

# **BOC Sustainable Growth Mixed Securities Investment Fund\***

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

## **Updated Prospectus**

2020 No.1

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## **HONG KONG COVERING DOCUMENT**

Fund Manager:  Bank of China Investment Management Co., Ltd.

Fund Custodian:  Industrial and Commercial Bank of China Limited

January 2020



**BOC Sustainable Growth Mixed  
Securities Investment Fund\***

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**Additional Information for Hong Kong Investors**

**October 2019**

**BOC Sustainable Growth Mixed Securities Investment Fund** (the “**Fund**”) is a fund constituted pursuant to a fund contract between the Manager and the Custodian effective on 17 March 2006 under the laws of the Mainland China and is authorized by the Securities and Futures Commission of Hong Kong (“**SFC**”) under section 104 of the Securities and Futures Ordinance for public offering in Hong Kong pursuant to the Mainland - Hong Kong Mutual Recognition of Funds (“**MRF**”) arrangement. The Fund has been approved by and is subject to the ongoing supervision of the China Securities Regulatory Commission (“**CSRC**”).

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

If there are inconsistencies between the information set out in this document and the information in the Prospectus, the information disclosed in this document relating to Units offered to Hong Kong investors shall prevail. Words and expressions defined in the Prospectus have the same respective meanings when

used in this document. Investors should carefully review the Fund’s investment objectives, features and all the risks involved before making a decision to invest.

**Bank of China Investment Management Co., Ltd**, is the manager of the Fund (the “**Manager**”), and whose registered address is at 45<sup>th</sup> Floor, Bank of China Building, No.200 Middle Yincheng Road, Pudong New District Shanghai 200120, China. The Manager is registered and operates in the Mainland in accordance with Mainland laws and regulations and is licensed by the CSRC to manage publicly offered securities investment funds.

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

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

**IMPORTANT – If you are in any doubt about the contents of the Prospectus, the Hong Kong Covering and the Product KFS, you should seek independent professional financial advice.**

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

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

- *BOC Sustainable Growth Mixed Securities Investment Fund; and*
- *BOC Income Mixed Securities Investment Fund.*

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

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

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

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

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

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

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

Class H Units are subject to the following:

- Minimum initial subscription – RMB1,000
- Minimum subsequent subscription – RMB1,000
- Minimum holding – Nil
- Minimum redemption – Nil

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

## **MRF in Hong Kong**

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

MRF arrangement operates on the principles that:

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

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

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

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

## **Hong Kong Representative**

**BOCHK Asset Management Limited** is appointed as the Hong Kong Representative of the Fund (the “**Hong Kong Representative**”).

**BOCHK Asset Management Limited** will perform the duties required of a Hong Kong representative as prescribed under the SFC’s Code on Unit Trusts and Mutual Funds and as accordingly agreed under the Hong Kong Representative Agreement.

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

5/F, Bank of China Building,  
2A Des Voeux Road,  
Central, Hong Kong  
Tel: +852 3982 6277  
Fax: +852 2532 8216  
Email: bochkamcmarketing@bocgroup.com

## **Distributor**

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

## **Dealings in Units**

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

Applications for subscription and redemption of Units shall only be processed on a Hong Kong Business Day which is also a Mainland Working Day (“**Joint Business Day**”). This means that Hong Kong investors

will be unable to apply for subscription or redemption of Units through the Authorized Distributor on a day not a Hong Kong Business Day, despite such day being a Mainland Working Day or vice versa, and there shall be no dealing in Class H Units on such day.

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

Hong Kong investors should submit their subscription and redemption orders for Class H Units to an Authorized Distributor of the Fund in Hong Kong on any day which is a Joint Business Day, before the daily dealing cut-off time, which shall be no later than 3:00 p.m. (Hong Kong time). Certain Authorized Distributors may set different earlier cut-off times. There may also be changes to the dealing and cut-off time arrangements as a result of market events. Investors should inquire with the Hong Kong Representative or their individual Authorized Distributor for the related dealing and cut-off time arrangements.

Applications for subscriptions or redemptions for Units received on any Joint Business Day shall (i) be processed on such day if received before the daily dealing cut-off time, or (ii) if received after the dealing cut-off time, be processed on the next Joint Business Day (the “**Trade Date**”) except where there is a suspension of the subscriptions and redemptions of Units.

The Authorized Distributor will forward dealing orders according to such operational process as agreed with the Manager, to, as the case may be, the Manager or such appointed transfer agent (in such capacity, as the “**Transfer Agent**”) for review. The Transfer Agent will review such orders and, if in order, process them for confirmation and allotment or redemption of Units or payment of redemption proceeds (as applicable). The Transfer Agent will only process subscription orders upon full payment and clearance of subscription monies from the investors. Cross-border payment of funds for settlement of subscription and redemption orders shall be arranged by an Authorized Distributor to such account designated by the Manager or its agent.

Investors should note that dealing orders received by an Authorized Distributor are not successful until actually processed by the Manager or the Transfer Agent on its behalf.

The Manager has appointed the China Securities Depository and Clearing Corporation Ltd. (“**CSDC**”) as a Transfer Agent of the Fund in the Mainland, responsible for opening fund trading accounts, maintaining the register of units and holders of units of the Fund (each a “**Unitholder**”), order-processing, handling fund distributions and other registration matters for the Fund.

Although the Prospectus refers to dealings in Class A units of the Fund by investors “off-market” (i.e. directly with the Manager or its authorized distributors or agents) or “on-market” (through the Shenzhen Stock Exchange), dealing in Class H Units shall be available “off-market” only through Authorized

Distributors in Hong Kong. The Manager shall notify Hong Kong investors if and when it becomes possible in the future for “on-market” dealings of Class H Units, and the details of such arrangement at such time.

More detailed instructions for submitting subscription and redemption orders are found below.

## **Subscriptions**

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

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

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

Payment shall be made in RMB in cleared funds or in such manner acceptable to an Authorized Distributor. If payment is made in any other currency, the Authorized Distributor may in its discretion arrange for the necessary foreign exchange transaction (at the prevailing market exchange rates i.e. the market exchange rate applied by the bank at the relevant time of currency conversion). All charges and expenses in relation to the foreign exchange transaction shall be borne by the relevant investor. Investors should check with an Authorized Distributor for further details.

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

### ***Confirmation of Subscription of Units***

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

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

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

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

A confirmation note will be sent to investors following the subscription of Units generally within 5 Joint Business Days following the Trade Date, providing full details of the transaction. Investors transacting orders



through an Authorized Distributor should inquire with their distributor regarding such Authorized Distributor's timing for providing confirmation of subscription.

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

The Manager may suspend or reject subscription of units in certain circumstances as permitted and described in the Prospectus. In addition, when accepting some subscriptions will constitute potential material adverse impact on existing Fund unitholders, the Fund Manager shall take measures to set limitations on the subscription amount of a single investor or net subscription proportion in a single day, reject large-amount subscriptions, or temporarily suspend subscriptions, etc. to protect the legal rights and interests of existing Fund unitholders. The details will be as set out in the relevant regulations.

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

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

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

### **Redemptions**

Redemption applications may be made by completing relevant redemption form (as obtained from an Authorized Distributor) and returning it to the Authorized Distributor.

Provided there are sufficient available Units held to the account of the Unitholder seeking redemption, applications for redemption that are accepted shall be confirmed on the Mainland Working Day following the Trade Date and effected at a price based on the net asset value per Unit determined as of the relevant Trade Date.

Please refer to “**Order Processing and Dealing Cut-off**” section above for dealing cut-off time arrangement in respect of applications for redemption.

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

Redemption Amount = Net Asset Value per Unit on Trade Date × Number of Units Redeemed

Redemption Fee = Redemption Amount × Rate of Applicable Redemption Fee

Net Redemption Amount = Redemption Amount – Redemption Fee

A confirmation note following the redemption of Units shall be issued generally within 5 Joint Business Days following the Trade Date, providing full details of the transaction. Investors transacting orders through an Authorized Distributor should inquire with their distributor regarding such Authorized Distributor's timing for providing confirmation of redemption. Provided that a properly documented redemption request is given to an Authorized Distributor, payment of redemption proceeds for Hong Kong investors shall generally be made by the Manager through the Transfer Agent within 7 Mainland Working Days following the Trade Date, net of applicable redemption fee (See below section entitled “**Fees and Expenses**”) and shall be paid in RMB, subject to circumstances of massive redemptions as described below. However, Hong Kong investors should note that the timing for receiving cross-border payment of redemption proceeds from the Manager may be subject to exchange controls, applicable regulatory, tax or other requirements and which may cause delay. Bank charges incurred in making redemption payments shall be borne by the investor. For dealing in Units through Authorized Distributors, investors are advised to obtain information on settlement from the relevant Authorized Distributors.

Redemption proceeds shall be paid to the redeeming Unitholder only, no request for third party payment shall be accepted.

### **Suspension of redemptions or deferral of redemption payment**

Investors should carefully read the contents of the Prospectus on the redemption process of the Fund including the circumstances under which redemption of units (including Units) may be suspended or payment of redemption proceeds may be deferred. Redemptions may be suspended when the Fund is unable to operate due to a situation of force majeure, when the NAV of the Fund cannot be calculated due to a temporary suspension of trading of the relevant Mainland stock exchanges or where the assets that account for 50% or more of the NAV of the Fund have no active market price as reference and the use of valuation techniques still results in significant uncertainty in their fair value. In situations of massive redemptions or

continuing massive redemptions resulting in cash flow difficulties, redemption of units (including Units) may be suspended or deferred, or there may be delay of payment of redemption proceeds for accepted redemptions.

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

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

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

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

## **Distributions**

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

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

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

## **Fees and Expenses**

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

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

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

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

Please contact an Authorized Distributor for more information and details of the applicable fees.

## **Switching**

Switching of Units in the Fund into units of any fund(s) managed by the Manager not authorized by the SFC for public offer to Hong Kong investors is not permitted. Switching from the Fund to another fund of the

Manager authorized by the SFC for public offer to Hong Kong investors is not currently available. The details of the relevant arrangement for switching of Units shall be provided to Hong Kong investors when such facility is available.

### **Publication of Information**

The net asset value **per Unit** of Class H Units of the Fund is calculated on each Mainland Working Day and such other days as required by Mainland laws and regulations (including 30 June and 31 December even if these dates are not Mainland Working Days).

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

The net asset value (NAV) per Class H Unit shall be calculated by the Manager and reviewed by the Custodian using the following formula:

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

If the calculation of the net asset value of Units or subscription or redemption of Units of the Fund is suspended, notice of such suspension will be published on the website for Hong Kong investors as soon as possible, in any event within 2 days following such decision to suspend is taken. For any suspension or deferral of dealings of the Fund requiring notification to the CSRC, the SFC shall also be notified correspondingly.

The Fund's Prospectus is updated in accordance with the applicable Mainland China laws. The current version of the Fund's Prospectus, this document, the Product KFS, all circulars, notices, announcements (including on any suspension of dealing or calculation of net asset value and the end of any period of suspension) issued in respect of the Fund, financial reports and the latest available subscription and redemption prices or net asset value of the Fund will be published on the website referred to above. The said website shall be in English and Traditional Chinese.

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

Any changes to the Fund shall be made subject to the requirements of the Fund Contract and where applicable, subject to the approval of the CSRC and the requirements of the CSRC and Mainland laws and regulations

as relevant. Such changes shall be effective upon approval by the CSRC, where required, or by compliance with appropriate procedures under Mainland laws and regulations, and shall thereafter be filed with the SFC.

Changes that concern the eligibility of the Fund under the MRF, changes that affect Hong Kong investors only and fall within Chapter 11.1 of the SFC's Code on Unit Trusts and Mutual Funds and changes which require the SFC's prior approval as set out in the SFC's authorization letter of the Fund will generally require SFC's prior approval.

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

## **Reports and Accounts**

Printed copies of the audited annual reports and accounts and the unaudited semi-annual and quarterly reports of the Fund (collectively the “**Reports**”) will not be mailed to Hong Kong investors. Unitholders will be notified as and when the Reports are available. However, printed copies of the Reports will be made available at the registered office of the Hong Kong Representative on request free of charge and soft copies of the Reports will be available on the above-mentioned website ([www.bocim.com/hkmrf](http://www.bocim.com/hkmrf)). Hong Kong investors will be notified when these Reports are available, which shall be within 3 months after the end of the relevant period for the audited annual reports, within 2 months after the end of the relevant period for semi-annual reports, and within 15 Mainland Working Days after the end of the relevant period for quarterly reports.

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

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

## **Bilingual Documents**

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

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

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

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

### **Nominee Arrangement**

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

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

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

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

### **Fair treatment of Mainland and Hong Kong investors**

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

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

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

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

### ***Financial Derivative Investments***

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

### ***Stock Lending***

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



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

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

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

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

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

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

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

- When entering into exchange-traded reverse repurchase transactions, the Fund loans out cash against the obligation of the CSDC to repay cash together with interest income at agreed rate at the end of the transaction. The Fund's counterparty risk in such transactions is only to the CSDC.

*Repurchase and reverse repurchase transactions on the interbank market*

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

Cash proceeds (i.e. borrowed cash) received by the Fund from repurchase transactions may be used by the Fund for liquidity management or may be re-invested by the Fund. Given that collateral received from reverse repurchase transaction is placed under custody of the CSDC, CCDC or Shanghai Clearing House (as applicable), the Fund will not use the collateral for other repurchase transactions or to acquire cash for investment or liquidity management. All incremental incomes from reverse repurchase transactions shall be for the Fund's account.

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

## **Investment Risk**

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

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

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

different cut-off times or dealing day arrangements versus other SFC authorized funds. Investors should ensure that they understand these differences and their implications.

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

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

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

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

The government or the regulators may intervene and implement policies that may affect the financial markets. These changes may be introduced suddenly and depend on or affect market conditions. Such changes may have an adverse impact on the Fund. Investors may suffer accordingly.

#### ***Mainland equity risks***

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

#### ***Risks associated with the Small and Medium (SME) board and/or ChiNext Market:***

- *Risk associated with fluctuation on stock prices:* Listed companies on the SME board and/or ChiNext market are usually of emerging nature with a smaller scale and shorter operating history, their stock prices may experience a higher fluctuation. Hence, they are subject to higher market volatility and risks and higher turnover ratios than companies listed on the main board. In extreme circumstances where the trading price of the stock has hit the trading band limit, trading of the stock will be suspended. This would render it impossible for the Fund to liquidate positions and subject the Fund to significant losses.
- *Risk relating to overvaluation of stocks:* Currently, stocks listed on the SME board and/or ChiNext are generally considered overvalued. Such exceptionally high valuation may not be sustainable. Stock price may be more susceptible due to fewer circulating shares.
- *Delisting risk:* Because of a relatively shorter operating history, companies listed on the SME board and/or ChiNext market have a shorter track record of profitability. Compared to companies listed on the main board, it may be more common for companies listed on the SME board and/or ChiNext market to delist within a short period after listing. The Fund may be adversely impacted if companies it invests in are delisted.
- *Risk relating to the differences in regulations:* The rules and regulations regarding companies listed on the ChiNext market are less stringent in terms of profitability and share capital than those in the main board market and the SME board.
- *Emerging nature and technical failures of ChiNext companies:* Given the emerging nature of companies listed on the ChiNext market and they generally focus on scientific development and innovation, any failures in the process of the scientific development which such companies are involved in and/or any major adverse events happening in the industries or their development may result in losses in such companies and hence may have an adverse impact on the Fund.
- *Valuation method risks:* Conventional valuation methods may not be entirely applicable to companies listed on the ChiNext market due to the risky nature of the industries that these companies operate in. There are fewer circulating shares on the ChiNext market, hence stock prices may be relatively more easily manipulated and may experience higher fluctuation upon market speculation.

Investment in the SME board and/or ChiNext market may result in substantial losses for the Fund and its investors.

### ***Inflation risk***

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

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

- *Volatility and liquidity risks:* The Mainland debt securities markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such

markets may be subject to fluctuations.

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

***Risk associated with repurchase and reverse repurchase transactions***

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

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

counterparty due to inadequate valuation of the collateral and market movements upon default of the counterparty.

- For repurchase transactions, the Fund may suffer substantial loss as there may be delay and difficulties in recovering collateral pledged with the counterparty or the cash originally received may be less than the collateral pledged with the counterparty due to inadequate valuation of the collateral and market movements upon default of the counterparty.

### ***RMB currency and conversion risks***

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

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

### ***Risks relating to payment of dividends out of capital***

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

### ***Taxation risks***

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

### ***Risk associated with order routing and cross border money transfer***

The MRF arrangement is a new initiative. Dealings in Units of the Fund, data transfer of subscriptions or redemptions, transfer agency functions may be conducted by or through systems, platforms or arrangements

which are newly established and operating for MRF. Should there be any error or delay in the processing of data, registration of Units, transfer or settlement of funds, investors may directly or indirectly suffer losses.

***Risk associated to different holidays in the Mainland and Hong Kong***

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

***Massive redemptions risk***

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

***Other risks***

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

**Taxation**

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

***Mainland Tax Considerations***

***(a) Taxation for investors***

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

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

Income derived from disposal gains of Recognised Mainland Funds by Hong Kong Investors is temporarily



exempt from CIT and IIT respectively. Income derived from distributions from Recognised Mainland Funds by Hong Kong investors would not be subject to CIT and IIT respectively.

#### *Stamp Duty*

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

#### *Value-added Tax ("VAT")*

Pursuant to Caishui [2016] No. 36, upon approval by the State Council, the pilot program of replacing business tax with value-added tax shall be implemented nationwide in Mainland China effective from May 1, 2016 and business tax payers in finance industry shall be included in the scope of the pilot program and pay value-added tax (VAT) instead of business tax.

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

#### *(b) Taxation for Mainland securities investment Fund*

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

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

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

Pursuant to Caishui [2016] No. 36, upon approval by the State Council, the pilot program of replacing business tax with value-added tax shall be implemented nationwide in Mainland China effective from May 1, 2016 and business tax payers in finance industry shall be included in the scope of the pilot program and pay value-added tax (VAT) instead of business tax. Incomes from buying and selling Mainland stocks and bonds with Mainland securities investment funds (including closed-end securities investment funds and open-end investment securities funds) by the fund managers shall be exempted from VAT; interest incomes from national debts, local government debts and financial interbank dealings shall be exempted from VAT.

Pursuant to Caishui [2016] No.46, interest incomes obtained by a Mainland financial institution from engaging in the business of making pledge-style purchase of financial products resold and holding policy financial bonds shall belong to the interest incomes from financial interbank dealings.

Pursuant to Caishui [2016] No.70, interest incomes obtained by a Mainland financial institution from engaging in the business of outright purchase of financial products resold, interbank deposit, interbank certificate of deposit and holding financial bonds shall belong to the interest incomes from financial interbank dealings.

Pursuant to Caishui [2016] No.140, as regards VAT-taxable acts that are committed in the course of operation of a Mainland asset management product, the manager of the asset management product shall be the VAT taxpayer.

Pursuant to Caishui [2017] No.56, VAT-taxable acts committed by a manager of Mainland asset management products during the operation of asset management products shall, for the time being, be governed by the method of simplified VAT taxation, and be subject to VAT at the levy rate of 3%, and shall come into effect on January 1, 2018.

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

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

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

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

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

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

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

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

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

The Manager has registered as a Reporting Model 1 FFI under FATCA. The Fund is constituted by contract and not a separate legal entity. The Fund's investments are conducted by the Manager for the Fund, under the Manager's Global Intermediary Identification Number ("**GIIN**"). As the Manager has already registered as a Reporting Model 1 FFI and also obtained its GIIN as a sponsoring entity, the Fund will rely on the Manager's FATCA registration for the purpose of complying with FATCA. If and when required under applicable law or regulations including such rules relating to the entry into force of the PRC IGA, the Manager shall take such action and introduce additional requirements as necessary to be FATCA compliant.

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

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

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

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

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

Pursuant to the provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (“**PDPO**”), the Manager and/or the Hong Kong Representative and/or Authorized Distributor, or their agents or delegates, (each a “**Data User**”), may collect, hold, use personal data of individual investors in the Fund only for the purposes for which such data was collected, principally in connection with the dealing and/or holding of Units in the Fund or such other purposes as expressly stated and agreed. Investors should note that data may be transferred outside of Hong Kong, including to the Manager or its agents or delegates in the Mainland. Data Users shall comply with relevant personal data protection principles, and/or requirements as set out in the PDPO and all other applicable regulations and rules governing personal data use in Hong Kong from time to time. Accordingly, each Data User shall take all practicable steps to ensure that the personal data collected, held and processed by them are protected against unauthorized or accidental access, processing, erasure or other use.

## Enquiries and Complaints

All enquiries and complaints relating to the Fund and requests to view or obtain documents relating to the Fund should be addressed to the Hong Kong Representative, **BOCHK Asset Management Limited**, at the address: 5/F, Bank of China Building, 2A Des Voeux Road Central, Hong Kong. **BOCHK Asset Management Limited** can also be contacted by telephone at +852 3982 6277.

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

## Availability of Documents

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

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

# **BOC Sustainable Growth Mixed Securities Investment Fund\***

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

## **Updated Prospectus**

2020 No.1

Fund Manager:  Bank of China Investment Management Co., Ltd.

Fund Custodian:  Industrial and Commercial Bank of China Limited

January 2020



## Important Information

The application for the offering of the Fund was approved by the China Securities Regulatory Commission ("CSRC") as stipulated in Document No. 197 [2005] issued by the CSRC on December 13, 2005, and the Fund Contract formally came into effect on March 17, 2006.

The Fund Manager hereby warrants that the contents of this Prospectus are true, accurate and complete. This Prospectus has been checked and approved by the CSRC; nevertheless, the CSRC's approval of the offering of the Fund neither represents its substantive judgment or guarantee on the value and income of the Fund, nor indicates that there is no risk when investing in the Fund.

The Fund Manager shall manage and apply the Fund assets with honesty, good faith, prudence and efficiency, but does not guarantee any profits or minimum income on the Fund.

All investments have associated risks. Investors should carefully read through this Prospectus before making Initial Subscription (or Subscription) for the Fund.

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

The contents set out in this Prospectus are updated as of December 18, 2019 (The contents of the Portfolio Manager in this Prospectus are updated as of September 19, 2019, and the contents of the stipulation of the contract in this Prospectus are updated as of October 24, 2019), but the relevant financial data and net asset value performance data are up to September 30, 2019 (the financial data hasn't been audited). Industrial and Commercial Bank of China, the Fund Custodian, has reviewed the financial indicators, NAV performance, and Investment Portfolio Report in this updated Prospectus.

The Fund was authorized by the Hong Kong Securities and Futures Commission (hereinafter referred to as the "SFC") for offering to the public in Hong Kong pursuant to section 104 of the Securities and Futures Ordinance. SFC authorization is not a recommendation or endorsement of a fund nor does it guarantee the commercial merits of a fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The requirements for the preparation, disclosure and renewal of the KFS in the Prospectus shall be implemented one year after the date of implementation of the Information Disclosure Measures.



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## I. Preface

The Prospectus is written pursuant to the Law of the People's Republic of China on Securities Investment Funds (hereinafter referred to as the "Funds Law"), the Administrative Measures on the Operations of Securities Investment Funds (hereinafter referred to as the "Operations Measures"), the Administrative Measures on Sales of Public Offering Securities Investment Funds (hereinafter referred to as the "Sales Measures"), the Administrative Measures on Information Disclosure of Publicly-raised Securities Investment Funds (hereinafter referred to as the "Information Disclosure Measures") and other relevant laws and regulations and the fund contract of the BOC Sustainable Growth Mixed Securities Investment Fund>(\*The name of the fund is not indicative of the fund's performance and return.) (hereinafter referred to as the "Fund Contract"), the Provisions on Liquidity Risk Management of Publicly-raised Open-end Securities Investment Funds (hereinafter referred to as the "Liquidity Risk Management Provisions") and other relevant regulations..

The Prospectus describes all the necessary items related to investors' investment decisions, such as the investment objectives, investment philosophy, investment strategies, risks, and fee rates of the BOC Sustainable Growth Mixed Securities Investment Fund>(\*The name of the fund is not indicative of the fund's performance and return.). Investors should carefully read through the Prospectus prior to making any investment decisions.

The Fund Manager hereby warrants that there is no false record or misleading statement or material omission in this Prospectus, and it shall be responsible for the truthfulness, accuracy, and completeness of the information contained herein.

The Fund was applied for public offer based on the information in this Prospectus. The Fund Manager does not entrust or authorize any person to provide any information that is not disclosed in this Prospectus or to make any interpretation or clarification of this Prospectus.

This Prospectus is written pursuant to the Fund Contract and approved by the CSRC. The Fund Contract is the legal document stipulating the rights and obligations of the Parties to the Fund Contract. Investors become Fund unitholders and Parties to the Fund Contract effective from the date of acquiring the Fund units pursuant to the Fund Contract. Their holdings of the Fund units indicate their acknowledgement and acceptance of the Fund Contract, and they shall enjoy rights and bear obligations pursuant to the Funds Law, the Fund Contract and other relevant regulations. Fund investors who wish to know the rights and obligations of the Fund unitholders shall read the Fund Contract in detail.

It is not allowed that the units held by a single unitholder reach or exceed 50% of the total units of the Fund, with the exception that an investor's unit amount passively reached 50% caused by the redemption of the Fund unit and etc. during the operation of the Fund.

