspended, (ii) the redemption of Shares of the relevant Class or Sub-Fund is suspended, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;
- (ii) where in the opinion of the Directors, acceptance of the Creation Application would have an adverse effect on the Sub-Fund;
- (iii) where in the opinion of the Directors, acceptance of the Creation Application would have a material impact on the relevant Market on which a Security (that is a component of the Index for the relevant Sub-Fund) has its primary listing;
- (iv) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;

- (v) where acceptance of the Creation Application would render the Company in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Company or the Manager necessary for compliance with all applicable legal and regulatory requirements;
- (vi) circumstances outside the control of the Company make it for all practicable purposes impossible to process the Creation Application;
- (vii) any period when the business operations of the Company or any delegate of the Company in respect of a Creation Application are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or
- (viii) an Insolvency Event occurs in respect of the relevant Participating Dealer.

Once the Shares are created, the Company shall effect, for the account of the relevant Sub-Fund, the issue of Shares to the relevant Participating Dealer in accordance with the Operating Guidelines.

No fractions of a Share shall be created or issued by the Company.

An Application for the creation and issue of Shares shall only be made or accepted (as the case may be) on a Dealing Day and shall only be in respect of Shares constituting an Application Share size. All Creation Applications shall only be accepted if made by or through a Participating Dealer in accordance with the terms of the Constitution and the relevant Participation Agreement.

A Creation Application once given cannot be revoked or withdrawn without the consent of the Company.

The Issue Price of Shares shall be based on forward pricing which means that the Issue Price of the Shares shall not be ascertainable at the time of application for Shares.

The creation and issue of Shares pursuant to a Creation Application shall be effected on the Settlement Day in accordance with the Operating Guidelines but:

- (a) for valuation purposes only, Shares shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received; and
- (b) the Register will be updated on Settlement Day or the Dealing Day immediately following Settlement Day if the settlement period is extended pursuant to the Constitution.

If a Creation Application is received by the Company with a trade date specified on a day which is not a Dealing Day, or with no trade date specified, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

If a Creation Application is received by the Company after the Dealing Deadline on a Dealing Day, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

For every successful Creation Application, the Participating Dealer will be sent a confirmation detailing the number of Shares allotted within 7 Business Days of the receipt of the Application by the Registrar. Investors who acquire Shares constituting an Application Share size through a Participating Dealer may request the Participating Dealer to apply to the CDP for his/her Shares to be entered against his/her name on the records of the CDP in accordance with the CDP's terms and conditions.

The Company may reject a Creation Application by a Participating Dealer if the Application is not in a form and substance satisfactory to, and accompanied by such certifications required in the Operating Guidelines (if any) in respect of creation of Shares, together with such certifications and opinions of counsel (if any) as the Company may consider necessary to ensure compliance with applicable securities and other laws in relation to the creation of Shares which are the subject of the Creation Application or other documents as may be required by the Company in accordance with the Constitution, the relevant Participation Agreement and the Operating Guidelines.

The Company may charge a Transaction Fee in respect of Creation Applications and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Creation Application(s) (and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Creation Application(s)) for the benefit of the Company and/or the Registrar and/or the Custodian.

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Share shall not be added to the Issue Price of such Share and shall not be paid from the Sub-Fund Assets of the relevant Sub-Fund.

The Registrar shall be entitled to refuse to enter (or allow to be entered) Shares in the Register if at any time it is of the opinion that the provisions of the Constitution in regard to the issue of Shares, are being or may be infringed.

*Numerical example of amount payable in the case of a cash Creation Application*

The following is an illustration of the total amount payable by a Participating Dealer in making a cash Creation Application based on one Application Share of 50,000 Shares and a notional Issue Price per Share of US\$10.0000 plus Duties and Charges of S\$50 (purely for illustration purpose) and the Transaction Fee of US\$500.

(50,000 Shares	x	US\$10.0000)	+	US\$50	+	US\$500	=	US\$500,550
Number of Shares proposed to be subscribed		Issue Price per Share		Duties and Charges		Transaction Fee		Total amount payable

*Note: The above example is for illustration purposes only and should not be taken as any forecast of future performance. Investors subscribing through a Participating Dealer (whether directly or through a stockbroker) should note that there may be other additional fees and charges (including brokerage fees and charges) payable to the Participating Dealer, and that the Participating Dealer may ultimately pass on fees and charges which it paid to the Company and/or the Registrar and/or the Custodian for the Creation Application to the end investors. Investors should consult the relevant Participating Dealer for details on all additional fees and charges payable by investors.*

**13.4 Cancellation of Creation Application of Shares and Extension of Settlement Period (applicable to Participating Dealers only)**

The Company shall cancel Shares created and issued in respect of a Creation Application if:

- (a) In relation to a Creation Application made pursuant to the Constitution, all the Index Securities and/or cash equivalent of the Index Securities constituting the Application Basket deposited for exchange

have not been vested by or on the relevant Settlement Day or to the Company's satisfaction or evidence of title and instruments of transfer satisfactory to the Company have not been produced to or to the order of the Company; or

- (b) the full amount of (i) any cash payable in connection with the relevant Creation Application and (ii) any Duties and Charges, incidental costs associated with the creation of Shares and Transaction Fee payable have not been received in cleared funds by or on behalf of the Company by such time on the relevant Settlement Day as prescribed in the Operating Guidelines,

provided that, in either event, the Company may at its discretion extend the settlement period (either for the Creation Application as a whole or for a particular Index Security or all the Index Securities and/or the cash equivalent of the Index Security(ies)), such extension to be on such terms and conditions (including as to the payment of any Extension Fee or collateral to the Manager or the Custodian or their Connected Persons or otherwise as it may determine) as the Company may determine, in accordance with the Operating Guidelines.

Upon the cancellation of any Shares as provided under the Constitution or if a Participating Dealer otherwise withdraws a Creation Application other than in the circumstances contemplated above, the Index Securities and/or the cash equivalent of the Index Securities constituting the Application Basket as have been vested in the Company and/or any cash received by or on behalf of the Company in connection with the relevant Creation Application (in either case in respect of such cancelled Shares) shall be redelivered to the Participating Dealer (excluding interest) and the relevant Shares shall be deemed for all purposes never to have been created and the relevant Participating Dealer therefore shall have no right or claim against the Company, the Manager and/or the Registrar in respect of such cancellation provided that:

- (a) the Company may charge the relevant Participating Dealer (for the account of the Custodian) an Application Cancellation Fee;
- (b) the Company may at its absolute discretion require the Participating Dealer to pay to the account of the relevant Sub-Fund, in respect of each Share so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Share exceeds the Redemption Price which would have applied in relation to each such Share if a Participating Dealer had, on the date on which such Shares are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Sub-Fund as a result of any such cancellation;
- (c) the Transaction Fee, Extension Fee (if applicable) and/or Duties and Charges in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Company, the Custodian and/or the Registrar; and
- (d) no previous valuations of the Sub-Fund Assets of the relevant Sub-Fund shall be re-opened or invalidated as a result of the cancellation of such Shares.

### **13.5 The Company's Discretion to Accept Cash Collateral for Creation and Issue of Shares (applicable to Participating Dealers only)**

If the Company determines in its discretion (following an Application by a Participating Dealer) that any Index Security, included in an Application Basket is likely to be unavailable for delivery or available in insufficient quantity for delivery upon the creation of any Application Share by a Participating Dealer, then the Company shall have the right in its discretion to accept cash equal to or in excess of the market value at the Valuation Point for the relevant Dealing Day of such Security in lieu of accepting such Security as constituting part of the Creation Application.

If the Company (following an Application by a Participating Dealer) is satisfied upon a Creation Application by a Participating Dealer that the relevant Participating Dealer is restricted by regulation or otherwise from investing or engaging in a transaction in any Security, the Company shall have the right in its discretion to accept cash equal to or in excess of the market value at the Valuation Point for the relevant Dealing Day of such Security in lieu of accepting such Security constituting part of the relevant Creation Application.

In either scenarios above, the Company shall be entitled in its discretion to charge (for the account of the Company or Sub-Fund) to the applicant of any Shares for which cash is paid in lieu of delivering any Security such additional sum as represents the appropriate provision for Duties and Charges and any incidental costs associated with the creation of Shares (including but not limited to bid/ask spread and price slippage).

### **13.6 Procedures for Redemption of Shares via SGX-ST (applicable to investors other than Participating Dealers)**

Investors who wish to dispose of less than an Application Share size (as specified in the relevant Appendix) may do so by trading the Shares on the SGX-ST. In the case of an investor who has purchased Shares with monies from his SRS Account, any monies payable to such investor in respect of such Shares shall be paid by transferring the monies to the relevant bank for credit of the investor's SRS Account or otherwise in accordance with the provisions of any applicable law, regulations or guidelines. In the event that the SRS Account has been closed, the monies shall be paid to the investor in cash or otherwise in accordance with any applicable law, regulations or guidelines.

### **13.7 Procedures for Redemption of Application Share Size (applicable to Participating Dealers only)**

Only Participating Dealers may apply directly to the Company to redeem Shares. The Manager shall have the exclusive right, at any time and from time to time following a Redemption Application made by a Participating Dealer in accordance with the Constitution, the relevant Participation Agreement and the Operating Guidelines, to effect the redemption of the number of Shares specified in such Redemption Application and upon redemption of the Shares, require the Registrar to cancel such Shares and reduce the share capital of the Company accordingly.

An Application for the redemption and cancellation of Shares shall only be made or accepted (as the case may be) on a Dealing Day, shall only be in respect of Shares constituting an Application Share size thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of the Constitution and the relevant Participation Agreement.

The Redemption Price shall be based on forward pricing which means that the Redemption Price of the Shares shall not be ascertainable at the time of Application to redeem the Shares.

If a Redemption Application is received and accepted by the Company with a trade date specified on a day which is not a Dealing Day, or with no trade date specified, that Redemption Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Redemption Application.

If a Redemption Application is received and accepted by the Company after the Dealing Deadline on a Dealing Day, that Redemption Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Redemption Application.

The Company shall, on receipt of a Redemption Application for a particular Sub-Fund from a Participating Dealer, effect the redemption of the relevant Shares and transfer to the Participating Dealer either (a) the appropriate number of Index Securities constituting the Application Basket for the relevant Shares or (b) a

cash amount equivalent to the Application Basket Value for the relevant Shares; plus, where the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component. If the Cash Component is a negative value, the Participating Dealer shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to or to the order of the Company. In the event that the relevant Sub-Fund has insufficient cash to pay any cash payable, the Company may effect the sale of all or some of the Sub-Fund Assets of the relevant Sub-Fund, or borrow monies in accordance with the Constitution, to provide the cash required.

To be effective, a Redemption Application must:

- (a) be given by a Participating Dealer in accordance with the Constitution, the relevant Participation Agreement and the relevant Operating Guidelines;
- (b) specify the number of Shares which is the subject of the Redemption Application; and
- (c) include the certifications required in the Operating Guidelines (if any) in respect of redemptions of Shares, together with such certifications and opinions of counsel (if any) as the Company may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Shares which are the subject of the Redemption Application.

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Company.