## II. Definition

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

Fund or the Fund	means the BOC Sustainable Growth Mixed Securities Investment Fund>(*The name of the fund is not indicative of the fund's performance and return.).
Fund Contract or the Fund Contract	means the fund contract of the BOC Sustainable Growth Mixed Securities Investment Fund(*The name of the fund is not indicative of the fund's performance and return.) and any amendments or supplements thereof.
Prospectus or the Prospectus	means the BOC Sustainable Growth Mixed Securities Investment Fund(*The name of the fund is not indicative of the fund's performance and return.) Prospectus and updates thereof.
KFS or the KFS	means the Product Key Facts Statements of the BOC Sustainable Growth Mixed Securities Investment Fund(*The name of the fund is not indicative of the fund's performance and return.) and updates thereof.
China	means the People's Republic of China (not including the Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan only for the purpose of this Prospectus).
Hong Kong	means the Hong Kong Special Administrative Region.
Offering Announcement	means the Announcement on the Offering of BOC Sustainable Growth Mixed Securities Investment Fund(*The name of the fund is not indicative of the fund's performance and return.).
Funds Law	means the Securities Investment Funds Law of the People's Republic of China that was approved by the 5 <sup>th</sup> Meeting of the Standing Committee of the 10 <sup>th</sup> National People's Congress on October 28, 2003, revised by 30 <sup>th</sup> Meeting of the Standing Committee of the 11 <sup>th</sup> National People's Congress on December 28 and came into effect on June 1, 2013, and



	subsequently revised by the <i>Decision on modifying Seven Laws including PRC Port Law</i> which was enacted by 14 <sup>th</sup> Meeting of the Standing Committee of the 12 <sup>th</sup> National People's Congress on April 24, 2015, as well as its amendment issued by the regulator from time to time.
Operations Measures	means the Administrative Measures on the Operations of Securities Investment Funds that was promulgated by the CSRC on July 7, 2014, came into effect on August 8, 2014, as well as its amendment issued by the regulator from time to time.
Sales Measures	means the Administrative Measures on Sales of Securities Investment Funds that was promulgated by the CSRC on March 15, 2013 and came into effect on June 1, 2013, as well as its amendment issued by the regulator from time to time.
Detailed Implementing Rules of the SZSE	means the Detailed Implementing Rules of the SZSE on Securities Investment Fund Transaction, Subscription and Redemption Businesses that was released by Shenzhen Stock Exchange (SZSE) on October 14, 2014 and came into effect on October 14, 2014, as well as its amendment issued by the regulator from time to time.
Detailed Implementing Rules for Registration and Settlement Activities	means the Detailed Implementing Rules for Registration and Settlement Activities of List Open-ended Funds' Subscription and Redemption through SZSE that was promulgated by China Securities Depository and Clearing Company Limited on September 11, 2014 and came into effect on September 11, 2014, as well as its amendment issued by the regulator from time to time..
Information Disclosure Measures	means the Administrative Measures on Information Disclosure of Publicly-raised Securities Investment Funds that was promulgated by the CSRC on July 26, 2019 and came into effect on September 1, 2019, as well as its amendment issued by the regulator from time to time.
Liquidity Risk Management Provisions	means the Provisions on Liquidity Risk Management of Publicly-raised Open-end Securities Investment Funds, that




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	was promulgated by the CSRC on August 31, 2017 and came into effect on October 1, 2017, as well as its amendment issued by the regulator from time to time.
CSRC	means the China Securities Regulatory Commission.
SZSE	means the Shenzhen Stock Exchange.
CSDCC	means the China Securities Depository and Clearing Company Limited.
Banking Regulatory Institution	means the China Banking Regulatory Commission (CBRC) or other banking regulatory institutions authorized by the State Council.
Parties to the Fund Contract	means the Fund Manager, the Fund Custodian and the Fund unitholders, who are bound by the Fund Contract and enjoy the rights and bear the obligations under the Fund Contract.
Fund Manager:	means the Bank of China Investment Management Co., Ltd.
Fund Custodian:	means the Industrial and Commercial Bank of China Limited (hereinafter referred to as the "ICBC").
Sales Institution	means the Fund Manager and other institutions that have complied with the Sales Measures and other conditions specified by the CSRC, have acquired fund sales business qualifications and signed a fund sales service agency agreement with the Fund Manager to handle fund sales business on behalf thereof.
Direct Sales Institution	means the Bank of China Investment Management Co., Ltd.
SZSE member unit	means the member unit of SZSE with open-ended fund sales qualifications that has been recognized by the SZSE and the Fund Manager and can handle open-ended fund's Initial Subscription, Subscription, Redemption and transfer of



	custody businesses through the open-ended fund sales system of SZSE.
Off-market	means the Sales Institutions and establishments that handle businesses such as Initial Subscription, Subscription and Redemption of Fund units not through the open-ended fund sales system of Shenzhen Stock Exchange.
On-market or through stock exchange	means the Sales Institutions and establishments being member units of Shenzhen Stock Exchange that handle businesses such as Initial Subscription, Subscription and Redemption of Fund units through the open-ended fund sales system of Shenzhen Stock Exchange.
Fund Units Registrar	means the China Securities Depository and Clearing Company Limited.
Securities registration and settlement system	means the securities registration and settlement system of Shenzhen Branch of China Securities Depository and Clearing Company Limited.
Registration system	means the open-ended fund registration system of China Securities Depository and Clearing Company Limited.
Individual Investors	means natural persons who are qualified to invest in securities investment funds in accordance with the relevant laws and regulations of the People's Republic of China and other provisions.
Enterprise Investors	means enterprises that are registered in the People's Republic of China or established under approval of the competent government departments and are qualified to invest in securities investment funds in accordance with relevant laws



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	and regulations of the People's Republic of China and other provisions.
Qualified Foreign Institutional Investors or QFIIs	means foreign fund management institutions, insurers, securities companies and other asset management enterprises which meet the requirements specified by the Provisional Administrative Rules on Investment in Securities in China by Qualified Foreign Institutional Investors (QFIIs), which have been approved by the CSRC to invest in the Chinese securities market, and which have obtained quota approval by the State Administration of Foreign Exchange;
Class A Fund Units	means the fund units that are offered in China and denominated in RMB for Initial Subscription, Subscription, and Redemption. Its features, such as sales expenses, are different from those of Class H Fund Units.
Class H Fund Units	means the fund units that are offered in Hong Kong and denominated in RMB for Subscription and Redemption. Its features, such as sales expenses, are different from those of Class A Fund Units.
Fund-offering Period	means the period from the date of offering Fund units to the date of Initial Subscription deadline. The maximum duration is 3 months.
Effective Date of the Fund Contract	means the date on which the Fund met the conditions prescribed in the laws and Fund Contract, whereby the Fund Manager has engaged a statutory institution to conduct capital verification and complete the filing procedure for the Fund Contract, and the Fund Contract has come into effect.
Fund Duration	means the unfixed duration from effectiveness of the Fund Contract to termination of the Fund Contract.



Working Day	means a day the Shanghai Stock Exchange and Shenzhen Stock Exchange are open for trading.
T Day	means the day on which applications for Initial Subscription, Subscription, Redemption or other business applications for the Fund are received by the Sales Institution within the specified time.
T + n Day	means the Working Day n after T Day (excluding T Day).
Day	means a Calendar Day.
Month	means a Calendar Month.
Daily trading	means the daily Subscription and daily Redemption.
Daily Subscription	means the investor's act of applying for Subscription of Fund units from the Fund Manager in accordance with the procedure specified by the Sales Institution within the Fund Duration. The daily Subscription of this Fund starts within two months after the Fund Contract comes into effect.
Daily Redemption	means the event when the investor holding Fund units applies to the Fund Manager to sell all or part of the Fund units being held in accordance with the provisions of the Sales Institution within the Fund Duration. The daily Redemption of this Fund starts within two months after the Fund Contract comes into effect.
Swing Pricing Mechanism	means that when an Open-end Fund encounters a huge-amount subscription or redemption application, the market impact cost of the adjustment of its investment portfolios by the said fund is allocated to investors who actually perform subscription or redemption by adjusting the fund unit net value, thereby reducing the adverse impact on the interests of existing fund unitholders and ensuring that the legitimate rights and interests of investors are not prejudiced



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	and that investors are treated fairly.
Fund Switching	means the investor's submission of an application to the Fund Manager for switching part or all of the Fund units of any open-ended fund (switching-out fund) held by the investor and managed by the Fund Manager to Fund units of any other open-ended fund (switching-in fund) managed by the Fund Manager.
Fund Account	means an account opened by the Fund Units Registrar for the Fund Investor and used to record the balance and changes of the Investor's Fund units, and maintained by the Fund Units Registrar;
Trading Account	means an account opened by each Sales Institution for an Investor, for the purpose of recording the changes and balance of the Investor's Fund units transacted through the Fund Sales Institution.
Transfer of Custody	means the business process in which the investor transfers Fund units under the same Fund Account held by the investor from a Trading Account to another Trading Account.
Yuan	means Renminbi (RMB), the lawful currency of the People's Republic of China.
Total Asset Value of the Fund	means the sum of the value of all types of securities and notes purchased by the Fund, the principal, and interest of bank deposits, the Subscription monies that are receivable by the Fund and the value created by other investments.
NAV of the Fund	means Net Asset Value, which is calculated by deducting liabilities from the Total Asset Value of the Fund.
NAV per Unit	means the value obtained by dividing NAV of the Fund by the total number of fund units offered on the calculation day. The





	<p>NAV per Unit for Class A Fund units or Class H Fund units respectively refers to the value per fund unit obtained by dividing NAV of the Fund for each class by the number of remaining fund units of the class on the calculation day.</p>
Valuation of the Fund Assets	<p>means the process of calculation and valuation of the assets and income of the Fund to determine the asset value and income of the Fund.</p>
Assets with Restricted Liquidity	<p>means assets that cannot be realized at reasonable prices due to reasons such as laws and regulations, regulation, contracts or operational obstacles, including but not limited to bank fixed deposits (including bank deposits whose early withdrawal is conditional under agreements) and reverse repurchase whose maturity date exceeds 10 trading days, shares whose trading is suspended, new shares subject to trading restrictions and shares that are not offered in a public manner, asset-backed securities, bonds that cannot be transferred or traded due to debt default by their issuers, etc.</p>
Designated Medium	<p>means the nationwide newspapers designated by the CSRC for information disclosure, the designated internet websites (including the Fund Manager's website, the Fund Custodian's websites and the CSRC Electronic Disclosure Website) and other medium.</p>
Websites	<p>means the Internet websites of the Fund Manager and Fund Custodian.</p>
Force Majeure	<p>means an event that cannot be foreseen, defied or avoided by the Parties to the Fund Contract and occur after execution of the Fund Contract by the Fund Manager and the Fund</p>



Custodian, and that cause the Parties to the Fund Contract to fail to perform the Fund Contract in whole or in part, including but not limited to floods, earthquakes and other natural disasters, wars, chaos, fires, government forfeitures, confiscations, changes of laws and regulations, sudden power failures or other sudden incidents, and unusual suspension or discontinuation of trading on securities exchanges.



### III. Fund Manager

#### (I) Summary of Fund Manager

1. Company Name: Bank of China Investment Management Co., Ltd.
2. Registered Address: 45/F, BOC Building, No. 200, Middle Yincheng Road, Pudong New Area, Shanghai
3. Date of Establishment: August 12, 2004
4. Legal Representative: ZHANG Yan
5. CEO: LI Daobin
6. Office Address: 26/F, 27/F and 45/F, BOC Building, No. 200, Middle Yincheng Road, Pudong New Area, Shanghai
7. Tel: (021) 38834999
8. Contact Person: GAO Shuangqiu
9. Registered Capital: RMB100 million
10. Ownership Structure:

Shareholder	Capital Contribution	Proportion of Total Registered Capital
Bank of China Limited	RMB83.5 million	83.5%
BlackRock Investment Management (UK) Limited	USD equivalent to RMB16.5 million	16.5%

## (II) Introduction of Key Personnel

### 1. Board members

Ms ZHANG Yan, the Chairman (Nationality: China): Master in public financial policy in London School of Economics and Political Science (LSE). She served as head of global trading section (global RMB asset management), assistant general manager, director of Global Markets Department, director and general manager of Financial Markets Department in BOC headoffice. She now serves as the general manager of Investment Banking and Asset Management Department in BOC headoffice.

Mr LI Daobin, a Director (Nationality: China): A Doctor of Laws of Tsinghua University; Mr LI Daobin worked with Harvest Fund Management Co., Ltd. from October 2000 to April 2012, and has served successively as the Associate Marketing Director, Marketing Director, Assistant to the General Manager, and Deputy General Manager of the company. Now, Mr LI Daobin is the CEO of Bank of China Investment Management.

HAN Wen, director of the board, Nationality: China. He held a bachelor degree of economics in the Capital University of Economics and Business. He serves as the deputy general manager in human resources department of BOC Head Office. He successively served as the senior manager in corporate finance department of BOC Beijing branch, and deputy general manager in Tongzhou, Haidian and Shangdi subbranch, and general manager in Fongtai subbranch.

Mr YANG Liu, a Director (Nationality: China): A director of Bank of China Investment Management since September 2019; a Master of Business Management, School of Economics and Management, Wuhan University. He serves as the deputy general manager of Wealth and Private Banking Department of Bank of China. He served as deputy chief and chief of China Eastern Trust and Investment Corporation (former Bank of China Trust Company), the chief and deputy general manager of Custody Department of Bank of China.

Mr Paul Tsang, a Director (Nationality: China): Mr. Tsang is Managing Director of BlackRock Asset Management North Asia Limited for BlackRock Asia Pacific and BlackRock Chief Risk Officer for Asia Pacific. He leads the risk management efforts in the region and is a member of the APAC Executive Committee. Mr. Tsang joined BlackRock in June 2015. Previously, he was the Chief Risk Officer for Morgan Stanley Asia Pacific and a member of its Asia Pacific Executive Committee. In that capacity, he led the independent risk management team responsible for managing Morgan Stanley's market, credit and operational risks across its entire franchise in Asia, which includes Institutional Sales & Trading (Equities and Fixed Income), Capital Markets, Investment Banking, Investment Management and Wealth Management. Prior to that, Paul's spent nine years in market risk management with Merrill Lynch and two years in interest rate derivatives trading/structuring with UBS. Mr. Tsang is a guest lecturer on risk

management for Tsinghua University and Peking University. He has a Bachelor of Business Administration degree from the University of Wisconsin-Madison and a Master of Business Administration degree from The Wharton School at the University of Pennsylvania.

Mr ZHAO Xinge, an Independent Director (Nationality: China): Doctor of Economics from Northwestern University (America); Mr ZHAO Xinge previously worked as a teacher in the School of Business at the College of William & Mary, and provided consultation service for companies and institutions including the Investment Company Institute (U.S. Mutual Fund Industry Trade Association). Now, he is the Professor of Finance and Accounting, Vice Provost and Finance MBA Director of China Europe International Business School, and also acts as an Independent Director for Huabao Trust Co., Ltd.

Ms. DU Huifen, an independent Director (Nationality: China): A Bachelor of Economics degree from the Shanxi University of Finance and Economics, a Master of Business Administration degree from the Meida Economic School of State Oklahoma of US, a Doctor of Economics degree of Central University of Finance and Economics, as well as a senior visiting scholar of Australian National University. Mrs. Du now works as a professor of Finance School of Central University of Finance and Economics, and simultaneously acts as the independent Director of The new Era Trust Company Limited by shares. Prior to that, Mrs. Du worked as the lecture in Planning and Statistics Department of Shanxi University of Finance and Economics, the associate professor in Finance School of Shanxi University of Finance and Economics, the professor and vice president of independent Academy of Central University of Finance and Economics, and the vice president of Finance Academy of Central University of Finance and Economics.

Fu Lei, independent director of the board, Nationality: China. He serves as a Professor and Doctoral Supervisor in the Capital University of Economics and Business. He also acts as the director for the China Commercial Accounting Institute, China Institute of Internal Audit, Accounting Society of China, Accounting Society of Beijing, and the member of the Academic Committee in Beijing Association of Chief Financial Officers. He also works as the Independent director for Jiangho Group Company Limited, Beijing Strong Biotechnologies, Inc, Changzheng Engineering Co., Limited and SDIC Taikang Trust Co., LTD, etc.

Ms. SUN Qixiang, an Independent Director (Nationality: China): A Doctor of Economics of Peking University. She serves as professor and PhD tutor of the School of Economics, Peking University. She is also the director of Peking University Government and Social Capital Cooperation (PPP) Research Center and the director of Peking University China Insurance and Social Security Research Center. She served as the dean of the School of Economics, Peking University, Chairman of the Asia-Pacific Institute of Risk and Insurance, and visiting professor at Harvard University.



## 2. Supervisors

Mr LU Jingquan, an Supervisor (Nationality: China): A Master of Law degree-holder from law school of Nanjing Institute of Politics, a senior engineer. Mr Lu has previously served as Faculty of Air Force Command College, and Vice Minister of Organization Department of Party Committee, Deputy President of the Wuhan North Central Branch, Senior Manager of the Council of Enterprise Pension and Senior Trader of the Investment Banking and Assets Management Department of Bank of China.

Ms ZHAO Beiqing, an Employee Supervisor (Nationality: China): A Master degree-holder. Ms ZHAO has previously served as the Trader of Liaoyuan Province Securities Company Shanghai Head Office, Trade of Tianzhi Fund Management Co., Ltd, Trader and Manager of Trade of Bank of China Investment Management Co., Ltd. Now, Ms ZHAO serves as the General Manager of the Trade Department of Bank of China Investment Management Co., Ltd.

## 3. Management members

Mr LI Daobin, Director and CEO. His resume is provided in the introduction on board members.

Mr Jason X. OUYANG, Inspector General (Nationality: Canada): Mr Jason X. OUYANG was awarded the certificate of the Securities Association of China-Wharton-SAC Executive Program, and a Master's Degree in Business Administration and Master's Degree in Economics from the Ivey School of Business, Western University. He was previously engaged in financial work for many years at overseas institutions such as Canadian Pacific Group Co., Ltd., Canadian Imperial Bank of Commerce and Canada London Life Insurance Company, and has successively served as the General Manager of the Research and Development Center, V-Sun Securities Co., Ltd. (currently YingDa Securities), Market Development Director and Supervision and Audit Director of Rongtong Fund Management Co., Ltd., and Director and Lecturer of the Teaching and Research Room of International Finance at the International Finance Department, Fudan University.

Mr ZHANG Jiawen, Deputy CEO (Nationality: China): A Master of Business Administration degree-holder from Xi'an Jiaotong University; Mr ZHANG has successively acted as the Vice President of Taicang Sub-branch of Suzhou Branch, Director of the Risk Management Division of Suzhou Branch, President of Industrial Park Sub-branch of Suzhou Branch, and Vice President and Party committee member of Suzhou Branch, Bank of China.

Mr CHEN Jun, Deputy CEO (Nationality: China): MBA of Shanghai Jiaotong University and Master of Finance of the University of Illinois. Mr. Chen joined Bank of China Investment Management in 2004, and served successively as fund manager, general manager of equity investment department and the assistant CEO of the company.



Mr WANG Shengming, Deputy CEO (Nationality: China): A Master degree-holder from Education Management School of Beijing Normal University. Mr WANG serves as the Deputy CEO of Bank of China Investment Management Co., Ltd. Mr WANG has previously served as the Deputy General Manager of the Custody Department of Bank of China.

Ms. YAN Liping, Deputy CEO (Nationality: China): Master of Laws, Renmin University of China. She joined Bank of China Fund Management Co., Ltd in 2019 and is currently the Deputy CEO of Bank of China Fund Management Co., Ltd. She served as assistant to the president and general manager of Insurance Institute Business Department of China Southern Fund Management Co., Ltd.

#### 4. Portfolio Manager

##### Incumbent Portfolio Manager:

Mr QIAN Yafengyun, a Master of Finance. He Joined Bank of China Investment Management Co., Ltd. in 2010, and previously worked as a Researcher and an Assistant Portfolio Manager. He was also appointed as the Portfolio Manager of BOC Consumption Thematic Fund from July 2015, the Portfolio Manager of BOC New Wealth Fund from November 2015 to February 2018, the Portfolio Manager of BOC Strategic Emerging Industries Fund since November 2015, the Portfolio Manager of BOC Baoli Fund from February 2016 to February 2018, the Portfolio Manager of BOC Culture and Leisure Flexible Fund from April 2017 to December 2018, the Portfolio Manager of BOC Consumption Energy Fund since June 2019, the Portfolio Manager of BOC Sustainable Growth Fund\* (\*The name of the fund is not indicative of the fund's performance and return.) since September 2019. He has worked for 10 years in the securities industry and has the necessary qualifications for practice relating to funds.

##### Former Portfolio Managers:

Mr WU Jun, who was appointed as the Portfolio Manager of the Fund from March 2006 to April 2008.

Mr CHEN Zhilong, who was appointed as the Portfolio Manager of the Fund from August 2007 to July 2010.

Mr YU Daixi, who was appointed as the Portfolio Manager of the Fund from April 2008 to September 2011.

Ms SUN Qingrui: Ms SUN Qingrui worked as a Portfolio Manager of this Fund from September 2011 to August 2013.

Mr ZHANG Qi, who was appointed as the Portfolio Manager of the Fund from July 2010 to January 2014.



Ms GU Lan, who was appointed as the Portfolio Manager of the Fund from September 2013 to September 2019.

5. Names and job titles of members of the Investment Decision-Making Committee

Chairman: Mr LI Daobin (CEO)

Members: Mr CHEN Jun (Executive Vice President), Mr XI Pengzhou (General Manager of the Fixed Income Investment Department), Mr LI Jian (General Manager of the Equity Investment Department), Mr ZHANG Fayu (General Manager of the Research Department), Mr FANG Ming (Deputy General Manager of the Department of Asset Management for Certain Clients), Ms LI Liyang (Deputy General Manager of the Wealth Management Department)

Non-voting member: Mr Jason X. OUYANG (Inspector General)

6. The persons listed above are not close relatives to one another.

**(III) Duties and Responsibilities of the Fund Manager**

1. To legally offer the Fund and undertake sales and registration matters of Fund units;
2. To undertake the filing procedures for the Fund;
3. To carry out the separate management, bookkeeping and securities investment for different funds under its management;
4. To determine the distribution scheme of Fund income and distribute income to the Fund unitholders in a timely manner in accordance with the provisions of the Fund Contract;
5. To carry out the financial accounting of the Fund and prepare the financial statement of the Fund;
6. To prepare the quarterly report, semi-annual report and annual report;
7. To calculate and announce the net value information of the Fund, and determine the Subscription and Redemption prices per unit;
8. To carry out the information disclosures related to the Fund asset management business;
9. To convene the Fund unitholder meetings in accordance with relevant regulations;
10. To keep the records, account books, statements and other relevant materials of the Fund assets management business activity;
11. To exercise the litigation rights or conduct other legal acts in the name of the Fund





Manager and in the interest of the Fund unitholders;

12. To assume other responsibilities prescribed by the securities regulatory authorities under the State Council.

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

##### **1. Commitments of the Fund Manager**

The Fund Manager shall not commit any activities violating the Funds Law, Operations Measures, Sales Measures, Information Disclosure Measures and other laws and regulations, and shall establish a robust internal control system and take effective measures to prevent breaches of laws.

##### **2. Forbidden conduct of the Fund Manager and the corresponding Directors, Supervisors and senior executives, and other practitioners include:**

- 1) Mixing the Fund Manager's own assets or a third party's assets with the Fund assets in investment in securities;
- 2) Treating different managed Funds' assets unequally;
- 3) Utilizing the Fund assets or taking advantage of his position to obtain benefits for a third party other than the Fund unitholders;
- 4) Illegal promise of income or assumption of losses of the Fund unitholders;
- 5) Embezzlement or misappropriation of Fund assets;
- 6) Divulging undisclosed information accessed due to the convenience of position, and using the information to deal with or facilitating explicitly or implicitly for others to engage in relevant trading activities;
- 7) Dereliction of duty or failing to perform duties in accordance with the regulations;
- 8) Other conduct prohibited by relevant laws and administrative regulations and regulations of the CSRC.

##### **3. Commitment of the Portfolio Manager**

- 1) To prudently seek the maximization of benefits for the Fund unitholders pursuant to relevant laws and regulations and the Fund Contract;
- 2) Not to seek personal benefits for himself or his agent, employee, or any third party by taking advantage of one's position;
- 3) Not to violate relevant prevailing laws and regulations, the Fund Contract, and



relevant regulations of the CSRC; not to disclose any business secret regarding the securities or the Fund known during one's tenure, or any unannounced information including the investment details of the Fund or investment plans of the Fund;

- 4) Not to engage in securities trading or other activities that will harm the Fund assets or the interests of the Fund unitholders.

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

Internal control of the Fund Manager (hereinafter referred to as the "Company") involves preventing and resolving risks, ensuring legitimate and compliant business operations. The Company formulates a system by creating an organization mechanism using management approaches and carrying out operation procedures and control measures on the basis of taking internal and external environments into full consideration.