The Company may deduct from and set off against any cash amount payable to a Participating Dealer on the redemption of Shares such sum (if any) which represents the appropriate provision for Duties and Charges, any incidental costs associated with the redemption of Shares (including but not limited to bid/ask spread and price slippage), the Transaction Fee and the Extension Fee (if applicable). To the extent that the cash amount is insufficient to pay such Duties and Charges, any incidental costs associated with the redemption of Shares (including but not limited to bid/ask spread and price slippage), the Transaction Fee and the Extension Fee (if applicable) payable on such redemption the Participating Dealer shall promptly pay the shortfall in base currency for the Sub-Fund to or to the order of the Company. The Company shall not be obliged to deliver (and shall have a general lien over) the Index Securities constituting the Application Basket, if applicable, to be transferred in respect of the relevant Redemption Application until such shortfall and any cash amount payable by the Participating Dealer under the Constitution, the Transaction Fee and the Extension Fee (if applicable) are paid in full in cleared funds to or to the order of the Company.

Unless specifically requested to do so by the Participating Dealer concerned, not later than one month after the relevant Dealing Day, the Company shall be under no obligation to check the calculation of the Redemption Price in connection with any redemption or cancellation of Shares but shall be entitled at any time before the audited accounts of the Company, covering the relevant Dealing Day, have been prepared, to require the Manager to justify its calculation of the Redemption Price.

Any Index Securities transferable and cash payable shall be transferred and paid on the Settlement Day provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Company and, where any amount is to be paid by telegraphic transfer to a bank account in Singapore, verified in such manner as may be required by, and to the satisfaction of, the Company) has been received in accordance with the Operating Guidelines and provided further that the Company shall have received the full amount of any cash amount payable by the Participating Dealer and any Duties and Charges, any incidental costs associated with the redemption of Shares and the Transaction Fee and the Extension Fee (if applicable) payable have been deducted or otherwise paid in full.

On the relevant Settlement Day in relation to an effective Redemption Application: -

- (a) the Shares, which are the subject of the Redemption Application, shall be redeemed and cancelled;
- (b) the Sub-Fund Assets shall be reduced by the cancellation of those Shares but, for valuation purposes only, such Shares shall be deemed to have been redeemed and cancelled after the Valuation Point as at the Dealing Day on which the Redemption Application was received; and
- (c) the name of the Shareholder of such Shares shall be removed from the Register in respect of those Shares on the relevant Settlement Day, and
- (d) the Company shall either, if applicable, transfer the Index Securities constituting the Application Basket relevant to the Redemption Application out of the Sub-Fund Assets of the relevant Sub-Fund to the Participating Dealer or, if applicable, pay the cash amount equivalent to the Application Basket Value and, where required under the Constitution, shall pay any cash amount (with such deductions as are permitted by the Constitution) in accordance with and subject to the provisions of the Constitution as if the same were a distribution payable to the relevant Participating Dealer

No Index Security shall be transferred and no cash amount shall be paid in respect of any Redemption Application unless Shares, which are the subject of the Redemption Application, have been delivered to the Company free and clear of any encumbrance for redemption by such time on the Settlement Day as the Company shall for the time being prescribe for Redemption Applications generally.

Payment will be made within 7 Business Days after the receipt and acceptance of the Redemption Application unless the realisation of Shares has been suspended in accordance with paragraph 17 "Suspension of Dealings".

*Numerical example of the amount of redemption proceeds payable in the case of a cash Redemption Application*

The following is an illustration of the redemption proceeds a Participating Dealer will receive in making a cash Redemption Application based on one Application Share of 50,000 Shares and a notional Redemption Price per Share of US\$10.000 minus Duties and Charges of US\$50 (purely for illustration purpose) and the Transaction Fee of US\$500.

(50,000 Shares	x	US\$10.0000)	-	US\$50	-	US\$500	=	US\$499,450
Number of Shares proposed to be redeemed		Redemption Price per Share		Duties and Charges		Transaction Fee		Redemption Proceeds

*Note: The above example is for illustrative purposes only and should not be taken as any forecast of future performance. Investors redeeming through a Participating Dealer (whether directly or through a stockbroker) should note that there may be other additional fees and charges (including brokerage fees and charges) payable to the Participating Dealer, and that the Participating Dealer may ultimately pass on fees and charges which it paid to the Company and/or the Registrar and/or the Custodian for the Redemption Application to the end investors. Investors should consult the relevant Participating Dealer for details on all additional fees and charges payable by investors.*

### **13.8 Cancellation of Redemption Application of Shares and Extension of Settlement Period (applicable to Participating Dealers only)**

In the event that Shares, which are the subject of a Redemption Application, are not delivered to the Company for redemption in accordance with the foregoing:

- (a) the Company may charge the relevant Participating Dealer (for the account of the Custodian) an Application Cancellation Fee;
- (b) the Company may at its discretion require the Participating Dealer to pay to the account of the Sub-Fund, in respect of each Share so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Price of each such Share is less than the Issue Price which would have applied in relation to each such Share if the Participating Dealer had, on the final day permitted for delivery of the Shares which are the subject of the Redemption Application, made a Creation Application in accordance with the Constitution plus any other amount as the Company reasonably determines as representing any charges, expenses and losses suffered by the Sub-Fund as a result of such cancellation;
- (c) the Transaction Fee, the Extension Fee (if applicable) and/or Duties and Charges in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Company and/or the Custodian and/or the Registrar; and
- (d) no previous valuations of the Sub-Fund Assets shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

The Company may at its discretion extend the settlement period, such extension to be on such terms and conditions (including as to the payment of any Extension Fee to the Company or otherwise as it may determine) as the Company and the Custodian may determine, but in any event not to a date more than one month from the receipt of an effective Redemption Application unless the Market(s) in which a substantial portion of investments of the relevant Sub-Fund is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of redemption proceeds within the aforesaid time period not practicable. In such case, subject to all applicable legal and regulatory requirements, payments may be delayed but the extended time frame for the payment of the redemption proceeds shall reflect the additional time needed in light of the specific circumstances in the relevant Market(s).

The Company may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Creation Application(s)) for the benefit of the Registrar and/or the Company.

### **13.9 Deferral of Redemption Applications (applicable to Participating Dealers only)**

In the event that Redemption Applications are received for the redemption of Shares representing in aggregate more than ten per cent (or such higher percentage as the Company may determine in respect of the Sub-Fund(s)) of the total number of Shares in a Sub-Fund then in issue, the Company may reduce the requests rateably and pro rata amongst all Shareholders seeking to redeem Shares on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to ten per cent (or such higher percentage as the Company may determine in respect of a Sub-Fund) of the Shares in the Sub-Fund then in issue. Shares which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests in respect of the relevant Sub-Fund

themselves exceed ten per cent (or such higher percentage as the Company may determine in respect of that Sub-Fund) of the Shares in the relevant Sub-Fund then in issue) in priority to any other Shares in the relevant Sub-Fund for which redemption requests have been received. Shares will be redeemed at the Redemption Price prevailing on the Dealing Day on which they are redeemed.

#### **13.10 Issue Price and Redemption Price (applicable to Participating Dealers only)**

The Issue Price of Shares, created and issued pursuant to a Creation Application, shall be the Net Asset Value per Share truncated to four decimal places or to such other truncation or rounding as the Company may from time to time determine.

The Company may change the method of determining the Issue Price of a Share, subject to the prior approval of the Directors of the Company, and the Directors shall arrange for such change to be announced on SGXNET.

The Redemption Price of Shares tendered for redemption and cancellation shall be the Net Asset Value per Share truncated to four decimal places or to such other truncation or rounding as the Company may from time to time determine.

The Company may change the method of determining the Redemption Price of a Share, subject to the prior approval of the Directors of the Company, and the Directors shall arrange for such change to be announced on SGXNET.

#### **14. DIRECTED CASH DEALING**

Where a Participating Dealer subscribes or redeems in cash, the Company may at its sole discretion (but shall not be obliged to) transact with a broker/dealer nominated by the Participating Dealer. Should the nominated broker/dealer default on, or change the terms for, any part of the transaction, the relevant Participating Dealer shall bear all the associated risks and costs. In such circumstances, the Company has the right to transact with another broker/dealer and amend the terms of the Creation Application or Redemption Application to consider the default and the changes to the terms.

#### **15. NO CERTIFICATES**

Certificates will not be issued in respect of Shares in the Sub-Fund(s). Shares will be deposited, cleared and settled by the CDP, and held in book-entry form. CDP is the registered owner (i.e. the sole Shareholder on record) of all outstanding Shares deposited with the CDP and is therefore recognised as the legal owner of such Shares. Investors owning Shares are beneficial owners as shown on the records of CDP or the Participating Dealers (as the case may be).

#### **16. DETERMINATION OF NET ASSET VALUE**

The Net Asset Value of each Sub-Fund will be determined by the Fund Administrator as at each Valuation Point applicable to the relevant Sub-Fund, which may be different from the close of any Market, by calculating the value of the assets of the relevant Sub-Fund and deducting the liabilities of the relevant Sub-Fund, in accordance with the terms of the Constitution.

Set out below is a summary of how the assets of the relevant Sub-Fund are valued, subject to the provisions of the Code:

- (a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Company (in consultation with the Custodian) determines that some other method is more appropriate, be valued

by reference to the price appearing to the Company to be the official closing price or last known transacted price on the relevant Market, or, if there be no such official closing price or last known transacted price, the value shall be calculated by reference to the last traded price on a Market as the Company may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Company shall adopt the relevant price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Company; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Company and the Fund Administrator shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing prices or last traded prices as the case may be;

- (b) the value of each interest in any unlisted mutual fund corporation or Unit Trust shall be the latest available net asset value per share or unit in such mutual fund corporation or Unit Trust or if not available or appropriate, the last available bid or offer price for such unit, share or other interest;
- (c) except as provided for in paragraph (a)(iii) or (b), the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended out of the relevant Sub-Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Company may at any time in consultation with the Custodian and shall at such times or at such intervals as the Custodian shall request cause a revaluation to be made by a professional person approved by the Custodian as qualified to value such investments (which may, if the Custodian agrees, be the Company);
- (d) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Company in consultation with the Custodian, any adjustment should be made to reflect the value thereof; and
- (e) notwithstanding the foregoing, the Company in consultation with the Custodian may adjust the value of any investment if, having regard to relevant circumstances, it determines that such adjustment is more appropriate to fairly reflect the value of the investment.

The Fund Administrator will perform any currency conversion at the rates which the Custodian and the Company deem appropriate from time to time.

The above is a summary of the key provisions of the Constitution with regard to how the various assets of the relevant Sub-Fund are valued.

The Company may change the method of valuation of investments subject to the prior approval of the Directors of the Company, and the Directors shall arrange for such change to be announced on SGXNET.

## **17. SUSPENSION OF DEALINGS**

Subject to the provisions of the Code, the Company may, at its discretion, and where practicable following consultation with the relevant Participating Dealers, suspend the creation and/or redemption of Shares and/or delay the payment of any monies and transfer of any Securities in respect of any Redemption Application in the following circumstances:

- (a) during any period when trading on the SGX-ST or any other Recognised Stock Exchange is closed;

- (b) during any period when trading on the SGX-ST or any other Recognised Stock Exchange is restricted or suspended;
- (c) during any period when a Market on which a Security (that is a component of the Index for the relevant Sub-Fund) has its primary listing, or the official clearing and settlement depositary (if any) of such Market, is closed;
- (d) during any period when dealing on a Market on which a Security (that is a component of the Index for the relevant Sub-Fund) has its primary listing is restricted or suspended;
- (e) during any period when, in the opinion of the Company, settlement or clearing of Securities in the official clearing and settlement depositary (if any) of such Market is disrupted;
- (f) during the existence of any state of affairs as a result of which delivery or purchase of Securities or disposal of investments for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Shareholders of the relevant Sub-Fund;
- (g) during any period when the Index for the relevant Sub-Fund is not compiled or published;
- (h) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Sub-Fund or the Net Asset Value per Share of the relevant Class or when for any other reason the Value of any Securities or other property for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Company, reasonably, promptly and fairly be ascertained;
- (i) during any period when the determination of the Net Asset Value of the relevant Sub-Fund is suspended;
- (j) any 48 hours period (or such longer period as the Company may determine) prior to the date of any meeting of Shareholders, or any adjourned meeting thereof;
- (k) during any period when the business operations of the Company, the Manager, the Custodian or delegate of the Company on which the Company relies to effect the creation/redemption of Shares in the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God;
- (l) any period when the market value or fair value of a material portion of the Sub-Fund Assets of the relevant Sub-Fund cannot be determined;
- (m) during any period when the dealing of Shares is suspended pursuant to any order or direction issued by the MAS; or
- (n) during any circumstances as may be required under the provisions of the Code.

Subject to the provisions of the Code, a suspension of the determination of the Net Asset Value shall terminate upon the earlier of:

- (a) the Company declaring the suspension is at an end; or
- (b) the first Dealing Day on which (i) the condition giving rise to the suspension has ceased to exist and (ii) no other condition under which suspension is authorised under the Constitution exists.

Subject to the Code, the Company shall immediately notify Shareholders and the MAS whenever it declares such a suspension. The Company will publish an announcement on its website containing information about the suspension of the determination of the Net Asset Value and/or suspension of dealings. Such suspension will also be publicly announced on the SGXNET.

No Shares will be created or issued during any period of suspension. The Company may at any time by notice to the Company and the MAS, suspend the issue of Shares if, as a result of the issue of such Shares, a Sub-Fund would breach a provision of the Code Guidelines, and the relevant provisions relating to suspension of the right of Shareholders to redeem Shares shall also apply in accordance with the provisions of the Constitution.

## **18. DISTRIBUTION POLICY**

The Company will adopt a distribution policy for each Sub-Fund as set out in the relevant Appendix.

The Company may make distributions out of distributable income and/or the capital of the Sub-Fund. Distributions (whether out of income and/or capital) may have the effect of lowering the Net Asset Value of the Sub-Fund and this will be reflected in the Redemption Price of the Shares. Moreover, distributions out of capital may amount to a reduction of a Shareholder's original investment. Shareholders redeeming their Shares may therefore receive an amount less than their initial investment. Such distributions may also result in reduced future returns to Shareholders.

Distributions will only be paid to the extent that they are available for distribution pursuant to the Constitution. Distributions are not guaranteed and are subject at all times to the Company's discretion.

On a distribution, the Company, in accordance with the instructions of the Manager, will allocate the amount available for distribution and will pay such amount to the CDP who will in turn allocate and make the necessary payment to the Shareholders based on the number of Shares held by each Shareholder on the record of the CDP or its depository agents.

Amounts to be distributed in respect of each Share shall be rounded to the nearest US\$0.01 per Share (unless otherwise described in the relevant Appendix for a Sub-Fund). Subject to the Constitution, any unclaimed distributions payable to a Shareholder may at the expiration of 6 years from the date upon which the same became payable be forfeited and will be held by the Company for the purpose of the relevant Sub-Fund (unless such Sub-Fund has been terminated in which case it will revert to the Company).

## **19. FEES, CHARGES AND EXPENSES**

### **19.1 Management Fee**

The Manager is entitled to receive a management fee for each Sub-Fund, accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The current management fee percentage in respect of each Sub-Fund is set out in the relevant Appendix.

### **19.2 General Expenses**

Any promotional expenses incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in a Sub-Fund will not be paid (either in whole or in part) out of the assets of the relevant Sub-Fund(s).

All the expenses incurred in connection with the convening of meetings of Shareholders and all other transactional costs and operating costs shall be paid out of the assets of the relevant Sub-Fund(s).

The legal fees and/or cost and expenses for the preparation of this Prospectus and any supplementary, replacement or updated prospectus, the Management Agreement and any supplementary, replacement or updated management agreement, product highlights sheets, reports and/or other statements to Shareholders will be borne by the relevant Sub-Fund(s).

The costs of establishing the Company and the ICBC CSOP FTSE Chinese Government Bond Index ETF (which shall not exceed S\$200,000.00) may be paid out of the Sub-Fund Assets of the ICBC CSOP FTSE Chinese Government Bond Index ETF and may be amortised over a period of up to 5 years from the date of the first issue of Shares of the ICBC CSOP FTSE Chinese Government Bond Index ETF.

### 19.3 Fees and Charges Payable by Participating Dealers

The fees and charges payable by Participating Dealers in respect of a Sub-Fund are summarised as follows:

<b><i>Creation of Shares:</i></b>	
Transaction Fee <sup>2</sup>	As specified in the relevant Appendix of a Sub-Fund.
Application Cancellation Fee <sup>3</sup>	As specified in the relevant Appendix of a Sub-Fund.
Extension Fee <sup>4</sup>	As specified in the relevant Appendix of a Sub-Fund.
<b><i>Redemption of Shares:</i></b>	
Transaction Fee	As specified in the relevant Appendix of a Sub-Fund.
Application Cancellation Fee <sup>2</sup>	As specified in the relevant Appendix of a Sub-Fund.
Extension Fee <sup>3</sup>	As specified in the relevant Appendix of a Sub-Fund.

The above fees and charges payable by the Participating Dealers may be passed on to the end investors (those who choose to subscribe and/or redeem Shares through a Participating Dealer) in full or in part, depending on the relevant Participating Dealer.

### 19.4 Fees and Charges Payable by Investors Dealing in Shares on the SGX-ST

The fees and charges payable by investors dealing in Shares in a Sub-Fund on the SGX-ST are summarised as follows:

Subscription / Redemption fee	Nil
Brokerage	Market rates. Investors will have to bear brokerage fees charged by their stockbrokers.
Clearing fee and SGX access fee	Currently the clearing fee and SGX access fee for trading Shares on the SGX-ST are 0.0325% and 0.0075% of the

<sup>2</sup> A Transaction Fee (which includes the transaction charges and out-of-pocket expenses) is payable by a Participating Dealer to the Company and/or the Registrar (as the case may be).

<sup>3</sup> The Application Cancellation Fee is payable by a Participating Dealer to the account of the Company and/or the Registrar on each occasion that a Creation or Redemption Application is cancelled by the Participating Dealer or the Company where applicable.

<sup>4</sup> The Extension Fee is payable by a Participating Dealer to the Manager and/or the Company on each occasion that the Manager, upon a Participating Dealer's request, grants the Participating Dealer an extended settlement in respect of an Application.

	transaction value <sup>#</sup> respectively and subject to the prevailing goods and services tax (“ <b>GST</b> ”).
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<sup>#</sup> Subject to change at SGX-ST's discretion.

### 19.5 Fees and Charges Payable by a Sub-Fund

The fees and charges payable by a Sub-Fund are summarised as follows and are subject to the fee arrangement as specified in the relevant Appendix of a Sub-Fund:

Management Fee	As specified in the relevant Appendix of a Sub-Fund.
Custodian Fee	The Custodian Fee payable is subject to agreement between the Company and the Custodian and may exceed 0.10% of the Net Asset Value of a Sub-Fund depending on, amongst others, the size of the Sub-Fund and the number of transactions carried out.
Other fees and charges	Other fees and charges include fund administration and valuation fees, audit fees, accounting fees, licensing fees, corporate secretarial fees, printing costs, out-of-pocket expenses and Directors' fees. Such fees and charges are subject to agreement with the relevant parties and may amount to or exceed 0.10% of the Net Asset Value of a Sub-Fund, depending on the proportion each fee or charge bears to the Net Asset Value of a Sub-Fund.

## 20. REPORTS AND ACCOUNTS

The financial year-end of the Company is 31 December every year. Audited accounts and the annual report will be prepared and made available on the Company's website at <http://www.csopasset.com/sq/en/products/sq-wgbi/> within three months of each financial year-end (unless otherwise waived or permitted by the MAS). Semi-annual unaudited accounts and the semi-annual report will be prepared and made available on the Company's website at <http://www.csopasset.com/sq/en/products/sq-wgbi/> within two months of the end of the period covered by the relevant accounts and report (unless otherwise waived or permitted by the MAS). Printed copies of the audited accounts and annual report, semi-annual unaudited accounts and the semi-annual reports are not sent to Shareholders. Shareholders may obtain electronic copies of these accounts and reports from the Company's website at <http://www.csopasset.com/sq/en/products/sq-wgbi/>. However, Shareholders who would like to receive printed copies of the accounts and reports may submit the relevant request to the Manager. The Company will also make available, or cause to be made available, hardcopies of the accounts and reports to any Shareholder who requests for them within 2 weeks of any request from such Shareholder (or such other period as may be permitted by the MAS). The contents of the reports will comply with the requirements of the Code and the Listing Rules.

Copies of the audited accounts, the annual reports, the semi-annual unaudited accounts and the semi-annual reports will also be made available on SGXNET.

## **21. ANNOUNCEMENT OF MATERIAL INFORMATION**

The Company will arrange for all material information that affects the Company to be announced on SGXNET and on the Company's website at <http://www.csopasset.com/sg/en/products/sg-wgbi/>.

## **22. CONSTITUTION**

The Company is established under Singapore law by the Constitution. All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Constitution. In the event of any conflict between any of the provisions of this Prospectus and those of the Constitution or Participation Agreement, the provisions of the Constitution or the Participation Agreement shall prevail. The Constitution contains provisions for the indemnification of the Company's officers relief from liability in certain circumstances. Shareholders and intending applicants are advised to consult the terms of the Constitution. All material amendments to the Constitution will be announced on the SGXNET.

## **23. MODIFICATION OF CONSTITUTION**

Subject to the Constitution, the Company may at any time and from time to time by Special Resolution alter or amend this Constitution in whole or in part.

Notwithstanding the above, the Directors may, without approval of the Shareholders, by Board Resolutions alter the following in the Constitution:

- (a) any alteration for the purpose of forming a Sub-Fund;
- (b) any alteration to reflect any appointment or change of the Manager;
- (c) any alteration that does not prejudice the interests of any Shareholder, and does not release to any material extent the Manager or any Director from any responsibility to the Shareholders;
- (d) any alteration that is necessary for the purpose of complying with any order of court, law, direction of a public authority, code of conduct or other quasi-legislation; and
- (e) the removal of an obsolete provision or the correction of any manifest error.