1. Overall objectives of internal control
  - 1) To ensure that all business activities of the Company comply with relevant national laws and regulations, provisions of regulatory institutions and industrial regulatory rules, and nurture the business philosophy of lawful and normal operation;
  - 2) To prevent and resolve operational risks, increase operation and management effectiveness, ensure sound operation of businesses as well as the safety and integrity of assets under its management, and implement sustainable, stable and sound development of the Company;
  - 3) To ensure that financial information and other information regarding the Fund and Company is true, accurate, complete and timely, and that external information disclosure of the Company is timely and accurate, and complies with regulations.
2. Principles of internal control
  - 1) Principle of integrity: Internal control must cover all businesses, departments, organizations and positions at all levels, involving all operational links such as decision-making, implementation, supervision and feedback. An integrity internal control regime and system shall be established so as to achieve a universal coverage over every aspect of internal control.
  - 2) Principle of effectiveness: Reasonable internal control procedures are established by means of scientific internal control methods and systematic control tools so as to sustain effective implementation of the internal control system and enhance the effectiveness of internal control which would ensure compliant and sound operations of the Company and the funds.



- 3) Principle of matching responsibilities and authority: Respective authorities and responsibilities shall be reasonably allocated to the board, the management, each affiliate (including each department, branch and subsidiary) and each employee of the Company. To implement the principle of matching responsibility and authority, every above subject shall shoulder corresponding responsibilities for any violation of its obligations.
  - 3) Principle of independence: Each organization, department and duty of each position of the Company shall keep relatively independence. Also, the operation of funds' asset, the company's asset and other assets shall be isolated with each other.
  - 4) Principle of checks and balance: Internal departments and positions of the Company should be set up in accordance with the requirements for clearly defined authorities and responsibilities and mutually check and balance. Check and balance and mutual monitoring shall be reflected in management structure, organization structure, and allocation of authority and responsibility and operation flows.
  - 6) Principle of cost-effectiveness: The Company adopts scientific operations and management methods to reduce operation costs, increase economic benefits, and achieve the best internal control effectiveness through reasonable cost control.
  - 7) Principle of firewall: The investment, trading, researching, marketing and related departments of the Company shall be properly isolated physically and institutionally so as to prevent risks. Strict approval procedures and supervision measures shall be established and implemented before employee acquiring certain internal information due to business necessity.
  - 8) Principle of timeliness: The internal control shall reflect the new tendency of development of the industry, the latest requirements of the laws and regulations, normative documents, regulatory policies and self-discipline rules, and shall adjust and perfect constantly.
3. Principles to follow in preparation of the internal control system

The internal control system of the Company must comply with relevant national laws and regulations, provisions of regulatory institutions and industrial regulatory rules, must cover all the operations and management links of the Company and be universally applicable to each employee, must be prepared in full consideration of prudent operation and risk prevention and mitigation and must be modified or improved in a timely manner along with changes in the external environment such as adjustment of relevant laws and regulations, as well as changes to the internal environment such as the Company's business strategy, business policy and business



philosophy.

#### 4. Basic elements of internal control

Basic elements of the Company's internal control include the control environment, risk assessment, control measures, communication of information and internal monitoring. The internal control shall be structured with the above elements mutually supported and interrelated to compose an organic whole.

#### 5. Organization system of internal control

The board of shareholders is the highest decision-making body of the Company, and shall perform duties and shoulder corresponding responsibilities according to relevant laws and regulations and the Company's articles of association. Directors voted by the board of shareholders organize the board of directors, and the board of directors has risk management committee, audit committee and personnel committee. The supervisors are entitled to supervise the business operation of the Company and the behaviours of directors and management members. The Company effectively carries out the internal control system and achieves internal control objectives through a top-down hierarchical organization system.

#### 6. Main content of internal control

The Company establish three defensive lines to realise internal control and prevent risks. Systems and rules on business lines of researching and investment decision-making, trading, marketing, product design, operation of fund and asset management plan, risk management, legal and compliance, internal audit, information system management, crisis management, information disclosure, finance management, human resources management and etc. shall be established and continually improved to format an scientific effective with duties well-defined internal control mechanism.

#### 7. Fund Manager's representations on internal control

- 1) The Fund Manager hereby declares that the above disclosure regarding internal control is true and accurate;
- 2) The Fund Manager undertakes to constantly improve the internal control system pursuant to changes to the market environment and the development of businesses.



## IV. Fund Custodian

### (I) Summary of the Fund Custodian

Name:	Industrial and Commercial Bank of China Limited.
Registered Address:	No. 55, Fuxingmennei Street, Xicheng District, Beijing
Date of Incorporation:	January 1, 1984
Legal Representative:	CHEN Siqing
Registered Capital:	RMB 356,406.257089 million
Tel:	010-66105799
Contact Person:	GUO Ming

### (II) Introduction of Key Personnel

As of September of 2019, the Asset Custody Department of ICBC had a total of 208 employees whose average age is 33 years old, of which more than 95% of employees hold university/college diplomas or higher and all senior management members have postgraduate diplomas or above, or senior technical titles.

### (III) Operations of Funds Custody Business

As a pioneer of custody service in Mainland China, ICBC has been acting on the principles of “integrity and diligence”, relying on rigid and scientific risk management and internal control systems, standard management models, advanced operational systems and professional service teams, performing the duties of an asset custodian in a strict manner, providing safe, efficient and professional custody services to foreign and domestic investors, financial asset management institutions and enterprise clients, and displaying the excellent market image and influence it has had since it began providing custody services as the first domestic provider in 1998. It has established the most comprehensive and sophisticated product lines of the domestic custody banks. It has a comprehensive custody product system, covering securities investment funds, trust assets, insurance assets, social security funds, basic retirement insurance, enterprise annuity funds, QFII assets, QDII assets, equity investment funds, collective asset management plans of securities companies, directional asset management plans of securities companies, credit asset securitization of commercial banks, specific customer asset fund management companies, QDII special account assets and ESCROW. Meanwhile, it takes the lead in delivering value-added services such as performance evaluation and risk management domestically, which can provide customized custody services for different types of clients. As of September 2019, ICBC had 1006 securities investment funds under its custody. Since 2003, ICBC has been granted 68 awards of “Best Custody Bank” by foreign and domestic authoritative financial media including the “Asia Money” in Hong Kong, “Global Custodian” in Britain, “The Asset” in Hong Kong, “Global Finance” in America and “Securities Times” and “Shanghai Securities News” in Mainland China for sixteen consecutive years; it is the domestic custody bank that obtains the most prizes and awards, and its high-quality services are consistently recognized and widely appreciated in the foreign and

domestic financial field.

#### **(IV) Duties and Responsibilities of the Fund Custodian**

The Fund Custodian shall fulfil the following duties and responsibilities:

- (1) To safeguard the Fund assets;
- (2) To open the capital account and securities account for the Fund assets in accordance with the relevant regulations.
- (3) To set up the separate accounts for the different Fund assets under its custody to ensure the integrity and independence of the Fund assets;
- (4) To keep the records, account books, statements and other related materials of the Fund custody business activities;
- (5) To duly process the clearing and settlement of the Fund in accordance with the Fund Contract and the investment orders of the Fund Manager;
- (6) To carry out information disclosures related to the Fund custody business;
- (7) To issue opinions on the financial and accounting reports of the Fund and the quarterly reports, the semi-annual reports and the annual reports;
- (8) To review and verify the net value information of the Fund and the prices for Subscription and Redemption of the Fund units calculated by the Fund Manager;
- (9) To convene the Fund unitholder meetings in accordance with the relevant regulations;
- (10) To supervise the investment operation of the Fund Manager in accordance with the relevant regulations;
- (11) To fulfil other responsibilities prescribed by relevant laws and regulations and the Fund Contract.

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

Since its inception, the Asset Custody Department of ICBC has developed its businesses rapidly and always kept its predominant position in the asset custody industry. Such achievements are derived from the practices of the Asset Custody Department, which emphasizes business development and internal control construction at the same time. The Asset Custody Department highly values the improvement and strengthening of internal control management. While actively developing its custody businesses, it devotes much attention to strengthening risk prevention and control, elaborately cultivating the internal control culture, improving the risk control mechanism and reinforcing the risk management throughout the business projects. After successfully passing the review of the most authoritative SAS70 (Auditing Standard No. 70) on whether the internal control and security measures are sufficient by the evaluation organization eight times in 2005, 2007, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 the Asset Custody Department of ICBC passed the ISAE3402 (former SAS70) review in 2015 and 2016. The Asset Custody Department of ICBC has received a non-reserved control and effectiveness report for the tenth time, which indicates that the third parties fully recognize the robustness and effectiveness of our



custody services with respect to risk management and internal control. It also proves that the risk control ability of the custody services of ICBC has aligned with international large-scale custody banks and achieved the international advanced level. Currently, ISAE3402 review has become an annual and regular internal control means.

### 1. Objectives of Internal Risk Control

To make sure that business operations strictly comply with relevant laws and regulations as well as industry regulatory rules, strengthen and establish a business mindset and style that encourages lawful business and standard operations, and shapes an internal control system of standard operations, scientific management and systematic monitoring; to prevent and eliminate operational risks and assure the completeness and integrity of assets under custody; to maintain the rights and interests of holders; and to safeguard the safe, efficient and steady operation of asset custody business.

### 2. Organizational Structure of Internal Risk Control

The organizational structure of internal risk control for ICBC's asset custody business consists of the Auditing and Surveillance Department (Internal Control Compliance Department and Internal Auditing Office) and the risk control division under the Asset Custody Department and various business divisions and offices of the Asset Custody Department. The Auditing and Surveillance Department of Head Office is responsible for establishing the risk management policies of ICBC as a whole and guiding and supervising the risk control for each business department. The Asset Custody Department has established an internal control division responsible for auditing and surveillance, which is equipped with dedicated auditing and surveillance personnel who are an independent auditing and surveillance authority on business operations under the direct leadership of the General Manager in accordance with relevant laws and regulations. Each business division and office implements specific risk control measures within its own scope of duties.

### 3. Principles of Internal Risk Control

- (1) Principle of Legality: The internal control system shall comply with national laws and regulations and the regulatory requirements of regulatory authorities, and be applied throughout the custody business management activities.
- (2) Principles of Completeness: The management activities for custody business must be bound by corresponding regulatory procedures and supervision; the mechanism of supervision shall cover the whole course and each operational section of custody business and cover all the departments, posts and personnel.
- (3) Principles of Timeliness: The custody business activities must be accurately and timely recorded at the time of occurrence, and the rules and regulations must be established on the principle of "internal control is first" when new institutions or new categories of business are incorporated or expanded.
- (4) Principles of Prudence: The business activities must be provided with risk prevention measures and operated with prudence to assure the security and



completeness of the Fund assets and other trusted assets.

- (5) Principles of Effectiveness: The internal control system shall undergo appropriate amendments and improvements to meet the requirements of national policies, laws and management to make sure the foregoing is fully implemented without any exclusions with regard to space, time and personnel.
- (6) Principles of Independence: A management department should be established, exclusively responsible for performing the duties of custodian; the direct operators and controllers must be relatively independent of each other and properly separated; and the examination and appraisal department of internal control system must be independent of the establishment and implementation department of internal control system.

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

- (1) Strict separation system: The asset custody business is strictly separated from the traditional businesses. It establishes a series of rules and regulations including defined job responsibilities, scientific business process, detailed operation manual and strict code of conduct, and adopts a good firewall separation system to ensure the independence of assets, environment, personnel, business system and management and network.
- (2) Inspection by senior management: As the policy-maker and manager of custody business policies and strategies of ICBC, the leaders of the bank in charge and senior management of departments will require subordinated departments to report in a timely manner the management conditions and special circumstances so as to check the progress of internal control objectives to be achieved by the Asset Custody Department, and to put forward the internal control measures depending on the check results and urge the function management department to make improvements.
- (3) Personnel control: The Asset Custody Department strictly implements the post accountability system and establishes three control defences, including “self-control defence”, “mutual control defence” and “monitoring defence”. This department also improves the performance appraisal and incentive mechanism, builds up the “people-oriented” internal control culture, enhances the sense of responsibility and honour of employees and cultivates the team spirit and core competitiveness. It also builds up the risk prevention and control concept by conducting regular and directional business and ethics training and entering into letter of commitment.
- (4) Business control: The Asset Custody Department carries out various business and marketing activities and deals with issues by developing plans, preparing budgets and other methods in order to effectively control and allocate organizational resources for the purpose of maximizing the resource utilization and benefits.





- (5) Internal risk management: The Asset Custody Department strengthens the internal risk management by means of auditing and surveillance, risk assessment and others, regularly or irregularly inspects and monitors the business operation conditions, instructs the business departments to conduct risk identification and assessment, establishes and implements risk control measures, and investigates risk exposures.
- (6) Data security control: We safeguard data security by taking measures such as relative independence of business operation zones, data and facsimile encryption, redundancy backup of data transmission lines and utilization and guarantee of monitor facilities.
- (7) Preparation for and response to emergencies: The Asset Custody Department establishes a special disaster recovery centre, develops a self-contained disaster recovery plan based on four levels including data, application, operation and environment, and organizes regular employee practice sessions. In order to create a practice situation that more closely mimics reality, the Asset Custody Department continuously raises the practice standards from original scheduled practice session to current "random practice sessions". As the practice session results show, the Asset Custody Department is completely able to recover its businesses within two hours after the occurrence of disasters.

#### 5. Internal Risk Control Conditions of the Asset Custody Department

- (1) The Asset Custody Department establishes a special internal auditing and surveillance department, which is equipped with dedicated auditing and surveillance personnel who implement full-range monitoring under the direct leadership of General Manager and in compliance with relevant laws and regulations so as to ensure the healthy and steady development of asset custody business.
- (2) Improving the organizational structure and implementing the staff risk management: A well-established risk management system needs the collective participation of all the employees from top to bottom. Only in this way can complete and effective risk control system and measures be guaranteed. The Asset Custody Department implements the staff risk management and allocates the responsibilities of risk control to specific business departments and posts. Each employee is responsible for the risks within the scope of his/her job responsibilities. By establishing the internal organizational structure of longitudinal double-person system and transverse multi-department system, the Asset Custody Department shapes the organizational structure of checks and balance among different departments and posts.
- (3) Establishing robust rules and regulations: The Asset Custody Department highly values the construction of an internal control system and consistently



incorporates methods for risk prevention and control into job responsibilities, system building and workflow. With efforts made over the past several years, the Asset Custody Department has established a whole set of internal risk control system, including: job responsibilities, business operating process, auditing and surveillance system, information disclosure system, etc., which covers all departments and positions, penetrates into every business process and shapes the mutual check and balance mechanism across various business units.

- (4) Internal risk control is always one of the major tasks of the Asset Custody Department, which shall rank *pari passu* with business development. The asset custody business is an emerging intermediate business of commercial banks. Since its inception, the Asset Custody Department has been specifically emphasizing standard operations and always considers it a major task to establish a systematic and efficient risk prevention and control system. Along with the changes of market environment and rapid development of custody business, new issues and circumstances appear continuously. The Asset Custody Department considers risk management to be very important, *pari passu* with business development at all times, and considers risk prevention and control as the lifeline of the existence and development of custody business.

#### **(VI) Methods and Procedures for Supervising the Fund Manager's Operation of the Fund by the Fund Custodian**

Pursuant to the Funds Law, the Fund Contract, the escrow agreements and the provisions of the relevant fund regulations, the Fund Custodian carry out supervision and verification on the legitimacy and compliance of practices, such as the scope of the Fund, the investment targets of the Fund, the investment and financing of the Fund, the investment forbidden activities of the Fund, the Fund Manager's participation in the inter-bank bond market, the selection of the deposit bank by the Fund Manager, the calculation of NAV of the Fund, the calculation of NAV per unit of the Fund, verification of the expense and income of the Fund, income distribution of the Fund, related information disclosure and use of performance data in promotional materials. The supervision and verification of the proportion of the investment in the Fund began six months after the commencement of the Fund Contract.

If the Fund Manager is found to have violated the Funds Law, the Operations Measures, the Fund Contract, the escrow agreements and the provisions of the relevant fund regulations, the Fund Custodian shall timely notify the Fund Manager in writing to make correction within certain period which shall complies with the deadline on adjustment of investment proportion of the fund permitted by laws and regulations. Within the set time, the Fund Custodian has the right to review the issues anytime and urge the Fund Manager to make correction. If the Fund Manager failed to correct the violations notified by the Fund Custodian within the set time, the Fund Custodian shall report the situation to the CSRC.

The Fund Custodian shall timely report to the CSRC any significant violation of relevant regulations by the Fund Manager.



## V. Relevant Service Agencies

### (I) Fund Sales Institutions

#### 1. Direct Sales Institution

Bank of China Investment Management Co., Ltd.

Registered Address: 45/F, BOC Building, No. 200, Middle Yincheng Road, Pudong New Area, Shanghai

Office Address: 26/F, 27/F and 45/F, BOC Building, No. 200, Middle Yincheng Road, Pudong New Area, Shanghai

Legal Representative: Zhang Yan

Tel: (021) 38834999

Fax: (021) 50960970

1) Direct Sales Counter of Bank of China Investment Management Co., Ltd.

Registered Address: 45/F, BOC Building, No. 200, Middle Yincheng Road, Pudong New Area, Shanghai

Customer Service Phone: 021-3883 4788, 400-888-5566

E-mail: clientservice@bocim.com

Contact Person: CAO Qing

2) E-commercial Direct Sales Platform of Bank of China Investment Management Co., Ltd.

The E-commercial Direct Sales Platform of BOCIM includes the following channels:

The official website of Bank of China Investment Management Co., Ltd (www.bocim.com)

The official Wechat platform (The Wechat account "Bank of China Investment Management" could be sought and followed through the Wechat platform.)

The official application (The application "Bank of China Investment Management" could be sought in the cellphone application store.)

Customer Service Phone: 021-3883 4788, 400-888-5566

E-mail: clientservice@bocim.com

Contact Person: ZHANG Lei

#### 2. Other Sales Institutions Designated by the Fund Manager

1) Bank of China Co., Ltd.

Registered Address: No. 1, Fuxingmennei Street, Xicheng District, Beijing

Legal Representative: LIU Liange



Customer Service Hotline: 95566

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

2) Industrial and Commercial Bank of China Limited

Registered Address: No. 55, Fuxingmennei Street, Xicheng District, Beijing

Legal Representative: CHEN Siqing

Customer Service Hotline: 95588

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

3) China Construction Bank Co., Ltd.

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

Legal Representative: TIAN Guoli

Customer Service Hotline: 95533

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

4) Bank of Communications Co., Ltd.

Registered Address: No. 188, Middle Yincheng Road, Shanghai

Legal Representative: PENG Chun

Customer Service Hotline: 95559

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

5) China Merchants Bank Co., Ltd.

Registered Address: China Merchants Bank Building, No. 7088, Shennan Road, Shenzhen

Legal Representative: LI Jianhong

Customer Service Hotline: 95555

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

6) China Minsheng Banking Co., Ltd.

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

Legal Representative: HONG Qi

Customer Service Hotline: 95568

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

7) China CITIC Bank Co., Ltd.

Registered Address: No. 9, North Chaoyangmen Street, Dongcheng District, Beijing



Legal Representative: CHANG Zhenming

Customer Service Hotline: 95558

Website: <http://bank.ecitic.com>

8) Hua Xia Bank Co., Ltd.

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

Legal Representative: LI Mingji

Customer Service Hotline: 95577

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

9) Industrial Bank Co., Ltd.

Registered Address: Zhongshan Building, No.154, Hudong Road, Fuzhou, Postal Code: 350003

Legal Representative: GAO Jianping

Tel: 95561

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

10) BOCI Co., Ltd.

Registered Address: 39/F, BOC Building, No. 200, Middle Yincheng Road, Pudong New Area, Shanghai

Legal Representative: NING Min

Tel: 61195566

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

11) Haitong Securities Co., Ltd.

Registered Address: No. 98, Middle Huaihai Road, Shanghai

Office Address: No. 689, Guangdong Road, Shanghai

Legal Representative: ZHOU Jie

Customer Service Hotline: 95553 or call a local business outlet in each city for consultation

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

12) Guotai Junan Securities Co., Ltd.

Registered Address: No. 618, Shangcheng Road, Pudong New Area, Shanghai

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

Legal Representative: YANG Dehong



Customer Service Hotline: 95521

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

13) Ping An Securities Co., Ltd.

Registered Address: 61-64/F, No.5033, Ping An Financial Center, Yitian Road, Futian District, Shenzhen

Office Address: 61-64/F, No.5033, Ping An Financial Center, Yitian Road, Futian District, Shenzhen

Legal Representative: HE Zhijiang

Customer Service Hotline: 95511-8

Website: <http://stock.pingan.com>

14) Everbright Securities Co., Ltd.

Registered Address: No. 1508, Xinzha Road, Jing'an District, Shanghai

Office Address: No. 1508, Xinzha Road, Jing'an District, Shanghai

Legal Representative: ZHOU Jiannan

Customer Service Hotline: 95525

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

15) Shenwan & Hongyuan Securities Co., Ltd.

Registered Address: 45/F, No.989, Changle Road, Xuhui District, Shanghai

Office Address: 45/F, No.989, Changle Road, Xuhui District, Shanghai

Legal Representative: YANG Yucheng

Customer Service Hotline: 95523

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

16) China Galaxy Securities Co., Ltd.

Office Address: 2/F to 6/F, International Enterprise Building, No. 35, Finance Street, Xicheng District, Beijing

Legal Representative: CHEN Gongyan

Customer Service Hotline: 4008-888-888

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

17) Guangfa Securities Co., Ltd.

Registered Address: Room 618, No. 2, Tengfei No.1 Road, Zhongxin Guangzhou Knowledge Town, Huangpu District, Guangzhou, Guangdong



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

Legal Representative: SUN Shuming

Customer Service Hotline: 95575 or call a local business outlet

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

18) China Merchants Securities Co., Ltd.

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

Legal Representative: HUO Da

Customer Service Hotline: 95565

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

19) China Securities Co., Ltd.

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

Legal Representative: WANG Changqing

Customer Service Hotline: 4008-888-108

Website: <http://www.csc108.com/>

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

Registered Address: Room 2001, Building 1, No. 222, Shenzhen Road, Laoshan District, Qingdao, Shandong

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

Legal Representative: JIANG Xiaolin

Customer Service Hotline: (0532) 96577

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

21) Guoyuan Securities Co., Ltd.

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

Office Address: No. 18, Meishan Road, Hefei, Anhui

Legal Representative: CAI Yong

Customer Service Hotline: 95578

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



22) Essence Securities Co., Ltd.

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

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

Legal Representative: WANG Lianzhi

Customer Service Hotline: 95517

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

23) TX Investment Consulting Co., Ltd.

Registered Address: Room 701, Block B, Focus Plaza, No. 19, Finance Street, Xicheng District, Beijing

Office Address: 4/F, Block B, Xinsheng Plaza, No.5, Finance Street, Xicheng District, Beijing

Legal Representative: LIN Yixiang

Customer Service Hotline: 010-66045678

Website: <http://www.txsec.com> or [www.jjm.com.cn](http://www.jjm.com.cn)

24) HwaBao Securities Co., Ltd.

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

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

Legal Representative: CHEN Lin

Customer Service Hotline: 400-820-9898

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

25) Guosen Securities Co., Ltd.

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

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

Legal Representative: HE Ru

Customer Service Hotline: 95536

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





26) China International Capital Co., Ltd.

Registered Address: 27-28/F, Block 2, China World Trade Centre, No. 1, Jianguomenwai Street, Beijing

Legal Representative: DING Xuedong

Tel: 010-65051166 or directly contact each business office

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

27) Cinda Securities Co., Ltd.

Registered Address: Building 1, No. 9, Naoshikou Street, Xicheng District, Beijing

Office Address: Building 1, No. 9, Naoshikou Street, Xicheng District, Beijing

Legal Representative: ZHANG Zhigang

Customer Service Hotline: 400-800-8899

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

28) Huafu Securities Co., Ltd.

Registered Address: 7-8/F, Xintiandi Plaza, No. 157, Wusi Road, Fuzhou

Office Address: 7-10/F, Xintiandi Plaza, No. 157, Wusi Road, Fuzhou

Legal Representative: HUANG Jinlin

Customer Service Hotline: 96326 (customers outside Fujian need to add 0591 before dialling 96326)

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

29) Huatai Securities Co., Ltd.

Office Address: No. 90, Jiangdongzhong Road, Nanjing

Legal Representative: ZHOU Yi

Customer Service Hotline: 95597

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

30) Bohai Securities Co., Ltd.

Registered Address: Room 101, Office Building, No. 42, 2nd Avenue, Economic-Technological Development Zone, Tianjin

Office Address: No. 8, West Binshui Road, Nankai District, Tianjin

Legal Representative: WANG Chunfeng

Customer Service Hotline: 4006515988

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



31) Tianfeng Securities Co., Ltd.

Registered Address: 4/F, Hi-Tech Tower, No.2, Guandongyuan Road, Donghu New Technology Development Zone, Wuhan, Hubei

Office Address: Block B, Guozi Building, No. 32, Tangjiadun Road, Jiangnan District, Wuhan, Hubei

Legal Representative: YU Lei

Customer Service Hotline: 028-86712334

Website: www.tfzq.com

32) Guodu Securities Co., Ltd.

Registered Address: 9-10/F, Guohua Investment Plaza, No. 3, South Dongzhimen Street, Dongcheng District, Beijing

Office Address: 9-10/F, Guohua Investment Plaza, No. 3, South Dongzhimen Street, Dongcheng District, Beijing

Legal Representative: WANG Shaohua

Customer Service Hotline: 400 818 8118

Website: www.guodu.com

33) CITIC Securities Co., Ltd.

Registered Address: North Block, Excellence Times Plaza (Phase II), No. 8, Zhongxin Road 3, Futian District, Shenzhen, Guangdong

Office Address: CITIC Securities Mansion, No. 48, Liangmaqiao Road, Chaoyang District, Beijing

Legal Representative: ZHANG Youjun

Tel: 95558

Website: www.cs.ecitic.com

34) Industrial Securities Co., Ltd.

Registered Address: No.36 Changliu Road, Industrial Securities Building, Pudong, Shanghai

Customer Service Hotline: 95562

Legal Representative: YANG Huahui

Website: www.xyzq.com.cn

35) Shanghai Lu Jin Fund Sales Co., Ltd.

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



Office Address: 14/F, Lujiazui Ring Road No. 1333, Pudong New Area, Shanghai

Legal Representative: WANG Zhiguang

Customer Service Hotline: 4008219031

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

36) Shanghai Daily Fund Sales Co., Ltd

Registered Address: 2 / F, Building 2, 190 Longtian Road, Xuhui District, Shanghai

Office Address: No.58, Wanping South Road, Xuhui District, Shanghai, China

Legal Representative: QI Shi

Customer Service Hotline: 95021/4001818188

Website: <http://fund.eastmoney.com/>

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

Registered Address: Yuhang District, Hangzhou City, Dongguan Road, Lane Road, Lane 1218, a 202 rooms

Office Address: Hangzhou City, Zhejiang Province, West Lake District Wan Tong Road on the 18th Huanglong Times Square Block B 6F

Legal Representative: ZU Guoming

Customer Service Hotline: 4000-766-123

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

38) Shanghai how buy fund sales Limited

Registered Address: No.41, Building 2, 266 Ouyang Road, Hongkou District, Shanghai

Office Address: Shanghai Pudong South Road 1118 Erdos International Building, Room 903 ~ 906

Legal Representative: YANG Wenbin

Customer Service Hotline: 4007009665

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

39) Zhuhai Yingmi Fund Sales Co., Ltd

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

Office Address: Room 1201-1203, South Tower, Poly International Square, No. 1, Pazhou Ave. East, Haizhu, Guangzhou

Legal Representative: XIAO Wen

Customer Service Hotline: 020-89629066



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

40) Shanghai Lead Fund Sales Co., Ltd

Registered Address: Room 1033, No. 5475, Yunchuan Road, Baoshan District, Shanghai

Office Address: Pujiang International Finance Square, No. 1098, East Daming Road, Hongkou District, Shanghai

Legal Representative: LI Yuchun

Customer Service Hotline: 400-921-7755

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

41) Zhejiang Tonghuashun Lead Fund Sales Co., Ltd

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

Office Address: Room 903, Yuanmao Building, 1 Hangzhoushixihuquwen

Legal Representative: LING Shunping

Customer Service Hotline: 4008773772

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

42) BEIJING Kenterui Lead Fund Sales Co., Ltd

Registered Address: 22Nd Floor 2603-06, Building 1, 66 Zhongguancun East Road, Haidian District, Beijing

Office Address: Beijing Yizhuang Economic Development Zone No. 18 Kechuan 11th Street Jingdong Group Headquarters Building A 17th floor

Legal Representative: JIANG Hui

Customer Service Hotline: 95118

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

43) BEI JING Baidubaiying Lead Fund Sales Co., Ltd

Registered Address: 1 Building 1 Floor 101, 10 Shangdi Street, Haidian District, Beijing

Office Address: Level 1, Kaike Technology Building, No. 9 Shangdi Information Road, Haidian District, Beijing

Legal Representative: ZHANG Xuyang

Customer Service Hotline: 95055-4

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

44) Beijing Egg Roll Fund Sales Co., Ltd.



Registered Address: Room 1501, 15 F, Building 6, No. 34 Chuangyuan Road, Chaoyang District, Beijing

Office Address: Room 1501, 15 F, Building 6, No. 34 Chuangyuan Road, Chaoyang District, Beijing

Legal Representative: ZHONG Feifei

Customer Service Hotline: 400-159-9288

Website: danjuanapp.com

45) Nanjing Suning Fund Sales Co., Ltd.

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

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

Legal Representative: WANG Feng

Customer Service Hotline: 95177

Website: www.snjijin.com

### 3. On-market Sales Institutions

On-market Sales Institutions refer to member units (for the specific list, see the relevant document of the SZSE) of Shenzhen Stock Exchange (hereinafter referred to as "SZSE") who have acquired the open-ended fund sales qualifications recognized by the SZSE and the Fund Manager and can handle businesses such as Initial Subscription, Subscription, Redemption and transfer of custody of open-ended fund through the open-ended fund sales system of SZSE.

The relevant information regarding on-market Sales Institutions is also published on the website (www.szse.cn) of SZSE.

The Fund Manager may choose other qualified institutions to sell the Fund in accordance with relevant laws and regulations and disclose on the Fund Manager's website.

## (II) Fund Units Registrar

Name: China Securities Depository and Clearing Company Limited

Registered Address: No. 17, Taiping Bridge Avenue, Xicheng District, Beijing

Office Address: No. 17, Taiping Bridge Avenue, Xicheng District, Beijing

Legal Representative: ZHOU Ming

Tel: (010) 59378835

Fax: (010) 59378907

Contact Person: REN Ruixin



### **(III) Law Firm Issuing the Legal Opinion and Lawyers in Charge**

Name: Shanghai Yuan Tai Law Offices

Domicile: Room 1405, Huaxia Bank Tower, No. 256, South Pudong Road, Shanghai

Principal: LIAO Hai

Tel: (021) 51150298

Fax: (021) 51150398

Contact Person: LIAO Hai

Handling Attorneys at Law: LIAO Hai, LI Ming

### **(IV) Accounting Firm Auditing Fund Assets and Certified Public Accountants for the Fund**

Accounting Firm Name: Ernst & Young China Limited (special general partnership)

Domicile: 17/F, Ernst & Young Building, Oriental Plaza, No.1, East Changan Street, Dongcheng District, Beijing

Executive Partner: MAO Anning

Tel: 010-58153000

Fax: 010-85188298

Contact Person: XU Yan

Certified Public Accountants for the Fund: XU Yan, XU Peijing



## **VI. Subscription and Redemption of Fund units**

If the Fund is authorised for public offer in the Hong Kong Special Administrative Region (hereinafter referred to as “Hong Kong”), unless otherwise specifically provided in the relevant announcements or business rules of Hong Kong sales institutions, sales activities such as Subscription, Redemption and Fund Switching shall be conducted in accordance with this Prospectus.

### **(I) Scope of Fund Investors**

Fund Investors cover Individual Investors and Enterprise Investors located within the territory of the People's Republic of China (except for those prohibited from purchasing securities investment funds by laws and regulations), and Qualified Foreign Institutional Investors.

### **(II) Sites for Handling Subscription and Redemption**

Investors of Class A Fund Units can process Subscription and Redemption and other businesses of Fund units off-market through the Fund Manager's direct sales branches, business branches of Fund Sales Institutions or in other legal manner, or handle such businesses at the stock exchange (on-market) through member units of SZSE who function as on-market sales institutions of the Fund.

Investors of Class H Fund Units can only process Subscription and Redemption and other businesses of Fund units over the counter (off-market) at the business branches of Fund Sales Institutions in Hong Kong or in other legal manner.

The Fund Manager may add or reduce sales institutions in light of changes of situations, and shall disclose on the Fund Manager's website. The sales institutions may add or reduce the cities of sales and the sales branches in light of changes of situations and shall otherwise make announcements thereof.

The Investor can also entrust a sales institution to handle the Subscription and Redemption of the Fund as an agent provided that the sales institution permits, and shall sign an agency agreement to specify the rights and obligations of the two parties, and the investor shall observe relevant provisions of the sales institution.

When conditions are suitable, the investor can handle Subscription and Redemption businesses through the Fund Manager or designated Fund Sales Institution by telephone, Internet and other methods.

### **(III) Time for Handling Subscription and Redemption**

#### **1. Start time for Subscription and Redemption**

The Fund Manager has started to handle Daily Subscription of Fund units for the Fund since April 18, 2006, and started to handle Daily Redemption of Fund units for the Fund since May 16,



2006.

## 2. Open Day and Time of Handling Subscription and Redemption

The Open Day for Class A Fund Units shall be a day on which the Shanghai Stock Exchange and SZSE are open for trading.

Except as otherwise stated in the announcement (including the Hong Kong covering document of the prospectus prepared for offering in Hong Kong), the Open Day of Class H Fund Units shall be a day on which commercial banks in Hong Kong are open for normal banking and the Shanghai Stock Exchange and SZSE are open for trading.

The investor shall submit the Subscription and Redemption applications on an Open Day (unless the Fund Manager announces the suspension of Subscription and Redemption). The opening hours for handling the relevant business on a Open Day are provided in the offering announcement or the Fund Sales Institution's relevant announcement.

Where the investor submits a Subscription or Redemption application at any date or time other than those defined in the Fund Contract, the application shall be deemed to be submitted at the next instance of handling Subscription or Redemption of Fund units, and the Subscription and Redemption prices for the Fund units shall be corresponding prices on the Open Day of the next instance of handling Subscription or Redemption of Fund units.

If new securities exchange markets emerge or other special situations occur, the Fund Manager shall accordingly adjust aforesaid Open Day in light of the actual conditions and make an announcement beforehand, and also report it to the CSRC for filing.

## (IV) Principles of Subscription and Redemption

1. The principle of “unknown price” means that the prices for Subscription and Redemption will be calculated on the basis of the NAV per Unit calculated for this type of Fund Unit after the trading hours on the application day.
2. The principle of “Subscription by amount and Redemption by unit” means the applications for Subscription are based on the amount that is invested, while the applications for Redemption are made by unit.
3. Any applications for Subscription or Redemption of the day may be cancelled before the trading hours of the day and cannot be cancelled after the trading hours of the day.
4. The Fund Manager shall have the right to make adjustments to the above principles in accordance with actual conditions of the Fund's operation, provided that the investors' actual interests are not affected thereby. The Fund Manager shall announce the adjustments on Designated Medium at least two Working Days prior to the implementation of new rules.
5. The currency for Subscription or Redemption of the two classes of Fund Units under this Fund is RMB. The Fund Manager can accept Subscriptions or Redemptions in other currencies if laws and regulations are complied with and an agreement is reached through negotiation with the Fund Custodian.





6. Where the Fund experiences huge-amount subscription or redemption, the Fund Manager may use a swing pricing mechanism through proper procedures to ensure the fairness of valuation of the Fund. Specific principle of management and operation rules shall follow relevant laws and regulations, regulatory requirements and self-regulating rules.

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

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

The Fund Investor shall, in accordance with the procedures as specified by the Fund Manager and Fund Sales Institution, apply for Subscription and Redemption during the trading hours on Open Days.

When applying for Subscription to the Fund, the Investor shall prepare sufficient amount in accordance with the method specified by the Sales Institution.

When submitting the application for Redemption, the Investor shall have sufficient balance of Fund units in its Sales Institution (outlet).

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

The Fund Manager shall regard the day of receiving the Subscription and Redemption applications within the trading hours of Subscription and Redemption of the Fund as the Subscription and Redemption application day (T Day), and confirm effectiveness of the transaction within T+1 Working Day. On or after T+2 Working Day, the investor can check the dealing information at the outlet where the Subscription and Redemption applications are submitted.

The Open Day for Class H Fund Units differs from Class A Fund Units. The Fund Units Registrar can only transfer the transaction data of Subscriptions and Redemptions to the sales institution in Hong Kong on an Open Day for Class H Fund Units. Therefore, Investors in Class H Fund Units of the Fund can check the transaction information of Subscriptions and Redemptions via the sales institution or through other methods specified by the sales institution after two Open Days has elapsed for Class H Fund Units. The Investors shall follow the specific time arranged by such sales institution.

The Fund Sales Institution's acceptance of a Subscription application is not an indication that the application is successful but this only indicates that the Subscription application is received by the Sales Institution. The confirmation of Subscription application by the Fund Registrar or the Fund Manager shall be taken as conclusive.

### **3. Payment for Subscription and Redemption Monies**

The Subscription requires a lump sum payment; if the amount is not paid and received in full within the specified time, the Subscription is deemed to be invalid, and the amount paid for the invalid Subscription shall be refunded to the account of the investor by the Fund Manager or the Sales Institution designated by the Fund Manager.

After the Investor's application for Redemption is confirmed, the Redemption amount



shall be transferred to the Fund unitholder's (redeemer's) account within T+7 Working Day. In the case of massive redemption, the payment shall be made in accordance with the relevant provisions of the Fund Contract.

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

### **1. Subscription application amount of the Fund**

The Investor's minimum Subscription amount for each subscription shall be determined pursuant to the business related rules of each Sales Institution; the off-market minimum Subscription amount at the direct sales branch shall be defined and adjusted by the Fund Manager.

Dividends paid to Investors for each relevant period, if reinvested into Fund units is not subject to the minimum Subscription amount.

The Investor may conduct multiple Subscriptions and there is no upper limit for the accumulated Fund units held by a single Investor, unless otherwise specified by laws and regulations and the CSRC.

### **2. Fund units of Subscription application**

When the Fund unitholder redeems Fund units through the Sales Institution, part or all of the Fund units can be redeemed. If the Fund unitholder's holding of Class A Fund units with the Sales Institution (sales outlet) is less than 10 units during and after the Redemption, the Fund unitholder must redeem all his Fund units in the same application. The minimum holding requirement does not apply to Class H Fund Units.

3. The Fund Manager may, in accordance with the market situation, adjust the aforesaid Subscription and Redemption procedures, amounts and the limitation on the minimum Fund units kept in the fund trading account, and shall announce the adjustment on Designated Medium prior to the adjustment.

### **4. Handling of the Subscription units, balance and Redemption amount**

Handling of the Subscription units and balance: For the Investor's off-market Subscription, the valid units of Subscription shall be calculated by deducting the applicable fees from the Subscription amount actually confirmed and based on the NAV per Unit for this type of Fund Units on the application day and shall be rounded off to the second decimal place. The deviation generated by rounding off shall become part of the Fund assets. For the investor's on-market Subscription, the calculation method of valid Subscription units shall be subjected to the SZSE's relevant regulations on on-market Subscription and Redemption businesses of open-ended fund.

Handling mode of the Redemption remount: The Redemption amount shall be calculated by multiplying the number of valid Redemption units actually confirmed by the NAV per Unit for this type of Fund Units on that day and deducting the applicable fees. The calculation result shall be rounded off to the second decimal place, and the deviation



generated by rounding off shall become part of the Fund assets.

5. The Fund Manager may agree with the Sales Institution that, if the Investor entrusts the Sales Institution to handle the Subscription and Redemption of the Fund as an agent, the Sales Institution can handle it in accordance with the relevant provisions in the agency agreement, instead of being restricted by the above amount.
6. When accepting some subscriptions will constitute potential material adverse impact on existing Fund unitholders, the Fund Manager shall take measures to set highest limitations on subscription amount of a single investor or net subscription proportion in a single day, reject huge-amount subscription, temporarily suspend subscription or etc. to indeed protect the legal rights and interests of existing Fund unitholders. Please refer to the relevant regulations for details.

## (VII) Subscription Fee Rate and Redemption Fee Rate

Subscription Fee Rate	Subscription Amount	Subscription Fee Rate
	Less than RMB Five Hundred Thousand	1.5%
	RMB Five Hundred Thousand (including RMB Five Hundred Thousand) to RMB One Million	1.2%
	RMB One Million (including RMB One Million) to RMB Two Million	1.0%
	RMB Two Million (including RMB Two Million) to RMB Five Million	0.6%
	More than RMB Five Million (including RMB Five Million)	RMB 1,000 for each transaction
Off-market Redemption Fee Rate	Holding Period	Redemption Fee Rate
	Less than 7 days	1.5%
	7 days (inclusive) to 1 year	0.5%
	1 year (inclusive) to 2 years	0.25%
	2 years (inclusive) or longer	0
On-market Redemption Fee Rate	Less than 7 days	1.5
	More than 7 days (inclusive)	0.5%



Since November 12, 2018, the pension customers who have applied for the share of Class A fund of the fund through the counter of the direct selling center of the company will be charged a specific rate for the purchase:

If the amount of a single application is less than 5 million, the applicable rate of the original application rate is 10% of the corresponding amount; if the amount of a single application is more than 5 million (including), the applicable rate of the original application rate is the same as the corresponding amount of the original application rate. Pension clients refer to the supplementary pension funds raised by basic pension funds and legally established pension plans and their investment and operation income, including national social security funds, local social security funds that can be invested in funds, single enterprise annuity plans and collective plans. If there is a new type of pension fund approved by the supervision department of pension fund in the future, the fund manager may include it in the scope of pension clients when the prospectus is updated or issue a temporary announcement.

Note 1: For calculation of the off-market Redemption fee rate, "6 months" refer to 181 days, "1 year" refers to 365 days, "2 years" refer to 730 days, etc.

Note 2: The above holding period refers to the continuous term during which the Investor holds the Fund units in the registration system.

Note 3: The above fee rates apply to sales of Fund units in China. For sales of Fund units in Hong Kong, the Subscription fee rate shall be determined by the Hong Kong sales institutions provided that it shall not exceed 5% of the subscription amount; Redemption fee rate shall be 0.125% of the amount redeemed.

1. The Subscription fees for the Fund shall be borne by the subscriber and shall not be included in the Fund assets. These are primarily used to cover the various expenses incurred by the Fund's marketing, sales, registration, etc.
2. The Redemption fees of the Fund shall be paid by the redeemer and charged when the Investor redeems units of the Fund, and the balance after deducting the registration fee and other relevant fees shall be included in the Fund assets; the proportion of Redemption fees to be included in the Fund assets shall not be lower than 25% of the total amount (The whole of the Redemption fees charged in respect of Fund units publicly offered in Hong Kong shall be for the account of the Fund assets). The unitholder of Class A Fund Units with a consecutive holding period of less than 7 days shall be charged a redemption fee of 1.5% which shall be included into the Fund assets in full amount.
3. The Fund Manager may, in accordance with market conditions and requirements and without breaching laws and regulations and the agreements in the Fund Contract, establish all kinds of fund promotion plans for the Fund investors who are in specific territories, scopes, industries or backgrounds; for investors with a certain amount or number of purchased units of Fund under management of the Fund Manager reaching or exceeding a fixed standard; regularly or irregularly conduct promotion activities of the Fund for investors dealing with the Fund via specific transaction modes. During



the aforesaid promotion activities of the Fund, the Fund Manager can adjust the Subscription fee rate and Redemption fee rate of the Fund for the Fund investors within the scope of promotion activities.

4. The Fund Manager may adjust the Subscription fee rate, Redemption fee rate or switching fee rate, and shall list the latest Subscription fee rate, Redemption fee rate and switching fee rate in an announcement. Once any fee rate changes, the Fund Manager shall announce the change on Designated Medium at least two Working Days prior to the implementation of the new fee rate.
5. When technical conditions permit, each Sales Institution may enable all kinds of electronic trading modes (e.g., online trading and phone trading). The Fund Manager can determine the more preferential Subscription fee rate and Redemption fee rate applicable to electronic trading modes in accordance with relevant laws and regulations and provisions of the Fund Contract, without being restricted by the above fee rate structure. Once the differential Subscription fee rate and Redemption fee rate applicable to electronic trading modes are determined, the Fund Manager shall announce the new fee rates on Designated Medium at least two Working Days prior to the implementation of the new fee rates.
6. Where the Fund experiences huge-amount subscription or redemption, the Fund Manager may use a swing pricing mechanism through proper procedures to ensure the fairness of valuation of the Fund. Specific principle of management and operation rules shall follow relevant laws and regulations, regulatory requirements and self-regulating rules.

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

1. Calculation of Number of Off-market Subscription Units of the Fund

The Subscription amount of the Fund includes the Subscription fee and net Subscription amount, of which:

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

Subscription fee = Subscription amount – Net Subscription amount

Number of Subscription units = Net Subscription amount / NAV per Unit for the class of Fund Units on the Subscription day

The Subscription fee shall be in RMB and rounded off to the second decimal place. The total number of Subscription units shall be rounded off to maintain 0.01 of the Fund unit. The losses generated thereby shall be assumed by Fund assets and the income obtained shall become part of the Fund assets.

2. Calculation of Number of On-market Subscription Units of the Fund

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

Subscription fee = Subscription amount – Net Subscription amount



Number of Subscription units = Net Subscription amount / NAV per Unit for the class of Fund Units on the Subscription day

The number of valid units actually confirmed for the Subscription amount shall be rounded off to the integer number, and the remaining portion shall be converted to whole numbers and returned to the Investor by the clearing participant.

3. Calculation of the Redemption Amount of the Fund

Redemption fee = NAV per Unit for the class of Fund Units on the Redemption day × Number of units redeemed × Redemption fee rate

Redemption amount = NAV per Unit for the class of Fund Units on the Redemption day × Number of units redeemed - Redemption fee

The valid Redemption amount actually confirmed for the Redemption units shall be calculated based on the NAV per Unit for the class of Fund Units on that day and by deducting the applicable fees, and be rounded to the second decimal place. The losses generated thereby shall be assumed by Fund assets and the income obtained shall become part of the Fund assets.

4. The Fund Manager may, without breaching Fund unitholders' rights and interests, change the above calculation formula of Subscription Fund units or the above calculation formula of Fund Redemption amount, as well as the handling methods of the Subscription units and balance or the handling method of Redemption amount, but shall announce the changes on Designated Medium no less than two Working Days prior to the application date of the new formulas or handling methods.

**(IX) Registration and Transfer Registration of Subscription and Redemption**

After an Investor has successfully made a Subscription for Fund units, the Fund Units Registrar shall complete the registration procedures of equity increase on T + 1 Day, and the Investor shall be entitled to redeem such part of Fund units with effect from T + 2 Day. After the Investor have redeemed the Fund units successfully, the Fund Units Registrar shall register the decrease in rights and interests for the Investor on T + 1 Day.

The Fund Manager may, within the scope allowed by the laws and regulations, adjust the time for the above registration, and shall, at least 2 Working Days prior to the implementation, make an announcement on Designated Medium.

**(X) Rejection or Suspension of Subscription and Redemption or Deferment of Redemption Amount Payment and Handling Methods**

1. Handling suspension or rejection of Subscription

The Fund Manager cannot reject or suspend Fund Investor's applications for Subscription unless the following circumstances take place:

- 1) The Fund fails to operate normally due to Force Majeure;
- 2) Where the assets that account for 50% or more of the NAV of the Fund fall under



the circumstance where they have no active market price as reference and the use of valuation techniques still leads to significant uncertainty in their fair value, the Fund Manager shall, after consultation with and confirmation by the Fund Custodian, temporarily suspend the acceptance of subscription applications of investors.

- 3) The NAV of the Fund for the day cannot be calculated due to the unexpected close of stock exchanges during the trading hours;
- 4) The size of Fund assets is so large that the Fund Manager cannot find appropriate investment categories or the Fund performance may be negatively affected and thereby causing harm to the interests of existing Fund unitholders;
- 5) Other situations as stipulated by the laws and regulations or as defined by the CSRC where Subscriptions can be suspended;
- 6) Based on just causes, the Fund Manager opines that acceptance of Subscription applications of the Fund needs to be suspended;
- 7) The Investor cannot conduct Subscriptions to Class H Fund Units, and the Fund Manager decides to temporarily suspend Subscriptions to Class H Fund Units due to an insufficient quota of the mutual recognition of funds;
- 8) The NAV of Class H Fund Units exceeds 50% of NAV of the Fund, and the Fund Manager decides to temporarily suspend Subscription to Class H Fund Units;
- 9) Where the Fund Manager's acceptance of one or some subscription applications may lead to the units held by one single unitholder reach or exceed 50% of the total units of the Fund, or disguised circumvention of such 50% concentration ratio requirement.
- 10) Where the subscription application amount exceeds the highest amount of the total units of the Fund, the net subscription portion, the subscription amount for a single person in one day or for one subscription;
- 11) A Subscription which, in accordance with the Fund Manager, will impair the interest of the existing Fund unitholders;

When one of the above circumstances in 1) through 8) occurs and the Fund Manager decides to temporarily suspend Subscriptions, the Fund Manager shall publish the announcement for temporarily suspending Subscription on Designated Medium.

When the above circumstance in 11) occurs and the Fund Manager decides to reject Subscription, the Subscription amount shall be refunded to the Investor's account in full.

2. The Fund Manager may suspend accepting the Investor's application for Redemption or deferred payment of the Redemption amount under any of the following circumstances:

- 1) The Fund Manager is unable to pay the Redemption amount due to Force Majeure;





- 2) Where the assets that account for 50% or more of the NAV of the Fund fall under the circumstance where they have no active market price as reference and the use of valuation techniques still leads to significant uncertainty in their fair value, the Fund Manager shall, after consultation with and confirmation by Fund Custodian, temporarily suspend accepting the unitholder's application for Redemption or defer payment of the Redemption amount.
- 3) The Fund Manager is unable to calculate the NAV of the Fund on that day due to the temporary suspension of trading by the stock exchange according to law;
- 4) Consecutive massive redemption has been caused by high volatility of the market or other reasons, leading to difficulty in cash payment by the Fund;
- 5) Other circumstances as specified by the related laws and regulations and the Fund Contract or approved by the CSRC.