## **24. VOTING RIGHTS**

Shareholders' meetings may be convened by the Directors or by Shareholders representing at least 10% of the Shares in issue, on not less than 21 calendar days' notice (exclusive of the date of the notice and the date of the meeting) in respect of a meeting where a Special Resolution is to be proposed and 14 calendar days' notice (exclusive of the date of the notice and the date of the meeting) in respect of a meeting where an Ordinary Resolution is to be proposed.

These meetings may be used to modify the terms of the Constitution, including to terminate the Company or any Sub-Fund at any time. Subject to the Constitution, such amendments to the Constitution must be passed by Special Resolution. For meetings to pass Ordinary Resolutions, Shareholders will be given at least 14 calendar days' notice (exclusive of the date of the notice and the date of the meeting) of such meeting. For meetings to pass Special Resolutions, Shareholders will be given at least 21 calendar days' notice (exclusive of the date of the notice and the date of the meeting) of such meeting.

Shareholders should take note that voting arrangements will differ depending on the specific matter, as follows:

- (1) to the extent that a matter relates to the appointment and removal of any Director of the Company, only the holder of the Management Share will be able to vote on the relevant resolution, and any potential conflicts of interest will be resolved in accordance with paragraph 27 “Conflicts of Interest ” below;
- (2) to the extent that a matter relates to the variation of share rights of a particular Class of Shares, only holders of the Shares of the relevant Class will be able to vote on the relevant resolution. However, the Directors may vary the rights attaching to any Class without consent of the holders of such Shares provided that the rights will not, in the determination of the Directors, be materially adversely varied or abrogated by such variation;
- (3) to the extent that a matter in question relates to a specific Sub-Fund, the Shareholders of the specific Sub-Fund and the holder of the Management Share will be voting on such matter; and
- (4) to the extent that a matter in question relates to the Company, the Shareholders of all Sub-Fund(s) and the holder of the Management Share will be voting on such matter.

The Directors, the Manager, the Custodian and any of their Connected Persons are prohibited from voting their beneficially owned Shares at, or counted in the quorum for, the meeting at which they have a material interest (including, for the avoidance of doubt, interested party transactions (as defined in the Listing Rules and/or the listing rules of other Recognised Stock Exchange)) in the business to be contracted.

## **25. RESTRICTIONS ON SHAREHOLDERS**

Every person purchasing Shares will be deemed to have represented, agreed and acknowledged that it is not an Unauthorised US Person.

The Directors shall have the power to impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are owned directly or beneficially by any person: -

- in breach of the law or requirements of any country, any governmental authority or any stock exchange on which the Shares are listed;
- in circumstances (whether directly or indirectly affecting such person and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which in its opinion might result in the Sub-Fund, the Company, the Directors, any service provider and/or other Shareholders incurring any liability to taxation or suffering any other potential or actual pecuniary disadvantage or would subject the Company, any Sub-Fund or any service provider to any regulatory compliance which the Company, the relevant Sub-Fund, the Directors, any service provider and/or other Shareholders might not otherwise have incurred, suffered or been subject to; or
- any person in breach of, or reasonably deemed by the Directors to be in breach of, any applicable anti-money laundering or FATCA or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including without limitation the issue of any warranty or supporting document required to be given to the Company or the Registrar.

If it shall come to the notice of the Directors that any Shares are owned directly, indirectly or beneficially by any person in contravention of any such restrictions as are referred to in the Constitution, the Directors may give notice to such person requiring him to transfer such Shares to a person who would not thereby be in contravention of any such restrictions as aforesaid or to request in writing the redemption of such Shares in

accordance with the provisions of the Constitution. If any person upon whom such a notice is served pursuant to the Constitution does not within 30 days after such notice transfer such Shares as aforesaid or establish to the satisfaction of the Directors (whose judgment shall be final and binding) that such Shares are not held in contravention of any such restrictions he shall be deemed to have given a redemption request in respect of all such Shares pursuant to the provisions of the Constitution.

A person who becomes aware that he is holding or owning Shares in contravention of any such restrictions as are referred to in the Constitution shall without delay either transfer all such Shares to a person who would not thereby be in contravention of any such restrictions as aforesaid or request in writing the redemption of all such Shares pursuant to the provisions of the Constitution.

The Directors may at any time and from to time, by notice in writing, call upon any person holding directly or beneficially any Shares to provide to the Directors such information and evidence as they shall require upon any matter concerned with or in relation to such person's holding of or interest in, or the ultimate beneficial owners of (or intermediate holders or owners of), the Shares. The exercise by the Directors of the powers conferred by the Constitution shall not be questioned or invalidated in any case on the ground that there was insufficient evidence of ownership of Shares by any person or that the true ownership of any Shares was otherwise than appeared to the Directors at the relevant date, provided that the said powers shall have been exercised in good faith. Save where the Directors is found by a court of competent jurisdiction that it has been fraudulent, in wilful default or negligent, the Directors shall have no liability whatsoever to any person for any special, direct, indirect, consequential or any other damages (including lost profits) on account of anything done or omitted by the Directors in exercising its duties and right to restrict or prevent ownership of Shares by an Unauthorised US Person or any person falling under the relevant provisions of the Constitution.

## **26. TRANSFER OF SHARES**

Shares held by Shareholders may be transferred by an instrument in writing and must be signed (and, in the case of a body corporate, signed on behalf of or sealed) by the transferor and the transferee. The transferor shall be deemed to remain the Shareholder of the Shares transferred until such time as the name of the transferee is entered in the Register pursuant to the transfer.

For so long as the Shares are listed on the SGX-ST, transfers of Shares between depositors (i.e. direct account holders with the CDP and depository agents whose names are entered in CDP's register in respect of Shares held by them) shall be effected electronically through the CDP making an appropriate entry in CDP's electronic register of the Shares that have been transferred in accordance with CDP trading requirements, and the above paragraph will not apply to such transfers.

## **27. CONFLICTS OF INTEREST**

The following inherent or potential conflicts of interest should be considered by prospective investors before investing in the Company. Where any potential conflict of interest arises, the Directors and the Manager will endeavour to ensure that any such conflict is resolved in a fair and equitable manner and in the best interest of the Company and its Shareholders.

- (a) The Directors, the Fund Administrator, the Custodian, the Manager and other service providers or their respective agents, delegates or associated parties may engage in or possess an interest in other business ventures of every kind and description, including (i) investments for their own account in securities held by the Company from time to time (save and except for the Manager); or (ii) investment advisory or supervisory services with respect to securities or other types of financial investments. Each of the parties will ensure that the performance of their respective duties will not be impaired by any such involvement. If a conflict of interest does arise, the parties will endeavour to ensure that it is resolved fairly and equitably and in the interest of the Company or the relevant Sub-Fund(s). Moreover,

each of them will devote to the Company or the relevant Sub-Fund(s), as the case may be, only so much of their time as they deem necessary or appropriate in connection with the activities of the Company or the relevant Sub-Fund(s) (as the case may be).

- (b) The Directors, the Fund Administrator, the Custodian and the Manager may from time to time act as directors, administrator, registrar, secretary, custodian, cash custodian, manager or investment adviser or carry out other functions as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Company or the relevant Sub-Fund(s). Any of them may, in the course of business, have potential conflicts of interest with the Company or the relevant Sub-Fund(s). Each will, at all times give due regard in such event to its obligations to the Company and the relevant Sub-Fund(s) and will endeavour to ensure that such conflicts are resolved fairly. To the extent that there are similar investment objectives, the Manager will, as far as practicable, endeavour to have the same Securities holdings for such overlapping areas with such Securities allocated on a fair and equitable basis among the relevant funds. The Fund Administrator will act in accordance with the standard of care applicable to a professional administrator for hire providing equivalent services to companies such as the Company.
- (c) The Directors, the Fund Administrator, the Custodian and the Manager and their respective affiliates, delegates and their key personnel may, in certain circumstances, take positions in accounts of other clients opposite to those taken in relation to a Sub-Fund and/or take positions in accounts of other clients which involve conflicts or potential conflicts with positions taken by such Sub-Fund. These positions could adversely affect the performance of investments held by a Sub-Fund. Subject to the investment strategy adopted by a Sub-Fund as specified in the relevant Appendix, the Manager may also decline to make an investment for a Sub-Fund out of concern that such investment might harm another client of the Manager, the Directors or any of their respective affiliates or key personnel. Nonetheless in the context of a Sub-Fund which adopts a Representative Sampling Strategy, such Sub-Fund may not necessarily have to invest into the underlying constituents of the Index as it may still achieve its investment objective and investment strategy by holding Securities that need not be constituents of the Index.
- (d) To the extent permitted by applicable law, the Manager and/or any of its affiliates or delegates may have a monetary or non-monetary interest in the transactions and/or a potential conflict of interest including the fact that the Manager and/or its affiliates or delegates may provide services to other parties in the same transactions and in turn earn profits from such services, including without limitation, investment management and advisory services, brokerage services, marketing services, providing research reports, consultancy services, acting in the same transactions as agent for more than one customer, and none of the Manager and its affiliates and delegates shall be liable to account for any profits earned from any aforementioned transactions, provided that such transactions are conducted on an arm's length basis.
- (e) Without limiting the generality of the forgoing paragraph (d), to the extent permitted by applicable law and the Code, the Manager may enter into portfolio transactions for or with the Company (for the purpose of a Sub-Fund) either as agent, in which case it may receive and retain brokerage commissions, or as principal with the Company (for the purpose of a Sub-Fund) provided that such transactions are carried out as if effected on normal commercial terms negotiated on an arm's length basis, consistent with best execution standards and subject to such commissions being charged at rates which do not exceed customary full service brokerage rates.
- (f) The Manager may share with any other person (including, but not limited to, any investor or any person introducing investors) any fees and other benefits to which it is entitled to receive from the Company or a Sub-Fund. The Manager and any person connected with it, including any shareholder, director,

officer and employee of the Manager or its associated companies, may invest in a Sub-Fund, and the Manager may allow to any such person a reduction or rebate of any fees to which the Manager is entitled.