In case of any of the above circumstances, the Fund Manager shall, on the same day, submit a report promptly to the CSRC for filing. For the Redemption applications that have been accepted, the Fund Manager shall make full payment; if full payment cannot be made for all accepted applications of Redemption for the time being, the Fund Manager shall make pro rata payments in accordance with the ratio of the amount of the accepted Redemption application for each account to the total amount of the accepted Redemption applications. The remaining portion of the Redemption applications shall be cashed on the subsequent Open Day. If the circumstance described in the above item 4) also takes place, the payment of the Redemption amount can be deferred for the accepted Redemption applications for a maximum period of 20 Working Days after the normal payment day, and the relevant information shall be announced on Designated Medium. The investors may choose to withdraw the portion of the Redemption application that is not accepted on the same day. Once the relevant circumstances causing the suspension of Redemption are removed, the Fund Manager shall resume the Redemption business without delay.

3. For suspension of Subscription and Redemption of the Fund, the Fund Manager shall publish an announcement on Designated Medium within two days.
4. For termination of the suspension period and re-opening of the Fund, the Fund Manager shall publish an announcement on Designated Medium two days at least prior to the re-opening date.

#### **(XI) Determination and Treatment of Massive Redemption**

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

Massive Redemption refers to the situation where within a single Open Day, the net applications for Redemption of the Fund units (i.e. the balance of the sum of the total amount of applications for Redemption and the total amount of applications for switching-out minus the sum of the total amount of applications for Subscription and the total amount of applications for switching-in) are more than 10% of the total Fund units on the preceding day.





## 2. Treatment of Massive Redemption

In case of a Massive Redemption, the Fund Manager may decide to accept all the Redemption applications or to defer part of the Redemption applications based on the status of the asset portfolio at that time.

- 1) Accepting all the Redemption applications: If the Fund Manager believes it is able to pay for all the Redemption applications of the investors, the normal Redemption procedure shall be followed.
- 2) Deferring part of the Redemption applications: When the Fund Manager believes there are difficulties with payment for all the Redemption applications of Investors, or believes that the payment for all the Redemption applications of Investors may cause drastic fluctuations to the NAV of the Fund, the Fund Manager may defer the handling of part of the Redemption applications, provided that the total number of the redeemed Fund units on that day is not less than 10% of the total Fund units of the preceding day. In respect of the Redemption applications on that day, the Fund Manager shall confirm the Redemption applications accepted on that day in accordance with the ratio of the amount of the Redemption application for each account to the total amount of the Redemption applications on that day. Unless at the time of submitting an application for Redemption the investor has requested to withdraw the portion that is not accepted on the same day, the unaccepted portion of the applications shall be deferred to the next Open Day for Redemption. The deferred portion of any Redemption application on the next Open Day does not enjoy any priority for Redemption. The same applies to any further deferral of Redemption applications until all the applications are satisfied. If the sales institution in Hong Kong otherwise stipulates the options of the Class H Fund Unit investor, such stipulation will prevail.
- 3) In case of a Massive Redemption and the redemption applications of one unitholder of the Class A Unit exceed 10% of the total unit of the Fund on the previous Open Day, when the Fund Manager believes there are difficulties with payment for the redemption applications of the said investor, or believes that the payment for the redemption applications of the said investors may cause drastic fluctuations to the NAV of the Fund, the Fund Manager may suspend the acceptance of the part over 10% of the redemption applications of the said unitholder of the Class A Unit. The investor may choose to defer the unaccepted portion of the redemption applications to the next Open Day or withdraw the portion at the time of submitting an application for redemption, with reference to the above treatment (2) for specific rules. The deferred portion of the redemption application, with no priority for redemption, shall be treated the same as the redemption applications on the next Open Day and the corresponding redemption amount shall be calculated on the NAV per unit of the next Open Day. The same applies to any further deferral of redemption applications until all the applications are satisfied. The portion of the redemption applications within 10% (10% included) of the said unitholder of the Class A Unit, together with the redemption



application of other investors apply to the rules specified in the above treatments (1) and/or (2), and please refer to relevant notice for details.

- 4) Announcement of massive redemption: Where massive redemption of the Fund occurs and the acceptance is deferred, the Fund Manager shall provide a notice to the Fund unitholders within three trading days to state the relevant treatment methods through mail, fax or other methods specified in the Prospectus, and make an announcement on Designated Medium within two days.

If the Fund encounters a massive redemption for more than two consecutive Open Days, the Fund Manager may suspend the acceptance of Redemption applications if deemed necessary. Payment of the Redemption amount for those accepted Redemption applications may be deferred for a period of 20 Working Days at most after the normal payment day, and the Fund Manager shall make an announcement on Designated Medium.

## **(XII) Other Circumstances for Suspension of Subscription and Redemption and Handling Method**

In case of matters not indicated in the Fund Contract or Prospectus and the Fund Manager opines that it is necessary to suspend Subscription and Redemption applications based on justified causes, the Fund Manager shall report it to the CSRC for necessary approval and then promptly publish the suspension announcement on Designated Medium.

## **(XIII) Announcement of Re-opening of Subscription and Redemption**

If the suspension lasts for one day, the Fund Manager shall, after the suspension ends, announce the re-opening of Subscription or Redemption of the Fund and the NAV per Unit of the last Working Day on Designated Medium.

If the suspension lasts for more than one day but less than two weeks, the Fund Manager shall publish the announcement on the re-opening of Subscription or Redemption on Designated Medium one Working Day prior to the re-open day, and announce the NAV per Unit of the last Working Day on the re-opening day of Subscription or Redemption.

If the suspension lasts for more than two weeks, the Fund Manager shall repeatedly announce the suspension at least once every two weeks during the suspension period. If the suspension lasts for more than two months, the frequency for repeatedly publishing such an announcement may be adjusted to once a month. When the suspension concludes and the Fund Subscription or Redemption is re-opened, the Fund Manager shall continuously announce the re-opening of Subscription or Redemption on Designated Medium two Working Days in advance, and shall announce the NAV per Unit of the last Working Day on the re-opening day of Subscription or Redemption.

## **(XIV) Switching of the Fund**

To provide convenient services for Fund unitholders, the investors can elect to switch the Fund with other funds under the management of the Fund Manager when all the technical conditions and preparations are complete. The Fund Manager shall separately stipulate and announce details such as the amount limitation of Fund Switching and switching fee rate at that



time in accordance with relevant laws and regulations and provisions of the Fund Contract.

The fund switching service is not currently provided for the Class H Fund Units under this Fund. When fund conditions are good, the Fund Manager can provide fund switching services for Class H Fund Units without convening a Fund unitholder meeting. The Fund Manager shall publish an announcement at that time.

#### **(XV) Periodic Subscription Service**

The Fund Manager can handle the Periodic Subscription Service for Investors. The Fund Manager shall define the specific rules in the announcement published at that time or in the updated Prospectus. The investor can independently decide the deduction amount of each term when handling the Periodic Subscription Service, and the deduction amount of each term must not be lower than the minimum Subscription amount of Periodic Subscription Service stipulated in the relevant announcement or updated Prospectus by the Fund Manager.

The Periodic Subscription Service is not currently provided for Class H Fund Units under this Fund. When conditions are good, the Fund Manager can provide the Periodic Subscription Service for Class H Fund Units without convening a Fund unitholder meeting. The Fund Manager shall publish an announcement at that time.

#### **(XVI) Non-trading Transfer of the Fund units**

Non-trading transfer refers to the act of transferring a fixed quantity of Fund units from the Fund Account of one investor to the Fund Account of another investor in accordance with certain rules without adopting the fund trading modes such as Subscription or Redemption.

The Fund Units Registrar accepts only non-trading transfers under circumstances such as inheritance, donation and judicial enforcement. Among them, inheritance refers to the situation where a Fund unitholder is deceased and his Fund units are inherited by the legal successor; donation refers to acceptance of a Fund unitholder's application for donating his/her legally held Fund units to any charity funds or social groups; judicial enforcement refers to the situation where a judicial body compulsorily transfers the Fund units of a Fund unitholder to another natural person, legal person, social group or organization in accordance with an effective judicial document. In any of the above circumstances, the party who accepts the transfer shall comply with the conditions for holding the Fund units that are defined in relevant laws and the Fund Contract.

To handle a non-trading transfer, an application shall be directly submitted to the Fund Units Registrar in accordance with the rules of the Fund Units Registrar regarding registration and transfer registration of open-ended securities investment funds.

#### **(XVII) Freezing of the Fund**

The freezing and unfreezing procedures of Fund Accounts or Fund units shall be completed in accordance with relevant provisions of the Fund Manager and the Fund Units Registrar.

Where Fund units are frozen, the units of the frozen portion will still participate in the distribution and payment of income, but the additional Fund units converted in income distribution of the frozen Fund units shall be frozen concurrently.

## **VII. Fund unit Registration, Intra-system Custody Transfer and Cross-system Registration Transfer**

### **(I) Registration of Fund units**

The registration business of Fund units refers to the registration, depository, clearing and settlement activities of Fund units, including management of the investors' Fund accounts, registration and clearing of the Fund units, confirmation of sales of Fund, distribution of dividends, creation and safekeeping of the register of the Fund unitholders, etc.

The Fund units adopt the registration principle of different systems. The Fund units bought through off-market Initial Subscription or Subscription are registered under the Fund unitholders' open-ended Fund accounts in the registration system; the Fund units bought through on-market Initial Subscription or Subscription are registered under the Fund unitholders' securities accounts in the securities registration and settlement system.

Registration of the Fund units shall be handled by the Fund Units Registrar. The Fund Manager shall sign an agency agreement with the Fund Units Registrar to define the rights and obligations of the Fund Manager and the Fund Units Registrar on matters such as management of the investors' Fund accounts, registration and clearing of the Fund units, confirmation of sales of Fund, distribution of dividends, and creation and safekeeping of the register of the Fund unitholders, and protect legal rights and benefits of the Fund investors and Fund unitholders.

The Fund Units Registrar shall assume the following responsibilities:

1. To handle the registration business of the Fund strictly in accordance with the conditions prescribed in the relevant laws and regulations and the Fund Contract;
2. To keep the register of the Fund unitholders and relevant business records such as Subscription and Redemption for more than 15 years;
3. To keep confidential all information on Fund unitholders' Fund Accounts. In the event of any violation of this confidentiality obligation resulting in the loss of investors or the Fund or any other party, the Fund Units Registrar shall assume the corresponding compensation liability with its own assets, except for judicial enforcement inspection;
4. To handle non-trading transfer for investors in accordance with provisions of the Fund Contract and Prospectus and provide other necessary services;
5. To ensure normal operation of the Fund registration and clearing system and complete data sending and accepting within the stipulated time;
6. To provide a disaster recovery and emergency response mechanism;
7. Other responsibilities specified in the related laws and regulations.

### **(II) Intra-system Custody Transfer**

1. The intra-system custody transfer is the Fund unitholders' transfer of custody of held Fund units between different Sales Institutions (outlets) in the registration system or



between different member units of the SZSE (seats) in the securities registration and settlement system.

2. Where universal deposits and withdrawals cannot be implemented between Sales Institutions (outlets) for registration of Fund units when Fund unitholders of the registration system change the Sales Institutions (outlets) for handling the Fund Redemption business, intra-system custody transfer of held Fund units can be handled.
3. The intra-system custody transfer shall be prohibited for the Fund units during the offering period.
4. The intra-system custody transfer service is currently not provided for Class H Fund Units under this Fund. When conditions are good, the Fund Manager can provide the intra-system custody transfer business for Class H Fund Units without convening a Fund unitholder meeting. The Fund Manager shall publish an announcement at that time.

### (III) Cross-system Registration Transfer

1. Cross-system registration transfer refers to Fund unitholders' registration transfer of held Fund units between the registration system and the securities registration and settlement system.

Cross-system registration transfer can only be performed between the registered open-ended fund accounts and their basic securities accounts or fund accounts. The cross-system registration transfer business of the Fund shall be handled pursuant to relevant regulations of China Securities Depository and Clearing Company Limited.

Currently only Off-market Subscriptions and Redemptions are provided for Class H Fund Units under this Fund. Class H Fund Units are registered in the registration system. Therefore, the cross-system registration transfer business is not provided for Class H Fund Units under this Fund. After on-market Subscriptions and Redemptions are provided for Class H Fund Units and conditions are good, the Fund Manager can provide the cross-system registration transfer business for Class H Fund Units without convening a Fund unitholder meeting. The Fund Manager shall publish an announcement at that time.

## VIII. Fund Investment

### (I) Investment Objective

The investment objective of the Fund is to achieve medium-to-long term capital appreciation for Investors by focusing on listed companies of sustainable growth potential.

### (II) Investment Scope

The Fund invests in financial instruments with good liquidity, including stocks and bonds as well as other financial instruments permitted by the CSRC for the Fund to invest in. The Fund primarily invests in stocks with the prospect and potential for sustainable growth.

### (III) Investment Philosophy

1. To explore investment opportunities by studying a company's profit growth and the sustainability of its operation model;
2. To give priority to the companies with core competitiveness, good corporate governance, that are bold in innovation, and that have a strong sense of social responsibility;
3. To boost the sound development of society through effective investment activities and contribute to long-term capital appreciation and returns for investors.

### (IV) Investment Strategy and Portfolio Management

The Fund adopts a top-down approach in asset-allocation, combined with a bottom-up active investment management strategy, and performs qualitative and quantitative analysis on company value assessment and portfolio-building to portfolio risk management.

The decision-making on the SAA of the Fund relies on judgment of the impact from the following factors of the securities market and analysis of the characteristics of predictable risks and incomes of assets based on the quantitative analysis and research findings of the macro-economy by the Bank of China and BlackRock Inc., as well as periodic changes in the performance of the economy: market interest rates, inflation rate, money supply and profit changes. The ratio of the respective types of Fund assets are determined in accordance with the decisions on strategic assets allocation and adjusted appropriately by referring to regular reports on investment portfolio risk assessments and relevant quantitative analysis models.

The Fund will seize market opportunities through SAA based on dynamic changes amid economic restructuring to maximise incomes on the investment portfolio.

Within the investment portfolio, stock assets shall account for at least 60% of the NAV of the



Fund, and the stocks of listed companies with growth sustainability shall account for at least 80% of the market value of all the stocks. The ratios of cash assets, bond assets and repurchase shall comply with relevant laws and regulations.

#### 1. Stock selection

The Fund preselects stocks by profit growth with a quantitative model, and evaluates the sustainability of corporate growth by using a rating system. By drawing on the above information, the Fund will further carry out in-depth analysis on the fundamentals and valuation of the stocks, and build its investment portfolios.

#### 2. Bond assets management

Based on analysis of GDP growth rate, adjustment in monetary and fiscal policies, and inflationary changes, the future trend of interest rates will be predicted and the duration of a bond investment portfolio will be determined. In addition, active investment strategies will be applied to increase the incomes on the bond investment portfolio, such as yield curve, term structure, and allocation of bond varieties. Risk-free arbitrage opportunities will also be capitalized based on market segmentation between the inter-bank market and the exchange market.

Credit risks will be strictly controlled and the principle of liquidity and security will be followed while individual bonds are selected.

#### 3. Cash management

In the Cash management, to timely satisfy liquidity requirements arising from fund operations, the Portfolio Manager will forecast future cash flow for cash budget management.

### (V) Investment Decision-Making Basis and Process

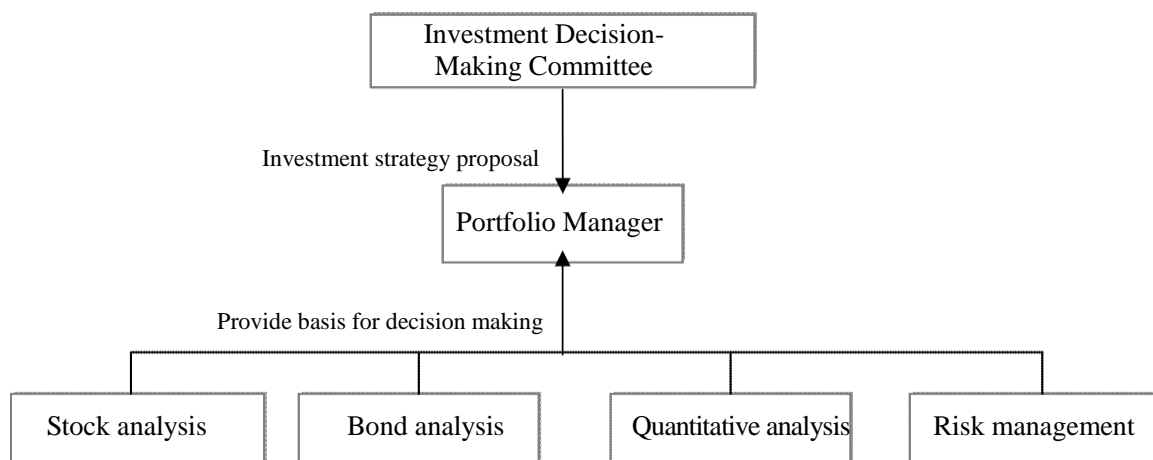
#### 1. Basis for Decision-Making

- 1) Decisions will be made in accordance with national and relevant laws and regulations as well as the Fund Contract;
- 2) Conclusions provided by the investment research team will be based on the qualitative and quantitative analysis of macro-economic cycles, industry growth patterns, market situations, financial data for listed companies, and corporate governance structure;
- 3) Investment risk assessment reports and proposals will be provided by investment risk managers;

#### 2. Investment decision-making process

The following figure shows the working relationship between the Portfolio Manager, the

Investment Decision-making Committee, and various functional teams during the investment process:



The Portfolio Manager carries out investment management within the authorized scope of fund investment policies.

#### (VI) Restrictions on Investment Portfolios

1. Any individual stock invested in by the Fund shall not exceed 10% of the NAV of the Fund;
2. Securities issued by any single company held by the Fund and any other funds managed by the Fund Manager shall not exceed 10% of such securities.
3. Stock assets invested by the Fund shall account for at least 60% of the net assets of the Fund.
4. Fund's holdings of cash or government bonds with a maturity date within one year, or cash equivalents as approved by the CSRC shall not be less than 5% of the NAV of the Fund, while the said cash excludes the settlement reserves, the guaranteed deposits paid or the receivable subscription amounts.
5. The shares of a single listed company as held by all the Open-end Funds (including regular open-end funds in their open period) managed by the Fund Manager shall not exceed 15% of the outstanding shares of the listed company. The shares of a single listed company as held by all the investment portfolios managed by the Fund Manager shall not exceed 30% of the outstanding shares of the listed company.
6. The total market value of the assets with restricted liquidity as are actively invested by the Fund shall not exceed 15% of the NAV of the Fund. Where the Fund Manager fails to comply with the aforesaid restriction on percentages due to securities market





volatility, trading suspension of the stocks of a listed company, changes in fund size or other factors not attributable to the Fund Manager, the Fund Manager is not allowed to proactively increase investment in assets with restricted liquidity;

7. As regards reverse repurchase transactions where the counterparties are privately-raised securities or asset management products or other parties identified by the CSRC, the requirements on the qualifications of acceptable collaterals to be pledged shall be consistent with the scope of investment agreed under the Fund Contract.
8. Where the Fund assets participate in the Subscription for share issuance, the amount declared by the Fund shall not exceed the total assets of the Fund and the number of shares declared by the Fund shall not exceed the total number of shares proposed to be issued by the issuer.
9. The Fund shall not breach the provisions on the investment scope, strategies, and ratios stipulated in the Fund Contract.
10. The Fund has six months to take a position.
11. Where the Funds Law and other relevant laws and regulations or regulatory authorities otherwise provide for the said ratio restrictions, such provisions shall prevail.

If the Fund's investment portfolio fails to comply with any of the above ratios, with the exception of the above item 4, 6 and 7, due to factors not attributable to the Fund Manager such as securities market fluctuation, merger of listed companies and changes in the Fund's scale, the investment portfolio shall not be subject to the abovementioned restrictions. However, the Fund Manager shall make necessary adjustments within 10 trading days to meet such requirements.

## **(VII) Investment Forbidden Acts**

For the Fund, the following acts shall be forbidden:

1. To underwrite securities;
2. To provide loans or guarantee to third parties;
3. To invest with unlimited liabilities;
4. To purchase or sell units of other funds, except where otherwise stipulated by relevant laws and regulations or regulatory authorities;
5. Making capital contribution to the Fund Manager or the Fund Custodian, or to be used to purchase or sell the stocks or bonds issued by the Fund Manager or the Fund Custodian;



6. Using the Fund to purchase or sell securities issued or underwritten within the underwriting period by the controlling shareholders of the Fund Manager/Fund Custodian, or by companies which have substantial conflict of interest with the Fund Manager or the Fund Custodian. The following circumstances are excluded: (1) securities underwritten by the controlling shareholders of the Fund Manager/Fund Custodian as co-lead underwriters or sub-underwriters during the underwriting period; (2) securities underwritten by the non-controlling shareholders of the Fund Manager/Fund Custodian during the underwriting period;
7. Using the Fund for insider trading, securities price rigging, or other misconducts in securities dealing;
8. Other activities prohibited by currently effective laws and regulations, the CSRC or the Fund Contract.

#### **(VIII) Performance Measurement Benchmark**

The performance measurement benchmark of the Fund: 80% CSI 800 Index Rate of Return + 20% ChinaBond Composite Index Rate of Return.

CSI 800 Index is designed by China Securities Index Co., Ltd. The index reflects the overall performance of the large, mid and small cap A-shares and covers all the constituents of CSI 300 Index and CSI 500 Index, which appropriately reflects the overall performance of the diverse stocks with different scales and features in the market so that the index is suitable to be a measurement benchmark for the Fund's stock investment.

ChinaBond Composite Index is designed by China Central Depository & Clearing Co., Ltd. It covers a more comprehensive range of sample bonds and is broadly representative in the market. The index covers main trading markets (interbank market, exchange market and etc.), different issuers (government, business and etc.) and periods (long-term, mid-term, short-term and etc.), and appropriately reflects the overall price level and change trend of China bond market. The time series of each index value of the ChinaBond Composite Index are more complete, that is beneficial to implement a more in-depth research and analysis of the market.

In overall consideration of the authenticity and the representativeness of the indexes, the design methods of the indexes and the investment scope and investment strategy of the Fund, a combination of the CSI 800 Index and ChinaBond Composite Index, that is 80% CSI 800 Index Rate of Return + 20% ChinaBond Composite Index Rate of Return, is selected to be the performance measurement benchmark of the Fund, which are highly identified by the market.

On the premise of no violation of the laws and regulations and no substantial adverse effect on the interests of the Fund unitholders, the Fund Manager may modify the Fund's performance



measurement benchmark according to its investment scope and investment strategy by publishing a timely notice, after consulting the fund custodian and filing with CSRC without convening a Fund unitholder meeting, if that the indexes' designing institutes stop counting and designing the above indexes, the indexes change names, relevant laws and regulations changes or any more appropriate or generally accepted benchmark are launched.

The modification of the performance measurement benchmark will be implemented to the Fund as of October 1, 2019.

#### **(IX) Features of Risks and Income**

As a mixed fund, the anticipated return and risk level are higher than bond funds and money market funds but are lower than equity funds. The Fund shall be considered a medium-high return and medium-high risk investment type.

#### **(X) Principles and Methods Whereby the Fund Manager Exercises Rights over Securities on Behalf of the Fund Unitholders**

1. Not to seek controlling shares, and involvement in operations and management of listed companies.
2. To facilitate the safety and appreciation of Fund assets.
3. The Fund Manager shall, in accordance with the national and relevant regulations of the State, exercise the shareholders' rights independently on behalf of the Fund to protect the interests of Fund investors.
4. The Fund Manager shall, in accordance with the relevant regulations of the State, exercise the creditors' rights independently on behalf of the Fund to protect the interests of the Fund unitholders.

#### **(XI) Financing of the Fund**

The Fund may carry out financing in accordance with relevant regulations, laws, and policies.



## IX. Reports on Investment Portfolios

The board of directors and directors of the Fund Manager warrant that there is no false statement, misleading information or major omission of the information contained in the report, and shall assume separate and joint liabilities for the truthfulness, accuracy and integrity of the report.

Industrial and Commercial Bank of China, the Fund Custodian, has reviewed the financial indicators, NAV performance, and Investment Portfolio Report in the report on January 10, 2020 pursuant to the Fund Contract and warrants that there is no existence of false statements, misleading information or major omission in the report.

The investment portfolio report covers the data till September 30, 2019 of which the financial section has not been audited.

### (I) Fund asset portfolio at the end of the reporting period

No.	Items	Value (RMB Yuan)	Percentage of Total Fund Assets (%)
1	Equities investment	1,304,200,788.68	80.05
	Including: stocks	1,304,200,788.68	80.05
2	Fixed-income investment	221,086,903.10	13.57
	Including: bonds	221,086,903.10	13.57
	Asset-backed securities	-	-
3	Investment in precious metals	-	-
4	Financial derivatives investment	-	-
5	Buying and selling back of financial assets	-	-
	Including: Buy-out repurchase	-	-
6	Aggregate of bank deposit and settlement provisions	98,690,262.29	6.06
7	Other assets	5,323,013.79	0.33
8	Total	1,629,300,967.86	100.00

**(II) Stock portfolio categorized by sectors and industries at the end of the reporting period**

Code	Industry Category	Fair Value (RMB Yuan)	Percentage in NAV of the Fund (%)
A	Agriculture, forestry, animal husbandry and fishery	-	-
B	Mining industry	44,421,402.70	2.73
C	Manufacturing industry	482,610,212.09	29.70
D	Electricity, heating power, gas and water production and supply	8,358,958.00	0.51
E	Construction industry	49,208,690.82	3.03
F	Wholesale and retail sales	-	-
G	Transportation, storage and post industry	-	-
H	Hotels and catering services	-	-
I	Information transmission, software and it services	16,542,480.72	1.02
J	Financial industry	353,703,426.27	21.77
K	Real estate industry	317,403,467.08	19.53
L	Leasing and commercial services	31,952,151.00	1.97
M	Scientific research and technology services	-	-
N	Water conservancy, environment and administration of public facilities	-	-
O	Neighbourhood services, repair and other services	-	-
P	Education	-	-
Q	Public health and social undertakings	-	-
R	Culture, sport and entertainment	-	-
S	Overall	-	-
	Total	1,304,200,788.68	80.26

The Fund did not hold Hong Kong shares at the end of the reporting period.



**(III) Details on investment in top 10 stocks ranked by proportion of fair value in the NAV  
of the Fund at the end of the reporting period**

No.	Stock Code	Stock Name	End of Period Quantity (Units)	EoP Fair Value (RMB Yuan)	Proportion in NAV of the Fund (%)
1	601939	CCB	16,536,841	115,592,518.59	7.11
2	601288	AGRICULTURAL BANK OF CHINA	31,584,082	109,280,923.72	6.72
3	600048	PRE	7,602,709	108,718,738.70	6.69
4	603899	M&G	2,432,014	108,370,543.84	6.67
5	000002	VANKE-A	2,799,200	72,499,280.00	4.46
6	600383	GEMDALE	6,105,914	70,523,306.70	4.34
7	601328	BANKCOMM	11,997,600	65,386,920.00	4.02
8	300014	EVE	2,345,906	62,236,886.18	3.83
9	002568	BRGF	2,399,040	51,243,494.40	3.15
10	601668	CSCEC	9,062,374	49,208,690.82	3.03

**(IV) Bond portfolio categorized by bond types at the end of the reporting period**

No.	Bond Types	Fair Value (RMB Yuan)	Proportion in NAV of the Fund (%)
1	Treasury Bonds	-	-
2	PBC Notes	-	-
3	Financial Bonds	221,086,903.10	13.60
	Including: policy financial bonds	221,086,903.10	13.60
4	Corporate bonds	-	-
5	Short-term financing bills	-	-
6	Medium-term notes	-	-



7	Convertible bonds (Exchangeable bonds)	-	-
8	Certificates of deposit	-	-
9	Others	-	-
10	Total	221,086,903.10	13.60

**(V) Details on investment in top 5 bonds ranked by the proportion of fair value in the NAV of the Fund at the end of the reporting period**

No.	Bond Code	Bond Name	Quantity (Units)	Fair Value (RMB Yuan)	Proportion in NAV of the Fund (%)
1	180205	CBD Bond 2018(05)	1,200,000	129,336,000.00	7.96
2	018007	CBD Bond (1801)	657,830	66,572,396.00	4.10
3	108602	CBD Bond (1704)	250,010	25,178,507.10	1.55

**(VI) Details on investment in the top 10 asset-backed securities ranked by the ratio of fair value in the NAV of the Fund at the end of the reporting period**

The Fund did not hold any asset-backed securities at the end of the reporting period.

**(VII) Details on investment in the top 5 precious metals ranked by the ratio of fair value in the NAV of the Fund at the end of the reporting period**

The Fund did not hold any precious metals at the end of the reporting period.

**(VIII) Details on investment in the top 5 warrants ranked by the ratio of fair value in the NAV of the Fund at the end of the reporting period**

The Fund did not hold any warrants at the end of the reporting period.

**(IX) Transactions of stock index futures invested in by the Fund at the end of the reporting period**

1. Holdings and their profit and loss statement of stock index futures invested in by the Fund at the end of the reporting period



2. The Fund did not have any investment in stock index futures within the reporting period.

3. Investment policies under which the Fund invests in stock index futures

The investment scope of the Fund does not involve stock index futures; relevant investment policies are not available.

**(X) Transactions of the treasury bond futures invested in by the Fund at the end of the reporting period**

1. Investment policies of treasury bond futures for the current period

The investment scope of the Fund does not involve treasury bond futures; relevant investment policies are not available.

2. Holdings and their profit and loss statement of treasury bond futures invested in by the Fund at the end of the reporting period

The Fund did not have any investment in treasury bond futures within the reporting period.

3. Evaluation of the investment in treasury bond futures for the current period

The Fund did not have any investment in treasury bond futures within the reporting period, so no relevant revaluation results are available.

**(XI) Notes to the Investment Portfolio Report**

1. Within one year before the preparation of this report, China Merchants Bank was fined by the Shenzhen Insurance Supervision Bureau and the China Banking Regulatory Commission for allegedly violating laws and regulations and confiscated illegal income.

Upon a more particular knowledge of the above situation, the Fund Manager decided that the penalization will constitute no material impact on the investment value of China Merchants Bank Co., Ltd.'s security.

Other of the top ten issuers of the securities invested by the Fund was not found to have been involved in any filed cases or investigation carried out by regulatory authorities in the current period or were publicly criticized or penalized within one year prior to the drafting date of this report.

2. The top ten stocks invested by the Fund were within the stock reserve as stipulated in the Fund Contract.
3. Composition of other assets





No.	Name	Value (RMB Yuan)
1	Guarantee Deposit	409,511.47
2	Receivables of Securities Clearing	244,188.24
3	Dividends Receivable	-
4	Accrued Interest	4,601,143.47
5	Subscription Money Receivable	68,170.61
6	Other Receivables	-
7	Deferred Expense	-
8	Others	-
9	Total	5,323,013.79

4. Convertible bonds in conversion period held at the end of the reporting period

The Fund did not hold any convertible bonds as at the end of the reporting period.

5. Description of top 10 stocks in restricted circulation at the end of the reporting period

No.	Stock Code	Stock Name	Fair Value of the Part in Restricted Circulation (RMB Yuan)	Proportion in NAV of the Fund (%)	Description of Restricted Circulation
1	300014	EVE Energy Co., Ltd.	62,236,886.18	3.83	Significant events

6. Other written description in the notes to the Investment Portfolio Report

The last digit of the sum of sub-items may not tally with the total due to rounding off.



## X. Performance of the Fund

The Fund Manager shall manage and apply the Fund assets with honesty, good faith, prudence and efficiency, but does not guarantee any profits or minimum incomes on the Fund. The Fund's past performance is not indicative of its future performance. Investment involves risk. Before investing in this Fund, investors are advised to read through the Prospectus.

The Fund Contract came into effect on March 17, 2006. The following table shows the performance of the Fund since the effective date against the performance measurement benchmark of the same period:

### BOC Sustainable Growth Mixed Securities Investment Fund (Class A):

Period	Growth Rate of NAV ①	Standard Deviation of Growth Rate of NAV②	Income on Performance Measurement Benchmark ③	Standard Deviation of Income on Performance Measurement Benchmark ④	①-③	②-④
From March 17, 2006 (effective date of the Fund Contract) to December 31, 2006	62.54%	1.33%	81.51%	1.26%	-18.97%	0.07%
From January 1, 2007 to December 31, 2007	143.05%	1.80%	125.40%	1.92%	17.65%	-0.12%
From January 1, 2008 to December 31, 2008	-47.04%	2.21%	-57.16%	2.54%	10.12%	-0.33%
From January 1, 2009 to December 31, 2009	62.42%	1.82%	79.22%	1.71%	-16.80%	0.11%
From January 1, 2010 to December 31, 2010	2.45%	1.31%	-5.60%	1.34%	8.05%	-0.03%



From January 1, 2011 to December 31, 2011	-25.37%	1.12%	-22.94%	1.12%	-2.43%	0.00%
From January 1, 2012 to December 31, 2012	9.02%	0.94%	6.37%	1.10%	2.65%	-0.16%
From January 1, 2013 to December 31, 2013	9.07%	1.23%	-2.79%	1.16%	11.86%	0.07%
From January 1, 2014 to December 31, 2014	33.28%	1.37%	39.81%	0.98%	-6.53%	0.39%
From January 1, 2015 to December 31, 2015	33.69%	2.89%	11.14%	2.12%	22.55%	0.77%
From January 1, 2016 to December 31, 2016	-23.08%	1.49%	-11.91%	1.30%	-11.17%	0.19%
From January 1, 2017 to December 31, 2017.	10.08%	0.80%	9.57%	0.57%	0.51%	0.23%
From January 1, 2018 to December 31, 2018.	-19.80%	1.20%	-25.89%	1.16%	6.09%	0.04%
From January 1, 2019 to September 30, 2019	13.50%	0.84%	23.59%	1.18%	-10.09%	-0.34%
Effective Date of the Fund Contract till now (September 30, 2019)	324.31%	1.57%	214.02%	1.49%	110.29%	0.08%



**BOC Sustainable Growth Mixed Securities Investment Fund (Class H):**

Period	Growth Rate of NAV ①	Standard Deviation of Growth Rate of NAV②	Income on Performance Measurement Benchmark ③	Standard Deviation of Income on Performance Measurement Benchmark ④	①-③	②-④
From February 2, 2016 (effective date of the Fund Contract) to December 31, 2016	3.65%	1.16%	9.93%	0.98%	-6.28%	0.18%
From January 1, 2017 to December 31, 2017	10.00%	0.80%	9.57%	0.57%	0.43%	0.23%
From January 1, 2018 to December 31, 2018	-19.33%	1.15%	-25.89%	1.16%	6.56%	-0.01%
From January 1, 2019 to September 30, 2019	13.63%	0.84%	23.59%	1.18%	-9.96%	-0.35%
Effective Date of the Fund Contract till now (September 30, 2019)	4.52%	1.01%	10.32%	0.99%	-5.80%	0.01%

## **XI. Fund Assets**

### **(I) Composition of the Fund Assets**

The Assets of the Fund include various types of marketable securities, and the principal and interest of the bank deposits held by the Fund, Subscription amount receivable of the Fund, and the value constituted by other investments. Specifically, Fund assets include:

- (1) Bank deposits and accrued interest
- (2) Settlement reserve and accrued interest
- (3) Margins paid in accordance with relevant regulations
- (4) Receivables from securities clearing
- (5) Subscription money receivable
- (6) Bond investment, valuation adjustment and accrued interest
- (7) Stock investment and valuation adjustment
- (8) Other investment and valuation adjustment
- (9) Other assets

### **(II) NAV of the Fund**

The NAV of the Fund is calculated by deducting liabilities from the Total Asset Value of the Fund.

### **(III) Fund Asset Accounts**

A settlement account and a custody account shall be opened in the name of the Fund and used for its settlement activities. A Fund securities account shall be opened in the joint name of the Fund Custodian and the Fund. After the Fund Contract comes into effect, an interbank bond custody account shall be opened in the name of the Fund, and reported to the People's Bank of China for filing. The account opened specifically for the Fund shall be separated from the asset accounts respectively owned by the Fund Manager, the Fund Custodian, Fund Sales Institutions, and the Fund Units Registrar, as well as other Fund asset accounts.

### **(IV) Retention and Disposal of Fund Assets**

The Fund assets are separated from the assets owned by the Fund Manager, the Fund Custodian and the Fund Sales Institutions, and they shall come under the safekeeping of the Fund Custodian. The Fund Manager or the Fund Custodian shall not include the Fund assets in its own



assets. All the assets and income received from the Fund's management, operation or otherwise by the Fund Manager and the Fund Custodian, belong to the Fund assets. The Fund Manager, the Fund Custodian, the Fund Units Registrar and the Fund Sales Institutions are legally liable to the extent of their own assets; their creditors shall not request the freezing or detaining of the Fund assets or other rights asserted over the Fund assets. The Fund assets shall not be disposed of, unless otherwise provided in relevant laws and regulations as well as the Fund Contract.

The claims of the Fund assets that are managed and operated by the Fund Manager shall not be used to offset the debts arising from the Fund Manager's own assets; and the claims and debts of the Fund assets of various funds managed and operated by the Fund Manager shall not be written off against each other.



## **XII. Valuation of the Fund Assets**

### **(I) Valuation Purpose**

The Valuation of the Fund Assets is done in order to objectively and accurately reflect the maintained value and appreciation of the Fund assets. The NAV per Unit of the Fund calculated on the basis of the NAV of the Fund determined by the Valuation of the Fund Assets serves as a measurement basis for the Subscription and Redemption prices.

### **(II) Valuation Date**

The Valuation Day of the Fund refers to the regular working days of the securities exchanges relating to the Fund and non-working days when the NAV of the Fund shall be disclosed as required by state laws and regulations.

### **(III) Valuation Object**

The valuation objects refer to the stocks, bonds, warrants, and the principal and interest of bank deposits, as well as other assets and liabilities owned by the Fund.

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

The Fund Manager conducts daily valuation of the Fund. After finishing the valuation, the Fund Manager shall stamp the valuation with its official business seal and fax it in an encrypted and written form to the Fund Custodian. Then the Fund Custodian shall review the valuation in accordance with the valuation methods, time and procedures specified in the Fund Contract and relevant rules and laws. If no discrepancy is found in the valuation, the Fund Custodian shall stamp the fax with its official business seal and return it to the Fund Manager. Valuation reviews at the end of the month, the middle of the year and at the end of the year shall coincide with the reconciliation of the accounting books of the Fund.

### **(V) Valuation Method**

The Fund shall be valued by the following methods:

#### **1. Valuation of marketable securities listed on stock exchanges**

(1) The securities (including but not limited to equities and warrants) which are listed on the exchanges shall be valued at the market prices (closing prices) shown on the securities exchanges on the Valuation Date. In the case there is no trading on the Valuation Date and no major changes happen to the economic environment after the last trading day, the market prices (closing prices) on the last trading day shall be adopted; if major changes happen to the economic environment after the last trading



day, the changes shall be considered together with the current market prices of similar investment varieties in the market to adjust the market prices on the last trading day to determine their fair value;

(2) The bonds which are listed on the stock exchanges and traded at net prices shall be valued at the closing prices on the Valuation Day. If there is no trading on the Valuation Day and no major changes happen to the economic environment after the last trading day, the bonds shall be valued based on the closing price on the last trading day. If major changes happen to the economic environment after the last trading day, the changes shall be considered together with the current market prices of similar investment varieties to adjust the market prices on the last trading day to determine their fair value;

(3) Bonds which are listed on the stock exchanges and not yet traded at net prices shall be valued at net prices calculated by deducting the accrued interest included in the closing price of the bonds on the Valuation Day. If there is no trading on the Valuation Day and no major changes happen to the economic environment after the last trading day, the bonds shall be valued at net prices calculated by deducting the accrued interest included in the closing prices of the bonds on the latest trading day from the closing prices of the bonds. If major changes happen to the economic environment after the last trading day, the changes shall be considered together with the current market prices of similar investment varieties to adjust the market prices on the last trading day to determine their fair value;

(4) Securities listed on the stock exchanges without an active market shall be valued at a fair value determined using valuation methods. The fair value of asset-backed securities listed on the stock exchanges shall be determined using valuation methods. In the case a bond's fair value cannot be determined using valuation methods in a reliable manner, they shall be valued at cost.

2. The unlisted marketable securities shall be handled in accordance with the following different circumstances:

(1) For bonus issue, issue by conversion of capital reserve, rights issue and public issuance of new shares, they shall be valued at the market price (closing price) of the same share listed on the exchanges on the Valuation Day, or based on the market price (closing price) on the latest trading day if there is no trading on the Valuation Day.

(2) The shares, bonds and warrants that are initially offered and not yet listed shall have their fair value determined using valuation methods. If their fair value cannot be determined using valuation methods in a reliable manner, they shall be valued at cost.





- (3) The shares that are initially offered with a definite lock-up period shall be valued at the market price of the same shares listed on the exchanges after the listing of such shares; for the shares that are not publicly offered with a definite lock-up period, their fair value shall be determined in accordance with the relevant provisions of the regulatory authorities or industry associations.
3. The right of shares apportionment arising from the holding of shares: The stocks shall be valued based on the difference between the closing price and the placement price where the closing price is higher than the placement price from the ex-right date to the confirmation date of the placement. The valuation will be zero where the closing price is equal to or lower than the placing price.
4. The bonds that are traded on the inter-bank bond market, asset-backed securities and other fixed-income products shall have their fair value determined using valuation techniques.
5. Where a bond is traded on two or more markets at the same time, it shall be valued respectively based on the market.
6. Where the Fund experiences huge-amount subscription or redemption, the Fund Manager may use a swing pricing mechanism through proper procedures to ensure the fairness of valuation of the Fund.
7. If there is sufficient evidence proving that the above-mentioned valuation methods cannot objectively reflect the fair value, the Fund Manager may, pursuant to the specific circumstances and after consultation with the Fund Custodian, determine the value at a price which best reflects the fair value of the asset.
8. Where the laws and regulations or regulatory authorities have mandatory provisions, such provisions shall prevail. If any new provisions are supplemented, the latest provisions of the PRC shall be followed to carry out the valuation.

In accordance with the Funds Law, the Fund Manager calculates and announces the NAV of the Fund, and the Fund Custodian reviews and audits the result. If the accounting issues related to the Fund, after fully discussed by the relevant parties on equal footing, do not lead to a consensus, the Fund Manager has the right to announce the calculation results of NAV of the Fund.

#### **(VI) Verification of NAV per Unit and Treatment of Valuation Errors**

The calculation result of NAV per Unit for the two types of Fund Units shall both be rounded to the fourth decimal place and then rounded off. When there are mistakes in the Valuation of the Fund Assets or the computed result of NAV per Unit, the Fund Manager shall rectify the mistakes immediately, and take appropriate measures to prevent further losses. If any error amounts to



0.25% or more of the NAV per Unit, the Fund Manager shall report this to the CSRC for filing. If any valuation error amounts to 0.5% of the NAV per Unit, the Fund Manager shall make an announcement and report to the CSRC for filing. The Fund Manager shall assume the liability for any losses to the Investors resulting from any error in valuations. The Fund Manager shall have the right to claim indemnity against any party responsible for the error after paying the damages to the relevant Investors.

The parties to the Fund Contract shall deal with the errors in accordance with the following agreements:

#### 1. Types of Error

During the Fund operation, if the Fund Manager or the Fund Custodian or the registration authority, sales agency or the Investor makes an error due to their own fault and causes any loss to other parties, the party responsible for the error shall indemnify the party which has suffered loss ("Indemnified Party") due to such fault on the following "principles of error treatment".

The main types of errors include but are not limited to: data declaration error, data transmission error, data calculation error, system failure, instruction error, etc. Any technology-induced error, which cannot be predicted, avoided or overcome through the basis of existing technology of the sector, shall be regarded as force majeure and handled accordingly to the following regulations: In the event that the Investors' transaction materials suffer a loss, incorrect treatment or other errors due to force majeure, the party that made mistakes due to force majeure shall not assume any compensation liability to other parties, but the party which has obtained the unjust enrichment shall be obliged to return the unjust enrichment.

#### 2. Error Handling Principles

(1) When there is an error which has not caused any loss to the parties, the party responsible for the error shall duly coordinate the various parties to make correction in time, and the expenses incurred in the process of correction shall be borne by the party responsible for the error; should any party suffer a loss because the party responsible for the error fails to correct the existing errors in time, the party responsible for the error shall pay for the direct loss caused therefrom to the parties concerned; if the party responsible for the error has made the active coordination and the party with the obligation for assistance has enough time to make a correction but fails to do so, the latter shall assume the corresponding compensation liability. The party responsible for error shall confirm the corrections with the parties involved and ensure the errors have been corrected.

(2) The party responsible for error shall assume the liability for the possible direct losses rather than indirect losses of the parties involved, and shall be liable to the directly connected parties rather than third parties.



(3) The party receiving the unjust enrichment due to the error shall be under obligation to return the unjust enrichment in time. However, the party responsible for the error shall still assume the liability for the error. If the party which receives the unjust enrichment fails to return the unjust enrichment in full or return only partially, thus causing losses to the other parties involved (the "Indemnified Party"), the party responsible for the error shall pay for the loss of the Indemnified Party and the former shall be entitled to request the party with the unjust enrichment to return the unjust enrichment to the extent of the compensation amount that the former has paid. If the party with the unjust enrichment has returned this unjust enrichment to the Indemnified Party, the Indemnified Party shall return the balance of the compensation amount it has received plus the unjust enrichment minus its actual losses to the party responsible for the error.

(4) The error adjustment shall be done in full such that it is as if no error were made.

(5) In the case that the party responsible for the error refuses to make compensation, the Fund Custodian shall, for the benefit of the Fund, claim against the Fund Manager for the losses of Fund assets arising from the fault of the Fund Manager; where the fault of the Fund Custodian cause losses to the Fund assets, the Fund Manager shall claim against the Fund Custodian for the benefit of the Fund. In the event that any third party other than the Fund Manager and the Fund Custodian causes any losses to the Fund assets but refuses to make compensation, the Fund Manager shall be responsible for claiming compensation against the party responsible for the error.

(6) Where the party making the error fails to indemnify the Indemnified Parties in accordance with applicable provisions and, pursuant to laws and regulations, the Fund Contract or other provisions, the Fund Manager indemnifies the Indemnified Parties on its own or in accordance with court judgments and arbitration awards, the Fund Manager is entitled to claim for compensation against the party making errors and require such a party to indemnify or compensate the Fund Manager for expenses and losses incurred thereby.

(7) Errors shall be handled in accordance with the other principles specified in laws and regulations.

### 3. Error Handling Procedure

Errors, once discovered, shall be handled in time by the relevant parties with the following procedures:



- (1) To find out the cause of error, list all relevant parties and determine the party responsible for the error in accordance with the cause of error.
- (2) To evaluate the loss caused by the error in accordance with the error handling principles or the method agreed by the parties through negotiation.
- (3) The party responsible for the error shall make corrections and compensate for the loss in accordance with the error handling principles or the method agreed by the parties through negotiation.
- (4) Where the trading data of the Fund is required to be modified at the Registration Authority by the error treatment method, the Registration Institution shall make corrections and confirm the same with the parties involved.
- (5) If the error in the calculation of the NAV per Unit by the Fund Manager or the Fund Custodian amounts to 0.25% of the NAV per Unit, the Fund Manager shall report this to the CSRC; if the error amounts to 0.5% of the NAV per Unit, the Fund Manager shall make an announcement and report this to the CSRC for filing.

#### **(VII) Circumstances of Suspending Valuation**

1. The exchanges related to the Fund's investment are closed because of public holidays or other reasons.
2. The Fund Manager cannot accurately evaluate the Fund assets due to force majeure or other circumstances.
3. Where the assets that account for 50% or more of the NAV of the Fund fall under the circumstance where they have no active market price as reference and the use of valuation techniques still leads to significant uncertainty in their fair value, the Fund Manager shall, after consultation with and confirmation by Fund Custodian, suspend valuation.
4. Other circumstances stipulated by the CSRC.

#### **(VIII) Handling of Special Circumstances**

1. Where the Fund Manager carries out valuation in accordance with No. 7 in the valuation method, the valuation error shall not be regarded as a valuation mistake with respect to the Fund assets.
2. If the Fund Manager and the Fund Custodian have taken necessary, appropriate and reasonable measures to check but still did not discover the error caused by the mistakes in the data transmitted by the exchanges and/or the registration and clearing



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companies or events of Force Majeure, the Fund Manager and Fund Custodian may be exempted from liability for the mistakes in the valuation of Fund assets. However, the Fund Manager and the Fund Custodian should actively take necessary measures to eliminate the impact of such mistakes.

### **XIII. Fund Income Distribution**

#### **(I) Composition of Fund Income**

Fund income consists of bonuses from investments, dividends, interest of bonds, disposal gains derived from securities, interest of bank deposits and other lawful incomes realized from investment of the Fund. Savings of costs or expenses caused by using the Fund assets shall be included in the income.

#### **(II) Net Fund Income**

This refers to the balance after deducting the expenses from the Fund income in accordance with relevant State regulations.

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

1. The Fund, if relevant conditions for distribution are satisfied, may declare distributions at least once and no more than 6 times each year, and the income to be distributed shall be no less than 60% of the distributable income at the time. However, the Fund income may not be distributed where it is less than three months since the date of the Fund Contract coming into force.
2. The Fund supports two types of distribution: cash payment of dividends and dividends reinvestment into units for Class A Fund Units. The Investor may elect to obtain cash dividends or automatically convert the cash dividends into Fund units for reinvestment based on ex-right NAV per Unit on the date of record; if the Investors fail to elect, the Fund will employ cash payment of dividends by default. The income distribution method for Class H Fund Units is cash payment. When relevant facility becomes available, the Fund Manager can provide the income distribution method of reinvesting dividends for Class H Fund unitholders without convening a Fund unitholder meeting. The Fund Manager shall publish an announcement at that time.
3. If the Fund investment suffers net loss in the current period, the distribution of Fund income shall not be implemented.
4. The current Fund income can only be distributed in the current year after it compensates the losses of the previous year.
5. After distribution of Fund income, the NAV of the Fund shall be no lower than its par value.
6. Each Fund unit in the same class of Fund shall be entitled to the same rights to dividend.



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7. Relevant laws and regulations or rules provided by regulatory authorities otherwise shall prevail.

#### **(IV) Determination and Announcement of Income Distribution Plan**

The distribution plan of Fund income shall include the scope of Fund income, net income of Fund, distribution objects, distribution principles, distribution time, distribution amount and ratios, and distribution and payment methods. The Fund income distribution plan shall be proposed by the Fund Manager, reviewed by the Fund Custodian and disclosed on Designated Medium according to the Information Disclosure Measures.