- (g) The Manager may manage other funds and/or accounts and will remain free to provide such services to additional funds and accounts, including for their own accounts, in the future. The Manager may vary the investment strategies employed on behalf of a Sub-Fund from those used for itself and/or for other clients. No assurance is given that the results of the trading by the Manager on behalf of a Sub-Fund will be similar to that of other funds and/or accounts concurrently managed by the Manager. It is possible that such funds and accounts and any additional funds and accounts to which the Manager in the future provides such services may compete with a Sub-Fund for the same or similar positions in the markets. Where the Manager is managing or advising other funds or accounts with similar investment policies to a Sub-Fund, it will ensure that appropriate investment opportunities are allocated on a fair and equitable basis between the Sub-Fund and such other funds or accounts.
- (h) The Directors may also hold or may assume directorships or equivalent positions in other funds or entities (including the Manager's related corporations). Therefore, they may be put in a position where their duties to act in the best interests of the funds or entities in which they hold directorships (or equivalent positions) may conflict. In dealing with any potential conflicts of interest, the Directors are obliged to act in the best interest of the Company and each Sub-Fund, pursuant to their duties imposed by the Variable Capital Companies Act as well as any other duties mandated by common law. The Directors will ensure that the performance of their respective duties will not be impaired by any such involvement and that any such activities will be conducted on an arm's length basis. If a conflict of interest does arise, the Directors will endeavour to ensure that it is resolved fairly and in the interest of the Shareholders.
- (i) A Director may be a party to, or otherwise interested in, any transaction or arrangement with a Sub-Fund, or in which a Sub-Fund is otherwise interested. The Director will not be liable to account to a Sub-Fund for any profit he derives from such a transaction or arrangement provided the nature and extent of any material interest has been disclosed to the other Directors and that the Director acts in the best interest of a Sub-Fund, pursuant to the duties imposed by the Variable Capital Companies Act as well as any other duties mandated by common law. Save as disclosed in this Prospectus, no Director has any interest, direct or indirect, in the promotion of, or in any assets which are proposed to be acquired, disposed of by or leased to, a Sub-Fund. Save as disclosed in this Prospectus, no Director has a material interest in any contract or arrangement entered into by a Sub-Fund which is unusual in nature or conditions or significant in relation to the business of such Sub-Fund, nor has any Director had such an interest since the Company was incorporated. To the extent that a Director has a personal material interest in any contract or arrangement directly or indirectly, such Director may not vote on such contract or arrangement.
- (j) The Fund Administrator, the Custodian and/or their respective Connected Persons may contract with or enter into any financial banking or other transaction with the Company (for the purpose of a Sub-Fund), any Shareholder or any company or body whose assets are held by or on behalf of the Sub-Fund. The Fund Administrator, the Custodian and/or their respective Connected Persons may deal, as principal or agent, with the Company (for the purpose of a Sub-Fund) if such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. In addition, any of the foregoing may own Shares and hold, dispose or otherwise deal with the Shares as well as hold or deal in any investments notwithstanding that similar investments may be held by or on behalf of the Sub-Fund. The Fund Administrator, the Custodian and their respective Connected Persons shall not be liable to account to any person for any profits or benefits made or derived by them in connection with any such transaction.

- (k) The Directors, the Manager and its associated companies may, from time to time, acting on an arm's length basis, receive fees from portfolio companies for structuring, negotiating documentation, monitoring and administering of the facilities and securities of the portfolio companies.
- (l) Each Sub-Fund bears its own expenses. However, common expenses will be incurred on behalf of a Sub-Fund and one or more other clients. The Manager will seek to allocate those common expenses among the Sub-Fund(s) and the other clients in a manner that is fair and equitable over time. However, expense allocation decisions will involve potential conflicts of interest (e.g., conflicts relating to different expense arrangements with certain clients). The Manager may use a variety of methods to allocate common expenses among the Sub-Fund(s) and the other clients, including methods based on assets under management, relative use of a product or service, the nature or source of a product or service, the relative benefits derived by the Sub-Fund(s) and the other clients from a product or service, or other relevant factors. Nonetheless, because the Manager's expense allocations often depend on inherently subjective determinations, the portion of a common expense that the Manager allocates to the Sub-Fund(s) for a particular product or service may not reflect the relative benefit derived by such Sub-Fund(s) from that product or service in any particular instance.
- (m) In respect of voting rights relating to any Index Securities where the Manager may face a conflict between its own interest and that of the Shareholders, the Manager shall cause such voting rights to be exercised in consultation with the Directors.
- (n) Only the Manager (by virtue of being the holder of the Management Share) may vote on the appointment and removal of the Directors in accordance with the Constitution while the Company acting through its Directors may terminate the appointment of the Manager in accordance with the Management Agreement. These matters do not require and are not subject to the approval of holders of Participating Shares. Nonetheless, should the Directors fail to terminate the appointment of the Manager, the Company may still do so in accordance with the Management Agreement by way of the holders of Participating Shares requisitioning a general meeting of the Company and passing a Special Resolution in accordance with the Constitution and the Variable Capital Companies Act. Approval of the holders of Participating Shares by Special Resolution is also necessary in order for the Company to appoint another corporation to act as the manager of the Company in the event that the Manager shall retire or be removed or its appointment shall otherwise terminate.

## **28. REMOVAL OF THE MANAGER**

The Management Agreement shall continue and remain in force unless and until terminated by either the Company or the Manager, as the case may be, giving to the other party not less than 90 days' written notice, provided that the Management Agreement may be determined without delay by notice in writing by the Company if the Manager shall:-

- (a) commit any material breach of its obligations under the Management Agreement and if such breach is capable of being made good, shall fail to make good such breach within 30 days of receipt of written notice from the notifying party requiring it so to do; or
- (b) be liquidated or dissolved (except a voluntary liquidation or a voluntary dissolution for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the notifying party) or be unable to pay its debts as they fall due or commit any act of bankruptcy under the laws of any jurisdiction to which that party may be subject or if a receiver is appointed over any of its assets.

The Company may terminate the Management Agreement without delay by notice in writing if:-

- (a) it appears to the Company that the Manager is not performing its duties under the Management Agreement effectively or in compliance with any applicable laws, regulations and/or regulatory requirements; or
- (b) it is directed by the MAS to remove the Manager.

In the event that the Manager be removed or its appointment shall otherwise terminate, the Company shall appoint another corporation to act as the manager of the Company which is approved by the Shareholders by Special Resolution to be the manager in place of the Manager being removed on or before the expiry of any period of notice of such removal.

## **29. RETIREMENT OF THE MANAGER**

The Manager shall have power to retire in favour of a corporation selected by the Manager and approved by the Company and upon payment to the Company of all sums due by the retiring Manager to the Company under the Management Agreement at the date thereof the retiring Managers shall be absolved and released from all further obligations hereunder but without prejudice to the rights of the Company in respect of any act or omission prior to such retirement.

In the event that the Manager shall retire, the Company shall appoint another corporation to act as the manager of the Company which is approved by the Shareholders by Special Resolution to be the manager in place of the Manager so retiring on or before the expiry of any period of notice of such retirement.

## **30. LIABILITY AND INDEMNITY OF MANAGER**

The Management Agreement contains the duties and responsibilities of the Manager. It requires amongst others, that the Manager use its best endeavours to: (a) carry on and conduct its business in a proper and efficient manner; and (b) ensure that each Sub-Fund is carried on and conducted in a proper and efficient manner.

The Manager shall not be exempted from any liability to the Company for losses due to its gross negligence, wilful default or fraud or that of any of its officers or employees, nor may it be indemnified against such liability by the Company. The Management Agreement includes certain exclusions of liability and indemnities in favour of the Manager, other than in respect of the Manager's gross negligence, wilful default, fraud or bad faith.

## **31. EXCHANGE CLEARANCE AND SETTLEMENT**

For the purpose of trading on the SGX-ST, a board lot for the Shares will comprise 10 Shares.

Upon listing and quotation on the SGX-ST, the Shares will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

### **31.1 Clearance and Settlement under the Depository System**

The Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Shareholders in respect of the number of Shares credited to their respective Securities Accounts. Investors should note that as long as the Shares are listed on the SGX-ST, Shares may not be withdrawn from the depository register kept by CDP.

Transactions in the Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired and no transfer stamp duty is currently payable for the transfer of Shares that are settled on a book-entry basis.

Shares credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Shares credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a transfer fee payable to CDP (investors should refer to the CDP's website at [www.sgx.com](http://www.sgx.com) for the latest applicable transfer fee). All persons trading in the Shares through the SGX-ST should ensure that the relevant Shares have been credited into their Securities Account, prior to trading in such Shares, since no assurance can be given that the Shares can be credited into the Securities Account in time for settlement following a dealing. If the Shares have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the CDP will be implemented.

Trading of the Shares on the SGX-ST will be carried out in the currency(ies) as specified in the relevant Appendix, and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Business Day following the transaction date (or such other period as may be determined by CDP). CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

### **31.2 Clearing Fees**

A clearing fee and an SGX access fee for the trading of Shares on the SGX-ST is payable at the rate of 0.0325% and 0.0075% of the transaction value respectively (or such other rate of clearing fee and SGX access fee as the SGX-ST may determine from time to time). The clearing fee, access fee, instrument of transfer, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

### **31.3 Dual Currency Trading**

A Sub-Fund may be traded in different currency denominations on the SGX-ST, as specified in the relevant Appendix. Investors can buy and/or sell Shares in a currency specified in the relevant Appendix, regardless of the currency in which it was first bought and/or sold.

Share holdings will be consolidated in investors' CDP accounts so that the total number of Shares can be viewed at a glance, for example, 1,000 US\$-denominated Shares and 2,000 S\$-denominated Shares will be reflected as 3,000 Shares in an investor's CDP account.

In most cases, the traded prices in the two currency counters should theoretically be equivalent or close to each other, taking into consideration the prevailing foreign exchange rate. However, in certain cases, due to market supply and demand factors in the respective counters and the market activity of the market makers,

the price relationship and difference between the two counters might not necessarily be the foreign exchange rate between both counters.

Investors should refer to the SGX website at [www.sgx.com](http://www.sgx.com) for more information on dual currency trading.

## **32. TERMINATION**

The Company and each of its Sub-Fund(s) may be terminated by the Directors in their absolute discretion by notice in writing to the Shareholders if:

- (a) after one year from 15 July 2020 or the date of establishment of each Sub-Fund, as the case may be, the aggregate Net Asset Value of all the Shares in each Sub-Fund outstanding hereunder shall be less than S\$150 million; or
- (b) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Company and which renders the Company illegal, impracticable or inadvisable in the good faith opinion of the Directors to continue.

One or more Sub-Fund(s) and/or Classes of Shares may be terminated by the Directors in their absolute discretion by notice in writing to the relevant Shareholders if:

- (a) after one year from the date of establishment of the relevant Sub-Fund or any Class of Shares, the aggregate Net Asset Value of all the Shares in the relevant Sub-Fund or any Class of Shares outstanding hereunder shall be less than S\$150 million;
- (b) any law or regulation shall be passed or amended or any regulatory directive or order is imposed that affects a Sub-Fund and which renders such Sub-Fund illegal, impracticable or inadvisable in the good faith opinion of the Directors to continue;
- (c) the Index is no longer available for benchmarking or the Index license agreement is terminated and no suitable replacement Index is available to the Sub-Fund;
- (d) the Shares of the relevant Sub-Fund are no longer listed on the SGX-ST or any other Recognised Stock Exchange (as the case may be);
- (e) the CDP or any other central depository system for the holding and transfer of book-entry securities is no longer able to act as the depository for the Shares listed on the SGX-ST or any other Recognised Stock Exchange (as the case may be);
- (f) the Authority revokes or withdraws the authorisation of the Sub-Fund under the Securities and Futures Act;
- (g) at any time, the relevant Sub-Fund ceases to have any Participating Dealer;
- (h) the Manager is unable to implement its investment strategy in respect of the relevant Sub-Fund; or
- (i) at any time, the relevant Sub-Fund ceases to have any market maker.

The Directors shall give notice of termination to the relevant Shareholders and by such notice fix the date at which such termination is to take effect which date shall not be less than three months after the service of such notice (unless otherwise stated).