#### **(V) Expenses Arising From Fund Income Distribution**

The bank transfer fees or other service charges incurred in the case of income distribution shall be borne by the Investors. Where the cash dividends received by an Investor is lower than a certain amount and is insufficient to cover the bank transfer fee or other service fees, the Registration Authority may automatically convert cash dividends of the investor into Fund units in accordance with the ex-right NAV per Unit on the date of record. The calculation methods for dividend reinvestment are subject to the open-ended fund business rules of the Bank of China Investment Management Co., Ltd.



## XIV. Fund Expenses and Tax

### (I) Types of Fund Expenses

1. Management fee payable to the Fund Manager;
2. Custodian fee payable to the Fund Custodian;
3. Distribution service fee (payable in accordance with the Fund Contract and relevant rules and regulations released by the CSRC);
4. Expenses arising from securities trading;
5. Information disclosure expenses related to the Fund after the Fund Contract coming into effect;
6. Expenses for the Fund unitholder meeting;
7. Accountant fees and legal fees related to the Fund after the Fund Contract coming into effect;
8. Bank transfer and settlement fee;
9. Other fees as permitted by the provisions of the State.

Expenses arising from liquidation of the Fund shall be deducted from the Fund assets in the actual amount.

### (II) Accrual Methods, Accrual Standards, and Payment Terms of Fund Expenses

1. Management fee payable to the Fund Manager

The management fee shall be accrued at an annual rate of 1.5% of the NAV of the Fund on the preceding day. The management fee shall be calculated as follows:

$$H = E \times 1.5\% \div (\text{the number of days in the current year})$$

H being the management fee accrued each day.

E being the NAV of the Fund on the preceding day

The Fund management fee is calculated on a daily basis for accrual until the end of each month and will be paid on a monthly basis. The Fund Manager will send a payment order for the management fee to the Fund Custodian, and the Fund Custodian will review it and make a lump-sum payment to the Fund Manager from the Fund assets within the first two Working Days of the following month. In the case of legal or public holidays, the payment shall be postponed accordingly.





## 2. Custodian fees payable to the Fund Custodian

The custodian fee shall be accrued at an annual rate of 2.5% of the NAV of the Fund on the preceding day. The custodian fee shall be calculated as follows:

$$H = E \times 2.5\% \div (\text{the number of days in the current year})$$

H being the custodian fee accrued each day

E being the NAV of the Fund on the preceding day

The Fund custodian fee is calculated on a daily basis for accrual until the end of each month and will be paid on a monthly basis. The Fund Manager will send a payment order for the custodian fee to the Fund Custodian, and the Fund Custodian will review it and make a lump-sum payment from the Fund assets within the first two Working Days of the following month. In the case of legal or public holidays, the payment shall be postponed accordingly.

3. Switching fee: When the switching of the Fund is allowed, the Fund Manager shall announce the switching rate, calculation formula, and payment and operation methods separately.

## 4. Distribution service fee for the Fund

The Fund Manager shall accrue a proportion from the assets of the open-ended fund and use it to pay commissions and sales fees to Sales Institutions and service fees to the Fund unitholders in accordance with the Fund Contract and currently effective and relevant regulations.

In accordance with the Fund Contract, the Fund Manager shall charge Fund distribution service fees officially after making a relevant announcement on Designated Medium at least two Working Days in advance (after the CSRC releases the notice on payment of sales fees for open-ended securities investment funds).

The annual rate of the distribution service fees for the Fund shall not exceed 1% of the NAV of the Fund (This upper limit of 1% or the upper limit required by the CSRC, whichever is lower, shall prevail). For specific rates, please refer to the Prospectus (including the updated version) or announcements made by the Fund Manager on Designated Medium. The service fee for the Fund unitholders shall not be lower than 25% of total distribution service fees (This lower limit of 25% or the lower limit required by the CSRC, whichever is higher, shall prevail).

Generally, the distribution service fee for the Fund shall be accrued at the annual rate of the NAV of the Fund on the preceding day. The calculation method is as follows:

$$H = E \times N \div (\text{the number of days in the current year})$$

H being the distribution service fee accrued each day.



E being the NAV of the Fund on the preceding day.

N being the annual rate of distribution service fees for the Fund that is disclosed by the Fund Manager in accordance with relevant regulations of the CSRC, the Fund Contract and the Prospectus (updated versions included) or published by the Fund Manager on Designated Medium.

Effective from the official payment date announced by the Fund Manager, the distribution service fees shall be calculated and accrued on a daily basis, and paid on a monthly basis.

The Fund Manager may pay for distribution service fees for the Fund in accordance with the Fund Contract, relevant laws and regulations or announcements or lower the distribution service fees for the Fund at its own discretion without convening a Fund unitholder meeting.

5. In accordance with relevant laws and regulations, the Fund Contract and related agreements, the expenses listed in Subparagraph No.4 - No.9 in section (I) shall be included in the actual amount as the expenses payable by the Fund in the current period.

### **(III) Items Not Included in the Fund Expenses**

The following fees are not included in the Fund expenses.

1. Expenses or losses to the Fund assets incurred as a result of the Fund Manager's or Fund Custodian's failure to fulfil their obligations fully;
2. Expenses arising from matters other than the Fund handled by the Fund Manager or Fund Custodian;
3. Expenses incurred prior to the Fund Contract coming into effect include but are not limited to capital verification fees, accounting fees, legal fees and information disclosure fee;
4. Others items which shall not be included in the expenses of the Fund in accordance with relevant laws and regulations and rules of the CSRC.

- (IV) After consensus is reached between the Fund Manager and the Fund Custodian through negotiation, the Fund management fee rate, Fund custodian fee rate or distribution service fee rates may be adjusted in accordance with the development status of the Fund. The decision to raise any of these rates shall be submitted to a Fund unitholder meeting for deliberation. However, a unitholder meeting will not be needed for the lowering of these rates. The Fund Manager shall, no later than two Working Days prior to the implementation date of any new rates, make an announcement on Designated Medium, and make necessary filings to the CSRC.



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- (V) Every taxpayer involved in the Fund's operations shall pay tax pursuant to State laws and regulations.



## **XV. Accounting and Auditing of the Fund**

### **(I) Accounting Policies of the Fund**

1. The Fund Manager shall be responsible for the Fund's accounting affairs.
2. The fiscal year of the Fund commences on January 1 and ends on December 31.
3. The Fund adopts RMB as its base currency of recording and as its bookkeeping unit.
4. The accounting system of the Fund shall comply with relevant accounting rules of the PRC.
5. The Fund shall set up its own accounting books and perform accounting independently.
6. Being responsible for the Fund's accounting affairs, the Fund Manager shall keep complete accounting records and evidence, carry out routine accounting calculations and compile Fund accounting statements in accordance with the relevant regulations. The Fund Manager may also delegate independent accounting firms with required practical qualifications to carry out the accounting of the Fund, provided that such accounting firms may not carry out the auditing of the Fund as well.
7. The Fund Custodian shall regularly check the Fund's accounting, statement preparation, etc. with the Fund Manager and give written confirmation.

### **(II) Annual Auditing of the Fund**

1. The Fund Manager shall engage an accounting firm, which is independent from the Fund Manager and the Fund Custodian, and its Certified Public Accountants, and qualified to audit securities and futures businesses, to audit the annual financial statements of the Fund.
2. The accounting firm shall seek the consent of the Fund Manager and the Fund Custodian in advance to replace the Certified Public Accountants for the Fund, and this shall be reported to the CSRC for filing.
3. If in the opinion of the Fund Manager (or the Fund Custodian) there are sufficient reasons to replace the accounting firm, it shall seek the consent of the Fund Custodian (or the Fund Manager) before the replacement. The replacement of accounting firms shall be announced on Designated Medium according to relevant stipulations of the Information Disclosure Measures.



## XVI. Information Disclosure of the Fund

(I) Information disclosure of the Fund shall be processed pursuant to the Funds Law, the Operations Measures, Information Disclosure Measures, the Fund Contract and other relevant regulations.

**The disclosure method of the fund information of the Class H fund unit that shall be disclosed by the information disclosure obligors is detailed in other details announced by the Fund Manager.**

The information disclosure obligors include the Fund Manager, Fund Custodian and the Fund unitholders who convene a Fund unitholder meeting and other natural persons, legal persons and unincorporated organization set forth by laws, administrative regulations and relevant provisions of the CSRC.

The information disclosure obligors of the Fund shall proceed from protecting the interests of the Fund unitholders, disclose the Fund information in accordance with relevant laws and regulations, and guarantee the truthfulness, accuracy, completeness, timeliness, conciseness and accessibility of the disclosed information.

The information disclosure obligors of the Fund shall disclose the Fund information through the nationwide newspapers designated by the CSRC (hereinafter referred to as “Designated Newspapers”), the designated internet websites (hereinafter referred to as “Designated Websites”) and other medium, and ensure that Fund investors can view or duplicate the disclosed information at such time and by such means as stipulated in the Fund Contract.

The information disclosure obligors of the Fund undertake to avoid the following conducts in the Fund information disclosed to the public:

1. To make false records or misleading statements, or to omit material information;
2. To predict the performance of securities investment;
3. To illegally promise income or assume losses;
4. To slander other Fund Managers, Fund Custodians or Fund units Sales Institutions;
5. To publish any congratulatory, complimentary or recommendatory words of any natural person, legal person or unincorporated organizations;
6. Other conducts forbidden by the CSRC.

The information of the Fund to be disclosed to the public shall be in Chinese. If there is a foreign-language version at the same time, the information disclosure obligor of the Fund shall guarantee that different versions are the same in content. In the case of any discrepancy between



them, the Chinese version shall prevail.

Arabic numerals shall be used in the Fund information disclosed to the public; unless otherwise specified, the currency unit shall be RMB Yuan.

## **(I) Fund Information Subject to Public Disclosure**

Fund information subject to public disclosure includes:

### **1. Prospectus, Fund Contract, Fund Custody Agreement, and KFS**

Upon the approval of the Fund offering application by the CSRC, the Fund Manager shall publish the summary of the Prospectus and the Fund Contract in the Designated Newspapers and Websites three days prior to the Fund unit offering. The Fund Manager and the Fund Custodian shall also publish the Fund Contract and the Fund Custody Agreement on their respective websites.

- 1) The Prospectus shall disclose, to the fullest extent, all matters concerning decision-making by Fund investors, stating the procedure of the Initial Subscription, Subscription and Redemption of the Fund, Fund investment, the Fund product's characteristics, risk exposure, information disclosure, and the services for the Fund unitholders. After the Fund Contract comes into effect, if the information of the Prospectus has any significant change, the Fund Manager shall update the Prospectus within three working days, and publish on Designated Websites; if any other information in the Prospectus changes, the Fund Manager shall update relevant information at least once a year. When the Fund is terminated, the Fund Manager is not required to update the Prospectus.
- 2) The Fund Contract is the legal document stipulating the rights and obligations of the Parties to the Fund Contract. Where the Fund Manager and the Fund Custodian disclose any information on the Fund beyond the Fund Contract involving the description of the rights and obligations between the Parties to the Fund Contract, the stipulations in the Fund Contract shall prevail.
- 3) As a legal document, the Fund Custody Agreement stipulates the rights and obligations of the Fund Custodian and the Fund Manager in the keeping of Fund assets and the supervision over Fund operations.
- 4) The KFS is a summary document of the Prospectus that provides investors with a concise summary of the Fund. After the Fund Contract comes into effect, if the information of the KFS has any significant change, the Fund Manager shall update the KFS within three working days, and publish on Designated Websites; if any other information in the KFS changes, the Fund Manager shall update relevant



information at least once a year. When the Fund is terminated, the Fund Manager is not required to update the KFS.

## 2. Announcement on the Offering of Fund units

The Fund Manager shall prepare an announcement regarding the offering of the Fund units and publish it on Designated Medium on the same day of the Prospectus disclosure.

## 3. Announcement of the Commencement of the Fund Contract

The Fund Manager shall publish the announcement of the commencement of the Fund Contract on Designated Medium the day after the Fund Contract comes into effect.

## 4. The net value information of the Fund

After the commencement of the Fund Contract, and prior to the commencement of the Subscription or Redemption of Fund units, the Fund Manager shall publish the NAV of the Fund and the NAV per Unit at least once a week.

After the commencement of the Subscription or Redemption of Fund units, no later than the day following each Open Day, the Fund Manager shall disclose the NAV per Unit and the accumulated NAV per Unit on the Open Day through Designated Websites, the fund sales institutions' websites or business outlets.

No later than the day following the last day of the semi-annual period and the year, the Fund Manager shall disclose the NAV per Unit and the accumulated NAV per Unit on the last day of the semi-annual period and the year on Designated Websites.

## 5. Subscription and Redemption Prices of the Fund units

The Fund Manager shall set out the calculation method of the Subscription and Redemption price per unit and relevant Subscription and Redemption fee rates on the information disclosure documents including the Fund Contract and the Prospectus of the Fund, and shall ensure that the Investors can inspect or duplicate the said information and on the fund sales institutions' websites or at their business outlets.

## 6. Periodic reports of the Fund include the annual reports, semi-annual reports and quarterly reports.

The Fund Manager shall, within 3 months of the last day of each year, complete the annual Fund report and publish it on Designated Websites and the annual report notice in Designated Newspapers. The financial accounting report in the annual Fund report shall go through the audit procedure by an accounting firm with qualifications related to securities and futures business.

The Fund Manager shall, within 2 months of the last day of the first half of the year,

complete the semi-annual Fund report and publish it on Designated Websites and the semi-annual report notice on Designated Newspapers.

The Fund Manager shall, within 15 Working Days of the last day of each quarter, complete the quarterly Fund report and publish it on Designated Websites and the quarterly report notice on Designated Newspapers.

If the Fund Contract has been in effect for less than two months, the Fund Manager does not need to prepare quarterly reports, semi-annual reports or annual reports of the current period.

On the second Working Day of the disclosure, the periodic reports of the Fund shall be filed with the CSRC and the CSRC representative branch in the region where the Fund Manager's main office is located in both writing and electronic version.

If the Fund units held by a single investor during the reporting period exceed 20% of the total units of the Fund, the Fund Manager shall at least disclose the type of the investor, the Fund units amount held by the investor as at the end of the reporting period and the percentage thereof to total Fund units, changes in the investor's Fund unit holding during the reporting period and the risks unique to the Fund under the item of "other important information affecting investors' decision-making" in the periodic report of the Fund.

During the ongoing operations of the Fund, the Fund Manager shall disclose situations of Fund portfolio assets, the liquidity risk analysis of portfolio assets, etc. in the annual reports and semi-annual reports of the Fund.

## 7. Interim Reports

When the Fund experiences major events which may significantly influence the rights and interests of the Fund unitholders or the price of the Fund units, the information disclosure obligor shall prepare and publish an interim report within two days on Designated Newspapers and Designated Websites. Such major events include:

- 1) Convening of Fund unitholder meetings and the matters approved by the Fund unitholder meeting;
- 2) Termination of the Fund Contract, liquidation of the Fund;
- 3) Change to the operation methods of the Fund, consolidation of the Fund;
- 4) Replacement of the Fund Manager, the Fund Custodian, the Fund Units Registrar or the accounting firm engaged by the Fund;
- 5) The Fund Manager entrusts the fund service institution to handle the fund's unit registration, accounting, valuation and other matters, or the fund custodian entrusts the fund service institution to handle the fund's accounting, valuation, review and





other matters;

- 6) Update to the legal name or address of the Fund Manager or the Fund Custodian;
- 7) Changes on the shareholders who hold more than 5% shares of the Fund Manager, or changes on the actual controller of the Fund Manager;
- 8) Extension of the Fund-offering period;
- 9) Replacement of the senior officers or the Portfolio Manager and the person in charge of the specific fund custody department of the Fund Custodian;
- 10) Replacement of more than 50% of directors of the Fund Manager in the past 12 months, or replacement of more than 30% of the main business personnel of the Fund Manager and the specific fund custodian department of the Fund Custodian in the past 12 months;
- 11) Litigation or arbitration related to the Fund's management business, the Fund assets or the Fund's custody business;
- 12) The Fund Manager or its senior officers and fund managers are subject to major administrative penalties or criminal penalties for the fund management business related behaviours, or the fund custodian or the person in charge of the special fund custody department is subject to major administrative penalties and criminal penalties for the fund custody business related behaviours;
- 13) The Fund managers using the fund property to purchase or sell securities issued or underwritten within the underwriting period by the controlling shareholders or actual controller of the Fund Manager/Fund Custodian, or by companies which have substantial conflict of interest with the Fund Manager or the Fund Custodian, or engaged in other significant related transactions;
- 14) Distribution of the Fund Income;
- 15) Alteration of accrual standards, methods and rates of the fees including the management fee and custodian fee, distribution service fee, the subscription fee and the redemption fee;
- 16) Error in the calculation of NAV per Unit amounting to 0.5% of NAV per Unit;
- 17) Commencement of Subscription and Redemption of open-ended funds;
- 18) The open-ended fund defers Redemption process because of massive redemption.
- 19) The open-ended fund suspends Redemption application or defers redemption payment because of continuous massive redemption.



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- 20) Open-ended funds suspend or re-start accepting the application for Subscription and Redemption;
  - 21) When adjustments of the rules on subscription or redemption of the Fund were made or a material event that have potential impact on the redemption of investors occurred;
  - 22) When the Fund Manager used the swing price mechanism in valuation;
  - 23) Other matters that the fund information disclosure obligor believes may have a significant impact on the interest of the Fund unitholders or the price of the Fund units or other events as prescribed by the CSRC;

#### 8. Notice of and Resolutions of the Fund unitholder meeting

The convener of a Fund unitholder meeting shall publish the time of meeting, method of meeting, matters to be deliberated, deliberation procedure and the voting approaches at least 30 days in advance. Resolutions approved by the Fund unitholder meetings shall be submitted to CSRC for filed in accordance with relevant laws. In addition, an announcement shall be made accordingly.

For a unit holder meeting convened by the unitholders themselves, the convener of the meeting shall fulfil its obligation for information disclosure where the Fund Manager or the Fund Custodian fails to fulfil its obligations to disclose the resolutions of the meeting in accordance with relevant laws.

#### 9. Announcement of Clarification

During the Term of the Fund Contract, if any information appears on any public media or circulates in the market that may have misleading influence on the Price of the Fund units or result in considerable fluctuation and may damage the interest of the Fund unitholders, the party concerned who is responsible for information disclosure shall immediately clarify such information publicly and report such information to the CSRC.

#### 10. Liquidation Report

When the Fund Contract is terminated, the Fund Manager shall organize the fund property liquidation group to liquidate the fund property and make a liquidation report. The fund property liquidation group shall publish the liquidation report on Designated Websites and publish the notice of the liquidation report in Designated Newspapers.

#### 11. Other events as prescribed by the CSRC.

### (II) Administration of Information Disclosure Affairs



The Fund Manager and the Fund Custodian shall develop sound management rules on information disclosure and designate specific department and senior officer to manage information disclosure affairs.

The Fund Manager, the Fund Custodian and other information disclosure obligors of the Fund shall disclose the Fund information in accordance with relevant laws and regulations on the disclosed content and format released by the CSRC.

In accordance with relevant laws and regulations, stipulations by the CSRC, and the Fund Contract, the Fund Custodian shall review and audit the NAV of the Fund, the NAV per unit of the Fund, the price of subscription and redemption of the Fund, regular Fund reports, updated prospectus, KFS, the liquidation report of the Fund and other disclosed information prepared by the Fund Manager, and make a written or electronic confirm to the Fund Manager.

The Fund Manager and the Fund Custodian shall select a newspaper for information disclosure of the Fund from Designated Newspapers. The Fund Manager and Fund Custodian shall submit the fund information to be disclosed to CSRC's fund electronic disclosure website, and ensure that the relevant information submitted is true, accurate, complete and timely.

In addition to Designated Medium, the Fund Manager and the Fund Custodian may also disclose information through other public medium as needed. But information disclosure through other public medium shall not precede that of Designated Medium, and the content disclosed through the respective media shall be consistent.

The professional institutions that issue audit reports and legal opinions for the Fund information disclosed by the information disclosure obligor shall make an original draft and keep related archives for at least 10 years after the termination of the Fund Contract.

In addition to the disclosure of information in accordance with laws and regulations, the Fund Manager and the Fund Custodian may also focus on providing useful information for investors' decision-making, and spontaneously improve the quality of information disclosure services under the premise of ensuring fair treatment of investors, not misleading investors and not affecting the normal investment operation of the Fund. The specific requirements shall comply with the relevant provisions of CSRC and the rules of self-discipline. In the case of any information disclosure fee is incurred from the above-mentioned self-disclosure, the fee shall not be included in the fund property.

### **(III) Retention and Consultation of Information Disclosure Documents**

After the information that must be disclosed according to law is issued, the Fund Manager and the Fund Custodian shall, in accordance with the relevant laws and regulations, prepare the information in their respective residences for public inspection and reproduction.



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**(IV) The information disclosure of the Fund is subject to the provisions of laws and regulations and the contents of this chapter.**



## **XVII. Risk Disclosure**

### **1. Market risk**

The fluctuations in the price of the securities market attributable to various factors may pose risks on the Fund assets. Such risks mainly include:

#### **1) Policy risk**

Policy risk is posed by volatility in market prices of securities under the impact of changes in the economic policies of the government, such as monetary policy, fiscal policy, and industry policy.

#### **2) Risks from economic cycles**

Periodical movement in macroeconomic performance will be manifested in the securities market, affecting the income of the securities market and causing the market to be exposed to risks.

#### **3) Interest rate risk**

The changes in interest rates will impact the prices and yields of bonds, which will also impact the capital demand and supply in the securities market and, to some extent, the profitability of listed companies.

#### **4) Purchasing power risk**

As the incomes of the Fund are primarily distributed in cash, the real yield of the Fund will suffer from shrinking of purchasing power under inflationary pressure.

#### **5) Credit risk**

Credit risk mainly refers to the risk caused by debtors' default. If the debtor operates poorly and does not have sufficient assets to cover its debts, the creditor may lose most of its investment. Such risk mostly occurs in corporate bonds.

#### **6) Operation risk of listed companies**

Corporate governance and financial conditions collectively play a role in the business of a listed company. If a listed company invested by the Fund operates poorly, its bonds may also drop in value, thus may hurt the income of the Fund.

#### **7) Reinvestment risk**

Reinvestment risk reflects the impact of lower interest rates on the yield from the Fund's reinvestment of interest income earned from fixed-income securities. When interest rates become lower, the Fund will receive a relatively lower yield from its reinvestment of interest income



earned from fixed-income securities.

## 2. Liquidity Risk

For an open-ended fund, the Fund Manager is obliged to accept investors' Subscription and Redemption of the Fund on Open Days of the Fund in accordance with the Prospectus. Since China's securities market fluctuates significantly, the trading volume will sharply shrink when the market prices decline. In such a case, massive redemption may result in difficulties toward the realization of Fund assets and result in the Fund being exposed to liquidity risks.

### 1) Subscription and Redemption of Fund units

For the specific regulation about subscription and redemption, see the relevant regulation in VIII. Fund Investment of the Prospectus.

### 2) Evaluation of liquidity risk on proposed invest market and asset

Most of the equity investment market of the Fund is China's A-share market and the Fund Manager select high-quality invest target from the said market. In general, the big market capitalization and high trading volume of A-share market will meet the liquidity requirement of the Fund's daily investment, subscription and redemption.

Most of the bond investment target of the Fund is Treasury Bonds, Central Bank Bill and financial bonds with high liquidity. Treasury Bonds, Central Bank Bill and policy financial bonds issued by interbank market have enough liquidity, whose trading volume accounted for 54.7% of the whole interbank market's trading volume.

### 3) Methods on liquidity risk management in the circumstances of massive redemption

In case of a Massive Redemption, when the Fund Manager believes there are difficulties with payment for the redemption applications of the investor, or believes that the payment for the redemption applications of the investors may cause drastic fluctuations to the NAV of the Fund, the Fund Manager may defer part of the Redemption applications or suspend applications of one unitholder of the Class A Unit exceed 10% of the total unit of the Fund on the previous Open Day. For the specific regulation about subscription and redemption, see the relevant regulation about Massive Redemption of the Prospectus.

### 4) Auxiliary method on liquidity risk management and its potential impact on investors

After consultation with the custodian, on the premise of the fair treatment to all investors, according to laws and regulations and the Fund Contract stipulations, the Fund Manager can make a modest adjustment to the redemption application as an auxiliary method on liquidity risk management in specific situation by comprehensive utilization of various methods on liquidity risk management. Methods on liquidity risk management of the Fund include:



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- a) Defer Massive Redemption applications;
  - b) Suspend Massive Redemption applications;
  - c) Defer Redemption payment;
  - d) Charge short-term Redemption fees;
  - e) Suspend Fund valuation;
  - f) Swing Pricing;
  - g) Other methods approved by the CSRC.