Upon the Company or any Sub-Fund being terminated:

- (a) no Redemption Application or redemption request may be submitted;
- (b) the Manager shall arrange the sale of all investments then comprised in each Sub-Fund being terminated and such sale shall be carried out and completed in such manner and within such period as the Manager shall consider advisable except in the event that circumstances exist as a result of which, in the sole opinion of the Manager, it is not reasonably practicable to realise all the investments comprised in the relevant Sub-Fund;
- (c) Participating Shares of each Sub-Fund being terminated shall be compulsorily redeemed on a date determined by the Directors and the Company shall pay (in cash or in specie, as may be determined by the Directors, provided that no Member will be required to accept the distribution to him of any assets in specie without his written consent) to each holder of Participating Shares the Redemption Price in respect of the redeemed Participating Share and following the effective date of such compulsory redemption such Member shall only have the right to receive the Redemption Price and the right to receive any declared but unpaid dividends.

### **33. TAXATION**

The following summary of the principal Singapore income tax consequences applicable to the Sub-Fund(s) is based upon the proposed conduct of the activities to be carried out by the Sub-Fund(s), the Company and the Manager as described in this Prospectus. The following summary does not constitute legal or tax advice and does not address non-Singapore withholding taxes or other taxes that may be applicable to the income and gains derived from the investments of the Sub-Fund(s). The comments in this summary could be adversely affected if any of the material facts on which they are based should prove to be inaccurate.

The summary is based on the existing provisions of the relevant Singapore income tax laws and the regulations thereunder, the circulars issued by the MAS and practices and interpretation of such income tax laws in effect as of the date hereof, all of which are subject to change and differing interpretations at any time, either on a prospective or retrospective basis. Any such changes could adversely affect the summary herein. The summary does not purport to be comprehensive.

In addition, the comments herein are not binding on the Singapore tax authorities and there can be no assurance that the authorities will not take a position contrary to any of the comments herein. The summary is not intended to constitute a complete analysis of all the tax considerations relating to investment in the Shares. It is emphasised that none of the Sub-Fund(s), the Company, the Manager or any other persons involved in the preparation of the Prospectus accepts responsibility for any tax effects or liabilities resulting from the purchase, ownership or disposition of the Shares. Prospective investors should consult their own tax advisers concerning the tax consequences of their particular situations.

#### **33.1 Singapore Income Tax**

Singapore income tax is imposed on income accruing in or derived from Singapore and on foreign-sourced income received or considered to be received in Singapore, unless otherwise exempted under the Singapore Income Tax Act (“SITA”). The prevailing corporate income tax rate is 17%.

Foreign income in the form of branch profits, dividends and service fee income received or considered to be received in Singapore by a Singapore tax resident company may however be exempted from Singapore income tax subject to meeting certain prescribed qualifying conditions.

### 33.2 Gain on Disposal of Investments

Singapore does not impose tax on capital gains. However, depending on the specific facts and circumstances surrounding the acquisition and divestment of investments, gains from the disposal of investments may be construed to be of an income nature and subject to Singapore income tax. Generally, gains on disposal of investments are considered income in nature if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore.

As the investments and divestments of assets of the Company (including the Sub-Fund(s)) are managed by the Manager in Singapore, the Company (and the Sub-Fund(s)) may be construed to be carrying on activities of a trade or business in Singapore. Accordingly, the income derived by the Company (and the Sub-Fund(s)) may be considered income accruing in or derived from Singapore and subject to Singapore income tax, unless the income of the Company (and the Sub-Fund(s)) is otherwise exempted from Singapore income tax.

### 33.3 The Enhanced-Tier Fund Scheme

The Company will be seeking approval to be an “approved person” under section 13X of the SITA and the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 (the “**Regulations**”) (collectively referred to as the “**ETF Scheme**”).

Under the ETF Scheme, “specified income” derived from “designated investments” by an “approved person” is exempt from income tax in Singapore, if the “approved person” is managed by a fund manager in Singapore and certain prescribed conditions are met.

A “fund manager” for the purpose of the ETF Scheme means a company holding a capital markets services licence under the Securities and Futures Act (“**SFA**”) for fund management or one that is exempt under the SFA from holding such a licence. The Manager holds a capital markets services licence for fund management under the SFA.

Unless excluded, all income and gains derived by an approved person from “designated investments” will be considered “specified income”. Excluded income or gains are defined to be<sup>5</sup>:

- (a) distributions made by a trustee of a real estate investment trust<sup>6</sup> that is listed on the Singapore Exchange;
- (b) distributions made by a trustee of a trust who is resident of Singapore or a permanent establishment in Singapore, other than a trust that enjoys tax exemption under sections 13CA, 13G, 13O or 13X of the SITA;
- (c) income or gain derived or deemed to be derived from Singapore from a publicly-traded partnership, where tax is paid or payable in Singapore on such income of the partnership by deduction or otherwise; and
- (d) income or gain derived or deemed to be derived from Singapore from a limited liability company, where tax is paid or payable in Singapore on such income of the limited liability company by deduction or otherwise.

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<sup>5</sup> This is based on the details of the changes set out in the circular issued by the MAS titled “Tax Incentive Schemes for Funds” (Circular No.: FDD Cir 09/2019) dated 7 June 2019, which have not been legislated yet.

<sup>6</sup> As defined in section 43(10) of the SITA, which is a trust constituted as a collective investment scheme authorised under section 286 of the SFA and listed on the Singapore Exchange, and that invests or proposes to invest in immovable property and immovable property-related assets.

“Designated investments” is defined to mean, among others, the following<sup>7</sup>:

- (a) stocks and shares of any company, other than an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (b) debt securities (i.e. bonds, notes, commercial papers, treasury bills and certificates of deposits), other than non-qualifying debt securities<sup>8</sup> issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (c) futures contracts held in any future exchanges;
- (d) deposits placed with any financial institution;
- (e) foreign exchange transactions; and
- (f) interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and financial derivatives<sup>9</sup>.

### 33.4 Certain Conditions to be Met by the Company to be Approved for the ETF Scheme

To be approved as an “approved person” under the ETF Scheme, the Company must undertake to meet the conditions set out below. The following conditions should be applied at the Company level (and not the Sub-Fund(s) level). The Company must:

- (i) be a tax resident of Singapore where the control and management of its business is exercised in Singapore;
- (ii) be managed or advised directly throughout each basis period relating to any year of assessment by a Fund Management Company (“**FMC**”) in Singapore, where the FMC:
  - a. must hold a capital markets services licence for the regulated activity of fund management under the SFA or is exempt from the requirement to hold such a licence under the SFA; and
  - b. must employ at least three investment professionals<sup>10</sup>;
- (iii) have a minimum fund size of S\$50 million at the point of application;
- (iv) not use the fund vehicle to serve other investment purposes apart from what it is approved under the ETF Scheme;
- (v) incur at least S\$200,000 local business spending<sup>11</sup> in each basis period relating to any year of assessment;

<sup>7</sup> This is based on the details of the changes set out in the circular issued by the MAS titled “Tax Incentive Schemes for Funds” (Circular No.: FDD Cir 09/2019) dated 7 June 2019, which have not been legislated yet.

<sup>8</sup> “Non-qualifying debt securities” refer to debt securities that do not enjoy the “Qualifying Debt Securities” tax status as defined under section 13(16) of the SITA.

<sup>9</sup> “Financial derivatives” means derivatives the payoffs of which are linked, whether in whole or in part, to the payoffs or performance of any financial assets, securities, financial instruments or indices, but excludes derivatives the payoffs of which are wholly linked to the payoffs or performance of commodities.

<sup>10</sup> Investment professionals refer to portfolio managers, research analysts and traders who are earning more than S\$3,500 per month and must be engaging substantially in the qualifying activity.

<sup>11</sup> According to accounting principles and includes, but not limited to, the following expenses paid to local entities: remuneration, management fees and other operating costs.

- (vi) use a Singapore-based fund administrator;
- (vii) not change its investment objective / strategy<sup>12</sup> after being approved for the ETF Scheme, unless otherwise approved;
- (viii) not concurrently enjoy other tax incentive schemes;
- (ix) commit to provide the relevant authority with such other information as such authority may reasonably require; and
- (x) satisfy such other conditions that may be specified in the approval letter.

The condition in paragraph (iii) above is only required to be complied with at the point of application. The other conditions will have to be fulfilled throughout the life of the Company.

The Manager will endeavour to conduct the affairs of the Company in such a way that it qualifies for the ETF Scheme and satisfies the qualifying conditions. There is, however, no assurance that the Manager will, on an on-going basis, be able to ensure that Company meets all the qualifying conditions for ETF Scheme. Upon any such disqualification, the Company (including the Sub-Fund(s)) may be exposed to Singapore tax on its income and gains at the prevailing corporate tax rate.

### **33.5 Reporting Obligations**

The Company will be required to submit annual tax returns to the Inland Revenue Authority of Singapore. In addition, once approved for the ETF Scheme, the Company will be required to submit annual declarations to the MAS. The annual declaration should be submitted within four months of the end of the financial year end of the Company.

### **33.6 Distributions to investors**

Singapore currently adopts a one-tier tax system. Under the one-tier tax system, tax paid by a Singapore company on its chargeable income is the final tax. Singapore does not impose withholding tax on dividends paid.

Where the Shares are treated as equity for tax purposes, dividends paid by the Company (being a Singapore tax resident company) should be exempt from tax in the hands of the shareholders.

## **34. MISCELLANEOUS INFORMATION**

### **34.1 Inspection of Documents**

Copies of the following documents are available for inspection at the offices of the Company during usual business hours on each Business Day:

- Constitution;
- Register of each Sub-Fund; and

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<sup>12</sup> In the case of an umbrella variable capital company (VCC), it is pertinent that all the sub-funds meet the investment objective as stated in the approval letter for the ETF Scheme as any breach of the condition by one sub-fund would adversely impact the entire umbrella VCC (i.e. the entire umbrella VCC would not be able to enjoy tax exemption under the ETF Scheme).

- the latest available annual report and audited accounts, and the latest semi-annual report and unaudited semi-annual accounts of the Company (once available).

### **34.2 Online publication of dealing prices**

The Net Asset Value per Share of the Sub-Fund(s) and the respective Dealing Day to which the Net Asset Value per Share relates to will be published on the Company's website at <http://www.csopasset.com/sg/en/products/sg-wgbi/> on the Business Day following each Dealing Day.

The Net Asset Value per Share of the Sub-Fund(s) will also be announced on SGXNET at the end of each week.

### **34.3 Information on the Internet**

The Company will publish information with respect to the Company and the Sub-Fund(s) on the Company's website at <http://www.csopasset.com/sg/en/products/sg-wgbi/> and on SGXNET including:

- this Prospectus and the Product Highlights Sheet of each Sub-Fund (as may be updated, replaced or supplemented from time to time);
- the latest available annual report and audited accounts, and the latest semi-annual report and unaudited semi-annual accounts of the Company (once available);
- any removal or retirement of the Manager;
- any public announcements made by the Company, including information with regard to the Indices, notices of the suspension of the calculation of the Net Asset Value, changes in fees, suspension and resumption of trading and changes in the Participating Dealer(s);
- the holdings, the closing Net Asset Value and Net Asset Value per Share and fund performance information, in respect of each Sub-Fund;
- list of Participating Dealers in respect of each Sub-Fund; and
- any material events relating to the management of the Company.

Material information on the Index of each Sub-Fund will be available on the website of the relevant Index provider.

### **34.4 Anti-Money Laundering Regulations**

As part of the Manager's and the Company's responsibility for the prevention of money laundering and countering the financing of terrorism and to comply with all applicable laws, regulations, notices, codes and guidelines to which the Manager, the Company or any Sub-Fund is subject, the Manager, the Registrar or the Company may require a detailed verification of an investor's identity and the source of payment of any subscriptions. Depending on the circumstances of each application, a detailed verification may not be required where:

- the investor makes the payment from an account held in the investor's name at a recognised financial institution; or
- the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by the Company and the Manager as having sufficient anti-money laundering regulations.

### **34.5 Queries and Complaints**

If you have questions concerning the Company or any Sub-Fund, you may call the Company at telephone number (65) 6279 2899 or the Manager at telephone number (65) 6279 2899.

*The information relating to the Index of each Sub-Fund as presented in the relevant Appendix has been provided by the relevant Index provider and/or extracted from publicly available information that have not been prepared or independently verified by the Company, the Manager or advisers in connection with the offering and listing of Shares and none of them makes any representations as to or takes any responsibility for the accuracy, adequacy, timeliness or completeness of such information contained in the relevant Appendix. Any liability for errors or omissions in the relevant Appendix, or for any action taken in reliance on the information contained therein is hereby expressly disclaimed. No warranty of any kind, implied, express or statutory, including but not limited to the warranties of non-infringement of third party rights, title, merchantability, satisfactory quality or fitness for a particular purpose, is given in conjunction with the relevant Appendix or any information contained therein.*

## **APPENDIX I – ICBC CSOP FTSE CHINESE GOVERNMENT BOND INDEX ETF**

### **A. KEY INFORMATION**

The following table is a summary of key information in respect of the ICBC CSOP FTSE Chinese Government Bond Index ETF and should be read in conjunction with the full text of this Prospectus.

Investment Objective	To replicate as closely as possible, before fees and expenses, the performance of the FTSE Chinese Government Bond Index
Investment Strategy	Representative Sampling Strategy
Index	FTSE Chinese Government Bond Index
Index Provider	FTSE Russell
Listing Date	21 September 2020
Exchange Listing	SGX-ST – Main Board
SGX Counter Name / Code	Primary Currency: ICBC CSOP CGB ETF S\$ (CYC) Secondary Currency: ICBC CSOP CGB ETF US\$D (CYB)
Trading Board Lot Size	10 Shares
Currency of Account (Base Currency)	RMB
Trading Currencies (Primary Market Creation / Redemption)	RMB and US\$
Trading Currencies (Secondary Market Trading)	S\$ and US\$
Distribution Policy	Semi-annually. Distributions in respect of each counter will be made in US\$ only.
Creation / Redemption (only applicable to Participating Dealers): - fully in cash	During the Initial Offer Period (as defined below): Application Share size of 50,000 Shares (or such higher number of Shares in multiples of 100 Shares) or such other subscription amount as may be determined by the Company  After the close of the Initial Offer Period: Application Share size of 50,000 Shares (or such higher number of Shares in multiples thereof) or such other subscription amount as may be determined by the Company
Dealing Deadline for subscription or redemption	2:30 p.m. (Singapore time) (or such other time as the Company may determine with prior notification to Participating Dealers)
Fees and Charges Payable by Participating Dealers	<u>Creation and Redemption of Shares</u> Transaction Fee: US\$500 or RMB3,000 per Application Application Cancellation Fee: US\$1,200 or RMB8,500 per Application Extension Fee: US\$1,200 or RMB8,500 per Application
Management Fee	Currently 0.25% per annum of the Net Asset Value. Maximum of 0.30% per annum of the Net Asset Value.

	In the case of the ICBC CSOP FTSE Chinese Government Bond Index ETF, the Custodian Fee and the other fees and charges described in paragraph 19.5 “Fees and Charges Payable by a Sub-Fund” shall be borne solely by the Manager.
Custodian Fee (borne by the Manager out of the Management Fee)	The Custodian Fee payable is subject to agreement between the Company and the Custodian and may exceed 0.10% of the Net Asset Value of a Sub-Fund depending on, amongst others, the size of the Sub-Fund and the number of transactions carried out.
Other fees and charges (borne by the Manager out of the Management Fee)	Other fees and charges include fund administration and valuation fees, audit fees, accounting fees, licensing fees, corporate secretarial fees, printing costs, out-of-pocket expenses and Directors’ fees. Such fees and charges are subject to agreement with the relevant parties and may amount to or exceed 0.10% of the Net Asset Value of a Sub-Fund, depending on the proportion each fee or charge bears to the Net Asset Value of a Sub-Fund.
Investor Profile	<p>This Sub-Fund is <u>only</u> suitable for investors who:</p> <ul style="list-style-type: none"> <li>• want capital growth and regular income in the form of dividends;</li> <li>• seek an index-based approach to investing in a diversified basket of Chinese government bonds in a cost effective and easy to access manner; and</li> <li>• believe that the Index will increase in value over time.</li> </ul>

## B. INVESTMENT OBJECTIVE, APPROACH AND STRATEGY

### 1. Investment Objective

The investment objective of this Sub-Fund is to replicate as closely as possible, before fees and expenses, the performance of the FTSE Chinese Government Bond Index.

### 2. Investment Approach

The Manager employs a “passive management” or indexing investment approach designed to track the performance of the Index.

The Manager aims to deliver an investment performance which closely corresponds to the performance of the Index.

This Sub-Fund will invest in the China Inter-Bank Bond Market via the Foreign Access Regime. Pursuant to the “Announcement (2016) No 3” issued by the People’s Bank of China on 24 February 2016, foreign institutional investors can invest in China Inter-Bank Bond Market (“**Foreign Access Regime**”) subject to other rules and regulations as promulgated by the Mainland Chinese authorities. Under the prevailing regulations in Mainland China, foreign institutional investors who wish to invest directly in China Inter-Bank Bond Market may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation.

As at the date of this Prospectus, the Manager does not intend to invest this Sub-Fund’s assets in options, warrants, commodities and precious metals.

The Manager does not intend to hedge the foreign currency exposure of this Sub-Fund. The Index is expressed in RMB on an unhedged basis, with currency risk that is fully exposed.

As at the date of this Prospectus, the Shares of this Sub-Fund are classified as Excluded Investment Products and Prescribed Capital Markets Products.

For so long as the Shares of this Sub-Fund are Excluded Investment Products and Prescribed Capital Markets Products, this Sub-Fund does not and will not invest in any product or engage in any transaction which may cause the Shares not to be regarded as Excluded Investment Products and Prescribed Capital Markets Products. The Manager may engage in securities lending or repurchase transactions for this Sub-Fund, where such securities lending or repurchase transactions are carried out solely for the purpose of efficient portfolio management and do not amount to more than 50% of the Net Asset Value of this Sub-Fund, and is in line with the Securities and Futures (Capital Markets Products) Regulations 2018 issued by the MAS (as may be amended from time to time). Any securities lending or repurchase transactions which the Manager may engage in will be in accordance with Appendix 1 of the Code.

### **3. Investment Strategy**

In managing this Sub-Fund, the Manager will adopt a Representative Sampling Strategy.

Using a Representative Sampling Strategy, this Sub-Fund will hold a representative sample of a portfolio of Securities selected by the Manager using quantitative analytical models in a technique known as “portfolio sampling”. Where a Representative Sampling Strategy is employed, Securities that are not constituents of the Index may be held by this Sub-Fund. Such Securities will be expected to have a high level of correlation or a similar valuation or market capitalisation as the relevant Index Securities.

The Manager will seek to construct the portfolio of this Sub-Fund such that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of the Index.

To the extent that the Manager invests this Sub-Fund's assets in FDIs, such FDIs may be used for the purposes of hedging, efficient portfolio management, optimising returns or a combination of all three in accordance with the Securities and Futures (Capital Markets Products) Regulations 2018 and Appendix 1 of the Code.

The Manager confirms that the global exposure of this Sub-Fund to FDIs or embedded FDIs will not exceed 100%. Such exposure would be calculated using the commitment approach.

There will be no change to the investment objective and/or investment policy of this Sub-Fund during the 3-year period commencing from the date of this Prospectus, unless any such change is approved by a Special Resolution of Shareholders in a general meeting or such prohibition on changes to the investment objective and/or investment policy of this Sub-Fund is waived by the SGX-ST. Where there is any change to the investment strategy adopted for this Sub-Fund, such changes will be announced by the Manager through SGXNET. A list of the holdings of this Sub-Fund will be published in the monthly fund factsheet which is available on the Company's website at <http://www.csopasset.com/sg/en/products/sg-wgbi/>.

### **C. SPECIFIC RISK FACTORS**

In addition to the risk factors described under paragraphs 6 “Risk Factors” and 7 “Risk Factors Relating to the Indices” of this Prospectus, investors should also consider the specific risks associated with investing in this Sub-Fund set out below before deciding whether to invest in this Sub-Fund.

(a) Concentration of the Index

The Index is concentrated in sovereign debt which is issued by the government of a single country. As a result, any political or economic changes in the relevant country, changes in the financial condition of the relevant government and changes in the economic and political conditions affecting the government or the value of debt issued by the government may have an adverse impact on the performance of the Index and the portfolio of Index Securities held by this Sub-Fund.

(b) Risks associated with investment in mainland China

*Economic, Political, Social and Government Policies Risks:* The economy of the People's Republic of China (the "PRC"), which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources. Although the majority of productive assets in the PRC are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of the PRC and a high level of management autonomy. The economy of the PRC has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the Index Securities of the Sub-Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the Sub-Fund.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions affecting the market for sovereign debt.

*RMB Currency Risks:* RMB is not a freely convertible currency as it is subject to foreign exchange control policies of the PRC government. Any devaluation of the RMB could adversely affect the value of investors' investments in this Sub-Fund. Investors whose base currency is not the RMB may be adversely affected by changes in the exchange rates of the RMB.

*Economic risk:* Any instability or disruption in the economy of the PRC could have an adverse impact on the performance of this Sub-Fund. Although the PRC has experienced rapid economic growth in recent years, there can be no assurance that such growth will continue and that each sector of the economy will continue to grow at similar rates. In particular, the PRC has been in a state of transition from a planned economy to a market-oriented economy, which may result in a greater degree of economic instability and uncertainty.

*Legal and regulatory risk:* The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial

laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce taxation and trade. Two examples are the promulgation of the Contract Law of the PRC to unify the various economic contract laws into a single code, which went into effect on 1 October 1999, and the Securities Law of the PRC, which went into effect on 1 July 1999. However, because these laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

*China Inter-Bank Bond Market risk:* Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China Inter-Bank Bond Market may result in prices of certain debt securities traded on such market fluctuating significantly. This Sub-Fund is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and this Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

Investing in the China Inter-Bank Bond Market via the Foreign Access Regime is also subject to regulatory risks. The relevant rules and regulations on the regime are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the China Inter-Bank Bond Market, this Sub-Fund's ability to invest in the China Inter-Bank Bond Market will be adversely affected. In such event, this Sub-Fund's ability to achieve its investment objective will be negatively affected.

*Operational and Settlement risk:* This Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties under the China Inter-Bank Bond Market. Many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions on the China Inter-Bank Bond Market which is an over-the-counter market. All trades settled through the China Central Depository & Clearing Co., Ltd are on delivery versus payment basis i.e. this Sub-Fund will only pay the counterparty upon receipt of the securities. If a counterparty defaults in delivering the securities, the trade may be cancelled and this Sub-Fund may need to find another counterparty to complete the transaction, which may be at a less favourable price and thus adversely affecting the value of this Sub-Fund. Any transaction via exchange markets may also be subject to settlement delays.

*PRC Tax Risk:* There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains and other income realised or received by this Sub-Fund on its investments in the PRC (which may have retrospective effect). Having taken and considered independent professional tax advice and in accordance with such advice, the Manager decided that no withholding provision will be made on the gross unrealised and realised capital gains derived from disposal of PRC Index Securities.

It is possible that the applicable tax laws may be changed, that the PRC tax authorities may hold a different view as to the enforcement of the PRC withholding tax collection on capital gains. In such case this Sub-Fund will bear the actual tax liabilities as no tax provision has been made. This may have an adverse impact to this Sub-Fund's NAV. In this case, existing and subsequent investors will be disadvantaged as they bear a disproportionately higher amount of tax liabilities as compared to the liability at the time of investment in this Sub-Fund.

*Credit rating risk and downgrading risk:* Credit ratings assigned by rating agencies are subject to limitations and cannot guarantee the creditworthiness of the security and/or issuer at all times. The credit rating of a debt instrument or its issuer may subsequently be downgraded by the rating agency. In the event of such downgrading, the value of this Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

*Credit/Counterparty risk:* This Sub-Fund is exposed to the credit/default risk of the PRC (being the issuer of the debt securities that it may invest in).

#### **D. DISTRIBUTION POLICY**

Distributions, if any, will be determined by the Company. The Company currently intends to declare semi-annual distributions to Shareholders in June and December of each year or at such other times as the Company may determine. Distributions in respect of each counter will be made in US\$ only.

#### **E. PERFORMANCE AND BENCHMARK OF THIS SUB-FUND**

As this Sub-Fund was inceptioned on 21 September 2020, a track record of at least one year is not available.

The benchmark against which the performance of this Sub-Fund will be measured is the FTSE Chinese Government Bond Index.

#### **F. EXPENSE RATIO**

As this Sub-Fund was inceptioned on 21 September 2020, this Sub-Fund's expense ratio is not available.

#### **G. TURNOVER RATIO**

As this Sub-Fund was inceptioned on 21 September 2020, this Sub-Fund's turnover ratio is not available.

#### **H. INFORMATION ON THE INDEX**

##### **1. Description of the Index**

The Index is compiled and maintained by FTSE Russell and is designed to measure the performance of fixed-rate government bonds issued in mainland China.

The Company has been granted a license by FTSE Russell to use the Index for a period of 12 months (which shall be automatically renewed for successive 12-month periods) commencing from 25 May 2020.

FTSE Russell is independent of the Manager.

##### **2. Index methodology**

The Index is compiled and calculated by FTSE Russell and comprises fixed-rate government bonds issued in mainland China. To improve liquidity, bonds with a maturity greater than 30 years from issuance are excluded from the Index.

The description of the Index methodology is available at

[https://www.yieldbook.com/f/m/pdf/ftse\\_indexes/FTSE-Fixed-Income-Indexes-Guide-20190831.pdf](https://www.yieldbook.com/f/m/pdf/ftse_indexes/FTSE-Fixed-Income-Indexes-Guide-20190831.pdf).

### 3. Characteristics and composition of the Index

The Index tracks the performance of fixed-rate government bonds issued in mainland China. The composition of the Index includes fixed-rate book-entry government bonds and excludes zero-coupon bonds, saving bonds, special government bonds, bonds with maturity greater than 30 years from issuance, and bonds issued prior to January 1, 2005.

The Index is rebalanced once a month at month end.

### 4. Constituents of the Index

As at 31 August 2020, the 10 largest constituents in the Index are as follows:

<u>No.</u>	<u>Stock Name</u>	<u>Weighting (%)</u>
1.	CGB 3.19 04/11/24	2.86%
2.	CGB 3.29 05/23/29	2.78%
3.	CGB 3 1/4 06/06/26	2.76%
4.	CGB 2 3/4 08/08/22	2.68%
5.	CGB 3.12 12/05/26	2.48%
6.	CGB 3.39 03/16/50	2.45%
7.	CGB 2.2 02/13/22	2.42%
8.	CGB 3.13 11/21/29	2.39%
9.	CGB 1.99 04/09/25	2.35%
10.	CGB 2.94 10/17/24	2.22%

Source: FTSE Russell

### 5. Index publication

Information on the Index can be retrieved from the Index provider's website: [https://www.yieldbook.com/x/ixFactSheet/factsheet\\_monthly\\_cgbi.pdf](https://www.yieldbook.com/x/ixFactSheet/factsheet_monthly_cgbi.pdf).

#### I. DISCLAIMER BY FTSE RUSSELL

This Sub-Fund has been developed solely by the Company. This Sub-Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "**LSE Group**"). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the FTSE Chinese Government Bond Index vest in the relevant LSE Group company which owns the Index. FTSE® is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license.

The Index is calculated by or on behalf of FTSE Fixed Income LLC or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of this Sub-Fund. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from this Sub-Fund or the suitability of the Index for the purpose to which it is being put by the Company.

## **J. SUBSCRIPTION AND REDEMPTION**

### **1. Initial Offer Period**

During the initial offer period of this Sub-Fund which is from 10 September 2020 to 16 September 2020 (or such other dates as the Company (in consultation with the Manager) may determine) (the “**Initial Offer Period**”), investors of this Sub-Fund may apply for Shares only through the Participating Dealers.

The Issue Price of each Share during the Initial Offer Period is US\$10.0000 or its equivalent amount expressed in RMB.

Participating Dealers may apply for Shares on their own account or for the account of their clients in accordance with the Operating Guidelines.

### **Indicative Timetable**

The following table summarises the key events in the Company’s indicative timetable:

<b><u>Event</u></b>	<b><u>Indicative Timeline</u></b>
Initial Offer Period commences	10 September 2020 at 9:00 a.m. (Singapore time)
Initial Offer Period closes (unless extended by the Company)	16 September 2020 at 2:30 p.m. (Singapore time)
Listing commences and Shares may then be created and redeemed by any Participating Dealer as well as traded by any investor (i.e. commencement of trading of the Shares on a “ready” basis on the SGX-ST)	Expected to be 9:00 a.m. on 21 September 2020 subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Shares on a “ready” basis have been fulfilled (unless the Initial Offer Period is extended in which case dealings on the SGX-ST will commence on the second Business Day following the close of the Initial Offer Period).
Settlement date for all trades done on a “ready” basis on 21 September 2020	23 September 2020

The above timetable is indicative only and is subject to change. All dates and times referred to above are Singapore dates and times.

In the event of any extension of the Initial Offer Period, the Company will publicly announce the same via SGXNET, with the announcement to be posted on the SGX-ST website at [www.sgx.com](http://www.sgx.com).

Investors should consult the SGX-ST announcement on the “ready” listing date on the SGX-ST website or check with their brokers on the date on which trading on a “ready” basis will commence.

## **2. Conditions of the Initial Offer**

Application has been made to the SGX-ST for listing of and permission to deal in Shares in this Sub-Fund. Shares in this Sub-Fund are neither listed nor dealt on any other stock exchange (other than the SGX-ST) and no application for such listing or permission to deal is being sought as at the date of this Prospectus.

The offer and issue of Shares in this Sub-Fund during the Initial Offer Period is subject to and conditional upon valid Creation Applications accepted by the Company to create such number of Shares in this Sub-Fund for a minimum value of US\$300 million by the close of the Initial Offer Period.

If the above condition is not fulfilled and the Company decides not to proceed with this Sub-Fund, the subscription amount (including any Duties and Charges and the Transaction Fee) paid by the Participating Dealer will be returned to the Participating Dealer (without interest) and investors who have applied for Shares through the Participating Dealer will be refunded by the Participating Dealer and should consult the Participating Dealer on the procedure for such refund. The Company may at its discretion continue with this Sub-Fund even if the minimum value of US\$300 million is not raised at the close of the Initial Offer Period.

## **3. Extension of the Initial Offer Period**

If the Initial Offer Period is extended beyond 16 September 2020 to another Dealing Day, Creation Applications received during the Initial Offer Period should be settled on the Business Day which is two Business Days after such Dealing Day (the “**Extended Date**”). In such circumstances, dealings in the Shares on the SGX-ST would commence on the second Business Day after the Extended Date.

## **4. Minimum Subscription Amount**

During the Initial Offer Period, the minimum subscription amount for this Sub-Fund is 50,000 Shares (or such higher number of Shares in multiples of 100 Shares) or such other subscription amount as may be determined by the Company.

After the close of the Initial Offer Period, the minimum subscription amount for this Sub-Fund is 50,000 Shares (or such higher number of Shares in multiples thereof) or such other subscription amount as may be determined by the Company.

Investors who wish to acquire less than 50,000 Shares during the Initial Offer Period may do so through the Participating Dealers. Please check with the Participating Dealers for the applicable minimum subscription amount.

Investors who wish to acquire less than 50,000 Shares after the close of the Initial Offer Period may acquire such number of Shares on the SGX-ST.

## **5. Minimum Holding Amount**

The minimum holding amount is 50,000 Shares.

## **6. Minimum Redemption Amount**

The minimum redemption amount is 50,000 Shares (or such higher number in multiples thereof) or such other redemption amount as may be determined by the Company.

Investors who wish to redeem less than 50,000 Shares may do so through the Participating Dealers. Please check with the Participating Dealers for the applicable minimum redemption amount.

Investors who wish to redeem less than 50,000 Shares may acquire such number of Shares on the SGX-ST.

**APPENDIX II – LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS OVER  
THE LAST 5 YEARS**

<b>Current Directorships</b>	<b>Past Directorships of Last 5 Years</b>
<b>NG Choe Yong</b>	
CSOP Asset Management Pte Ltd	Nil
CSOP Alternative VCC	
CSOP Alternative Strategy Fund SPC	
Source CSOP Markets Plc	
CSOP Investments Plc	
DHF Co., Ltd	
<b>WONG Ka Yan</b>	
Source CSOP Markets Plc	Nil
China Southern Dragon Dynamic Fund	
CSOP Alternative Strategy Fund SPC	
China Southern Dragon Dynamic Multi Strategy Fund SPC	
CSOP Simpleway Multi Strategy Fund SPC	
CSOP Indices Company Limited	
<b>CHEN Chia Ling</b>	
Chyang Sheng Dyeing & Finishing Co Ltd.	CSOP ETF Trust

**CSOP INVESTMENTS VCC**  
**PROSPECTUS**  
**BOARD OF DIRECTORS OF CSOP INVESTMENTS VCC**

Signed:

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**NG Choe Yong**  
Director

Signed:

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**WONG Ka Yan**  
Director  
(signed by NG Choe Yong for and  
on behalf of WONG Ka Yan)

Signed:

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**CHEN Chia Ling**  
Director  
(signed by NG Choe Yong for and  
on behalf of CHEN Chia Ling)