In case of a Massive Redemption, the Fund Manager may defer part of the Redemption applications or suspend applications of one unitholder of the Class A Unit exceed 10% of the total unit of the Fund on the previous Open Day. For the specific regulation and procedure about subscription and redemption, see the relevant regulation about Massive Redemption of the Prospectus. When the Fund Manager defer part of the Redemption applications, the unitholder of the Fund who apply for the redemption cannot get all the Redemption amount as scheduled. Besides the negative impact on his own liquidity, in this circumstance, the said unitholder will lose reinvested income of the redemption amount deferred. When the Fund manager suspend applications of one unitholder of the Class A Unit exceed 10% of the total unit of the Fund on the previous Open Day, the said unitholder's application for redemption cannot be fully confirmed. Besides the negative impact on his own liquidity, in this circumstance, the NAV of the Fund of the said unitholder will fluctuate due to securities market volatility.

For the specific regulation and procedure about Suspend Massive Redemption applications or Defer Redemption payment see the relevant regulation on Suspend Massive Redemption applications or Defer Redemption payment of the Prospectus. When the Fund Manager suspend massive redemption applications, the unitholder's application for redemption cannot be confirmed. Besides the negative impact on his own liquidity, the NAV of the Fund of the said unitholder will fluctuate due to securities market volatility; When the Fund Manager defer redemption payment, the unitholder cannot obtain all redemption payment on time. Besides the negative impact on his own liquidity, the reinvestment income from the payment deferred will suffer from loss.

For the specific regulation and procedure about Charge short-term Redemption fees, see the relevant regulation about Subscription and Redemption fees of the Prospectus. From the Prospectus, the unitholder of Class A Fund Units with a consecutive holding period of less than 7 days shall pay more redemption fee than other unitholders of Class A Fund Units.

For the specific regulation about Suspend fund valuation, see the relevant regulation about Suspend Fund valuation of the Prospectus. When the Fund Manager suspend fund valuation, the



Fund Manager will take measures as Defer Redemption payment or Suspend Massive Redemption applications. The risk in connection with the said measures is as mentioned above.

When the Fund encounters a huge-amount subscription or redemption application, the Fund Manager can take Swing Pricing Mechanism, which means the market impact cost of the adjustment of its investment portfolios by the said fund is allocated to investors who actually perform subscription or redemption by adjusting the fund valuation or the fund unit net value, thereby ensuring that the legitimate rights and interests of investors are not prejudiced and that investors are treated fairly

### 3. Management risk

In the course of Fund management and operation, the Fund Manager's knowledge, skills, experience and judgment will shape the forecasts on relevant information, economic situations and securities price trend, thus affect Fund incomes.

### 4. Operating or Technical Risk

- 1) Risks incurred by technical factors, such as breakdown of the computer system used for Fund transactions due to unexpected events or force majeure;
- 2) Risks incurred by human factors, such as morality risks from the Portfolio Manager's breach of professional ethics and compliance risks from acts of insider trading and fraud.

### 5. Institutional Risks

Institutional changes include the reform and development of Chinese economic and political institutions, economic restructuring, and reinforcement of the opening-up policy.

- 1) The government's macro-economic policies play an instrumental role;
- 2) The development of sectors and enterprises are curbed by macro-economic and industrial policies.
- 3) Industrial development displays prominent periodical characteristics.

### 6. Risks from Emerging Securities Markets

As an emerging securities market, China shares the following common risks with other emerging markets:

- 1) Liquidity risk: The securities market lacks liquidity due to relatively small market capitalization and low trading volume as well as relatively poor market depth;
- 2) Risk mitigation challenge: Due to the lack of a variety of investment vehicles such as hedging and derivative varieties, there will not be much room to carry out risk





mitigation when the market goes down.

- 3) The corporate governance of listed companies needs further improvement.
- 4) The reliability of statistics, financial data, and information disclosure needs to be strengthened.

#### 7. Risks in Implementation of Investment Philosophy

The Fund invests primarily in listed companies with the potential of sustainable development. As it can be affected by the adjustment in national strategies for sustainable development, the Fund's investment philosophy for sustainable development is difficult to implement fully. This is likely to impair the incomes of the Fund unitholders.

#### 8. Risks in which the features of risks and income of legal documents of the Fund may be inconsistent with the risk assessment of the Fund of sales institutions

The expression of the features of risks and income in the investment chapter of the Fund's legal documents is an overview description based on the investment scope, investment ratio, and general laws of the securities market, etc., and represents the long-term features of risks and income of the Fund under general market conditions. Sales institutions (including the Fund Managers as direct sales institution and other sales institutions) conduct risk evaluations of the Fund in accordance with relevant laws and regulations. Different sales institutions use different evaluation methods. Therefore, the risk assessment of the Fund of sales institutions may be inconsistent with the features of risks and income in the Fund's legal documents. Investors must complete the matching test between risk tolerance and product risk in accordance with the requirements of the sales institutions before purchasing the Fund.

#### 9. Other Risks

Any event of Force Majeure, such as wars and natural disasters, would likely seriously affect the operation of the securities markets and might lead to the loss of the Fund assets.

Any crisis in financial markets, industry competition, breach of contract by the agencies and Fund Custodian and others may occur out of the Fund Manager's control and may be detrimental to the interest of the Fund or the Fund unitholders.



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

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

1. The following changes to the Fund Contract shall be passed by the resolutions of the Fund unitholder meeting.
  - 1) Termination of the Fund Contract;
  - 2) Change to the operation mode of the Fund;
  - 3) Raising the remuneration of the Fund Manager and/or the Fund Custodian;
  - 4) Replacement of the Fund Manager and the Fund Custodian;
  - 5) Other circumstances stipulated by the Fund Contract
2. Where the modifications to the Fund Contract exert a major effect on the rights and obligations of the Parties to the Fund Contract, the modifications shall be agreed upon through the resolution of the Fund unitholder meeting and reported to the CSRC for approval or filing. However, if the modification of the Fund Contract is caused by changes in relevant laws and regulations which this Fund Contract shall comply with accordingly, and does not involve any changes in the relations of rights and obligations of Parties to the Fund Contract, or has no substantial adverse effect on the Fund unitholders, or is as otherwise stipulated by the Fund Contract, then such modifications can be made without the resolution of the Fund unitholders meeting, but with the permission of the Fund Manager and the Fund Custodian. Subsequently, the modifications shall be submitted to the CSRC for approval or filing.
3. In accordance with currently effective and relevant laws and regulations, the modifications to the Fund Contract shall come into effect from the date when the CSRC approves them or issues an opinion with no objection.
4. Except where the modification of the Fund Contract shall be passed with the resolution of the Fund unitholder meeting and/or reported to the CSRC for approval in accordance with the Fund Contract and/or relevant laws and regulations, the modification of the Fund Contract can be made and announced with the consent of the Fund Manager and the Fund Custodian, and then reported to the CSRC for filing.

### **(II) Termination of Fund Contract**

1. Under any of the following circumstances, the Fund Contract shall be terminated:



- 1) The Fund unitholder meeting resolves to terminate the Fund Contract.
- 2) The duties of the Fund Manager or the Fund Custodian are terminated, and there is no new Fund Manager or Fund Custodian to take over the post within six months.
- 3) Where the number of Fund unitholders is under 200 persons or the NAV of the Fund is less than 50 million Yuan for 60 consecutive Working Days after the Fund Contract comes into effect, the Fund Manager shall announce the termination of the Fund Contract through legal procedures.
- 4) Other circumstances stipulated by the Fund Contract.
- 5) Other circumstances permitted by relevant laws and regulations or the CSRC.

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

1. Fund assets liquidation group: The liquidation group shall be established within 30 Working Days of the occurrence of the termination events of the Fund Contract. The Fund Manager shall coordinate with the liquidation group to conduct the liquidation of the Fund under the supervision of the CSRC.
2. The liquidation team shall consist of the Fund Manager, the Fund Custodian, lawyers, certified public accountants qualified for securities and futures business, and persons appointed by the CSRC. The liquidation group of Fund assets may hire necessary staff.
3. The liquidation team shall be responsible for safekeeping, clearing, valuation, realization and distribution of Fund assets. The liquidation group can carry out necessary civil activities in accordance with relevant laws.
4. Liquidation procedure
  - 1) After the Fund Contract is terminated, the liquidation group shall take over the Fund assets;
  - 2) The liquidation group shall clear and verify the Fund assets, and related claims and debts;
  - 3) The liquidation group shall assess and realize the Fund assets;
  - 4) The liquidation group shall distribute the Fund assets.
  - 5) The liquidation group shall prepare liquidation reports;
  - 6) The liquidation group shall hire accounting firms to conduct external audit of the liquidation report and law firms to issue a legal opinion on the liquidation report;
  - 7) The liquidation group shall submit the liquidation report to the CSRC for filing and



publication;

5. The Fund assets shall be liquidated within six months.

6. Liquidation Expenses

Liquidation expenses refer to all reasonable fees and expenses incurred during the Fund liquidation process, which shall be given priority to be paid out of the Fund assets by the liquidation group.

7. Distribution of remaining Fund assets

After the liquidation expenses are deducted from the remaining fund assets of the Fund liquidation, the accrual proportion of each type of Fund Units in the remaining fund assets is calculated in accordance with the NAV per Unit and the NAV for each type of fund units on the termination date of the Fund Contract. On such a basis, the remaining assets for distribution after liquidating this type of Fund assets are distributed in accordance with the proportions of fund units held by each type of Fund unitholders for this type of fund units.

8. Announcement on Liquidation of Fund assets

Any significant event in the liquidation process shall be announced in a timely manner. The resulting report of the liquidation prepared by the liquidation group shall be audited by an accounting firm with relevant qualification for securities and futures business and a law firm shall issue its written legal opinion. Subsequently, the liquidation shall be announced within five Working Days after being reported to the CSRC for filing. The fund property liquidation group shall publish the liquidation report on Designated Websites and the notice of liquidation report on Designated Newspapers.

9. Keeping of the accounting statements and documents of liquidation of the Fund assets

The Fund Custodian shall retain all the accounting statements and documents relating to the liquidation of the Fund assets for at least 15 years.



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

### **(I) Rights and Obligations of the Fund Manager**

- 1 In accordance with the Funds Law, the Operations Measures, and other relevant regulations, rights of the Fund Manager include but are not limited to the following:
  - 1) To legally offer the Fund;
  - 2) To independently utilize and manage the Fund assets in accordance with relevant laws, regulations and the Fund Contract starting from the Effective Date of the Fund Contract, including exercise of the rights arising from the Fund assets invested in securities in accordance with relevant regulations;
  - 3) To receive the Fund's Initial Subscription and Subscription fees, Fund Redemption service charge, Fund management fees and other expenses as specified by laws and regulations in accordance with the Fund Contract;
  - 4) To offer the Fund units;
  - 5) To convene the Fund unitholder meeting;
  - 6) To supervise the Fund Custodian in accordance with the Fund Contract and relevant laws and regulations. The Fund Manager shall promptly report to the CSRC and other regulatory authorities any matter which in its opinion is a breach of the Fund Contract or relevant laws and regulations by the Fund Custodian, and take necessary measures to protect the interests of Fund investors;
  - 7) To nominate a new Fund Custodian in the event of the replacement of the Fund Custodian;
  - 8) To choose, delegate, or change the Fund Sales Institutions, and supervise and handle relevant acts of the Fund Sales Institutions;
  - 9) To determine the income distribution plan of the Fund in accordance with the Fund Contract and relevant laws and regulations;
  - 10) To reject or temporarily suspend accepting the applications for Subscription and Redemption in accordance with relevant laws and regulations and as provided in the Fund Contract;
  - 11) To formulate and adjust the rules of open-ended fund business, subject to relevant laws and regulations and the Fund Contract;
  - 12) To exercise the right as a shareholder of the investee and the right arising from the investment of Fund assets in securities in the interest of the Fund and in accordance



with the laws and regulations;

- 13) To carry out financing in the interest of the Fund to an extent permitted by laws and regulations;
  - 14) To exercise the litigation rights or other legal acts in the name of the Fund Manager and in the interest of the Fund unitholders;
  - 15) To select and replace the lawyer, auditor, securities broker and other external institutions serving the Fund;
  - 16) Other rights as provided by the laws, regulations and the Fund Contract.
2. In accordance with the *Funds Law*, the *Operations Measures* and other relevant regulations, the obligations of the Fund Manager include but are not limited to the following:
- 1) To undertake the filing procedure for the Fund;
  - 2) To manage and operate the Fund assets based on the principles of good faith and due diligence as from the effective date of Fund Contract;
  - 3) To employ adequate qualified personnel with professional qualifications to conduct analysis and make decisions regarding the Fund's investment, and to manage and operate the Fund assets in a professional business manner;
  - 4) To handle or authorize other institutions recognized by the securities regulatory authorities under the State Council to handle the offering, Subscription, Redemption and registration of Fund units. The Fund Manager shall promptly report to the CSRC and other regulatory authorities any matter which in its opinion is a breach of the Fund Contract, Fund sales and service agency agreement or relevant laws and regulations by the Fund Sales Institutions, and take necessary measures to protect the interests of Fund investors;
  - 5) To establish and improve systems such as internal risk control, supervision & auditing, financial control and personnel management, so as to ensure the independence of the Fund assets and the assets of the Fund Manager. To separately manage and keep books for various funds managed by the Fund Manager; to carry out securities investment;
  - 6) Not to seek benefits for itself or any third party by using the Fund assets or authorize any third party to operate the Fund assets unless otherwise provided by the Funds Law, the Fund Contract and other relevant regulations;
  - 7) To be supervised by the Fund Custodian in accordance with the law;



- 8) To take appropriate and reasonable measures to ensure that the calculation method for Initial Subscription, Subscription, Redemption and Cancellation prices comply with the provisions of the Fund Contract and other legal documents; to calculate and announce the net value information of the Fund, and determine the Subscription and Redemption prices of Fund units;
- 9) To carry out the financial accounting of the Fund and prepare the financial and accounting reports of the Fund;
- 10) To prepare the quarterly reports, the semi-annual reports and the annual reports;
- 11) To meet the obligations of information disclosure and reporting in strict accordance with the Funds Law, the Fund Contract and other relevant regulations;
- 12) To keep business secrets for the Fund and to not disclose any Fund investment plans, investment intentions and so on; to keep confidential and not to disclose to others any information regarding the Fund before the same is made available to the public, unless otherwise specified in the Funds Law, the Fund Contract and other relevant regulations;
- 13) To distribute the Fund Income to the Fund unitholders in accordance with the Fund Contract;
- 14) To accept and handle the application for Subscription and Redemption of the Fund and pay the Redemption amount in time and in full;
- 15) To convene the Fund unitholder meeting in accordance with the Funds Law, the Fund Contract and other relevant regulations or cooperate with the Fund Custodian and the Fund unitholders to do so legally;
- 16) To keep the records, accounting books, statements and other relevant materials of the Fund assets management business activities for at least 15 years in accordance with relevant regulations;
- 17) To ensure that all documents and materials to be delivered to the Fund investors are sent within the specified time; to ensure that the public materials relating to the Fund are always available to the investors in accordance with the period and method specified herein and that the investors can obtain copies of relevant materials subject to the payment of reasonable costs;
- 18) To organize and join in the Fund assets liquidation group and participate in the keeping, clearing, valuation, realization and distribution of the Fund assets;
- 19) To report to the CSRC and give notice to the Fund Custodian in a timely manner in



the case of dissolution, legal revocation or bankruptcy;

- 20) To assume compensation liability in the case of any loss to the Fund assets or any harm to the legitimate rights and interests of the Fund unitholders caused by the Fund Manager's violation against the Fund Contract, which shall not be relieved as a result of its withdrawal of services;
- 21) To supervise the Fund Custodian's performance of its duties in accordance with the laws, regulations and the Fund Contract; to claim against the Fund Custodian in the interest of the Fund unitholders and for losses of Fund assets arising from the Fund Custodian's breach of the Fund Contract;
- 22) To exercise the litigation rights or other legal acts in the name of the Fund Manager and in the interest of the Fund unitholders;
- 23) To assume all offering expenses and return to the Fund initial subscriber the capital raised plus its interest on bank deposit over the same period within 30 days after expiration of the Fund raising period if the Fund Contract fails to come into effect due to its failure to meet the filing requirements of the Fund;
- 24) To implement valid resolutions adopted by the Fund unitholders meetings;
- 25) Other obligations specified by the laws, regulations and the Fund Contract.

## **(II) Rights and Obligations of the Fund Custodian**

1. In accordance with the Funds Law, the Operations Measures, the Fund Contract and other relevant regulations, rights of the Fund Custodian include but are not limited to the following:
  - 1) The safekeeping of the Fund assets in accordance with laws, regulations and the Fund Contract starting from the Effective Date of the Fund Contract;
  - 2) To obtain the Fund custodian fees specified by the Fund Contract, other legal incomes and other specified incomes permitted by relevant laws and regulations or as approved by the regulatory authorities;
  - 3) To supervise the Fund Manager's operations of investment in the Fund. The Fund Custodian shall promptly report to the CSRC any matter which in its opinion is a breach of the Fund Contract or national laws and regulations by the Fund Manager, and take necessary measures to protect the interests of Fund investors;
  - 4) To open the Fund's securities accounts with the China Securities Depository and Clearing Company Limited Shanghai Branch and Shenzhen Branch under the joint name of the Fund Custodian and the Fund;





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- 5) To open a securities account in the name of the Fund Custodian for settlement of securities dealings;
  - 6) To open an inter-bank bond custody account with the China Securities Depository and Clearing Company Limited in the name of the Fund for clearing of the bonds and funds of the Fund;
  - 7) To propose the convening of a Fund unitholder meeting;
  - 8) To nominate a new Fund Manager in the event of replacement of the Fund Manager;
  - 9) Other rights as provided by the laws, regulations and the Fund Contract.
2. In accordance with the Funds Law, the Operations Measures and other relevant regulations, the obligations of the Fund Custodian include but are not limited to the following:
- 1) To maintain and safekeep the Fund assets under the principle of good faith and due diligence;
  - 2) The Fund Custodian shall establish a specific assets custody department, operate in a satisfactory business premises, employ adequate full-time qualified personnel who are familiar with the fund custody business, and undertake the matters of Fund assets custody;
  - 3) The Fund Custodian shall establish and improve the internal control system, supervisory and auditing system, financial and personnel management system, to ensure the security of the Fund assets, to ensure the independence of the Fund assets under its custody, the Fund Custodian's own assets and the assets of other funds under its custody; to maintain separate accounts, conduct separate accounting and keep separate books for different funds, and to ensure the independence among different funds in terms of registration, account setup, fund transfer and account recording;
  - 4) Not to seek benefits for itself or any third party by using the Fund assets or entrust the custody of Fund assets to any third party unless otherwise provided by the Funds Law, the Fund Contract and other relevant regulations;
  - 5) The Fund Custodian shall keep all the important agreements and the documents signed by the Fund Manager safe on behalf of the Fund in accordance with the related rules;
  - 6) To open the capital account and securities account for the Fund assets in



accordance with relevant regulations; to duly process the clearing and settlement of the Fund in accordance with the Fund Contract and the investment instructions of the Fund Manager;

- 7) To keep the business secrets of the Fund and not disclose to others any information regarding the Fund before the same is made available to the public, save for disclosures required by the Funds Law, the Fund Contract and other relevant regulations;
- 8) To review and verify the NAV of the Fund, the NAV per unit of the Fund and the price for Subscription and Redemption of the Fund units calculated by the Fund Manager;
- 9) To handle information disclosures related to the Fund custody business;
- 10) To provide its opinions on the financial and accounting reports of the Fund, the quarterly reports, the semi-annual reports and the annual reports of the Fund to illustrate whether the Fund Manager's operation in all major aspects is in strict accordance with the provisions of the Fund Contract or not; in the event that the Fund Manager fails to perform the provisions of the Fund Contract, it is also necessary to specify whether the proper measures have been taken by the Fund Custodian;
- 11) To keep the records, account books, statements and other relevant materials of the Fund custody business activities for at least 15 years in accordance with relevant regulations;
- 12) To prepare and keep the register of Fund unitholders;
- 13) The Fund Custodian shall prepare the relevant accounting books and check with the Fund Manager in accordance with the related regulations;
- 14) To distribute the Fund income and pay the Fund unitholders for Redemption pursuant to the instructions of the Fund Manager or the relevant regulations;
- 15) To convene the Fund unitholder meeting in accordance with the relevant regulations or cooperate with the Fund unitholders to do so legally by themselves;
- 16) To supervise the investment operation by the Fund Manager in accordance with relevant laws and regulations and the Fund Contract;
- 17) To join in the Fund assets liquidation group and participate in the keeping, clearing, valuation, realization and distribution of the Fund assets.
- 18) To report to the CSRC and banking regulatory authorities and provide a notice to



the Fund Manager in a timely manner in the event of dissolution, legal revocation or bankruptcy;

- 19) To be liable for any loss to the Fund assets caused by the Fund Custodian's violation against the Fund Contract, which shall not be relieved as a result of its withdrawal of service;
- 20) To supervise the Fund Manager's performance of its obligations in accordance with the laws, regulations and the Fund Contract; to claim against the Fund Manager in the interest of the Fund unitholders and for losses of Fund assets arising from the Fund Manager's breach of the Fund Contract;
- 21) To implement valid resolutions adopted by the Fund unitholders meetings;
- 22) Other obligations specified by the laws, regulations and the Fund Contract.

### **(III) Rights and Obligations of the Fund Unitholders**

1. In accordance with the Funds Law, the Operations Measures, the Fund Contract and other relevant regulations, rights of the Fund unitholders include but are not limited to the following:
  - 1) To receive distributions of the Fund Income;
  - 2) To participate in the distribution of the remaining Fund assets after the liquidation;
  - 3) To apply for redeeming their Fund units according to law;
  - 4) To request to convene the Fund unitholder meetings in accordance with the relevant regulations;
  - 5) To attend or appoint a proxy to attend a Fund unitholder meeting and exercise its voting rights on matters under discussion by the Fund unitholder meeting;
  - 6) To review and copy the disclosed information of the Fund;
  - 7) To supervise the investment operation of the Fund Manager;
  - 8) To file a lawsuit against the violation of their lawful rights and interests by the Fund Manager, the Fund Custodian and the Fund Sales Institutions;
  - 9) Other rights granted by the laws, regulations and the Fund Contract.
2. In accordance with the Funds Law, the Operations Measures, the Fund Contract and other relevant regulations, obligations of the Fund unitholders which include but are not limited to the following:
  - 1) To comply with the Fund Contract;



- 2) To pay the Fund's Initial Subscription, Subscription and Redemption amounts, as well as the expenses specified by laws and regulations and the Fund Contract;
- 3) To assume the limited liability for the loss or termination of the Fund Contract to the extent of the Fund units it holds;
- 4) Not to engage in any activity that will adversely impair the Fund or the lawful rights and interests of other parties to the Fund Contract;
- 5) To return any unjust enrichment received from the Fund Manager, the Fund Custodian and the agent of the Fund Manager for any reason during the transactions of the Fund;
- 6) Other obligations specified by the laws, regulations and the Fund Contract.

#### **(IV) Fund Unitholder Meeting**

The Fund unitholder meeting consists of the Fund unitholders or duly authorized agents of the Fund unitholders. Each Fund unit held by the Fund unitholders shall have the equal voting right.

1. Circumstances for Convening the Fund unitholder meetings
  - 1) The Fund unitholder meeting shall be convened in any of the following situations:
    - To terminate the Fund Contract;
    - To change the Fund Manager;
    - To change the Fund Custodian;
    - To change the operation mode of the Fund;
    - To raise the remuneration of the Fund Manager or the Fund Custodian;
    - To change the type of Fund;
    - To change the investment objective, scope or strategy of the Fund;
    - To change the procedures of the Fund unitholder meeting;
    - Other matters which have significant influence on the rights and obligations of parties to the Fund Contract;
    - The Fund Manager or the Fund Custodian requests for convening the Fund unitholder meeting;
    - Fund unitholder holding 10% or more of all Fund units individually or in aggregate (calculated based upon the Fund units on the date when the Fund Manager receives such proposal, the same applies below) makes a written request to convene a Fund unitholder meeting regarding the same matter of the Fund;



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- Other issues requiring the convening of the Fund unitholder meeting as specified in relevant laws and regulations, the Fund Contract or the CSRC.
- 2) In any of the following situations, a Fund unitholder meeting is not required, and instead, the Fund Manager and the Fund Custodian may carry out modifications to the Fund Contract after consultation:
- To lower the Fund management fee rate or the Fund custodian fee rate;
  - To change the Subscription fee rate, Redemption fee rate or the charging methods of the Fund within the scope specified by the Fund Contract;
  - To modify the Fund Contract because of corresponding changes in relevant laws and regulations;
  - Any modification to the Fund Contract that has no substantial adverse effect on the interests of the Fund unitholders or that does not involve any changes in relations to the rights and obligations of Parties to the Fund Contract;
  - Other circumstances where the convening of a Fund unitholder meeting is not required in accordance with laws and regulations or the Fund Contract.

## 2. Convening Methods

- 1) The Fund Manager shall act as the convener of a Fund unitholder meeting unless otherwise agreed in laws and regulations or the Fund Contract;
- 2) If the Fund Manager does not convene the meeting in accordance with relevant rules or cannot convene a Fund unitholder meeting, the Fund Custodian shall convene the Fund unitholder meeting;
- 3) The Fund Custodian shall request in writing that the Fund Manager convene the Fund unitholder meeting if it considers it necessary. The Fund Manager shall decide whether to convene the Fund unitholder meeting or not and give a written notice to the Fund Custodian within 10 days after receipt of the written request. If the Fund Manager decides to convene the Fund unitholder meeting, the Fund unitholder meeting shall be held within 60 days after the written notice; if the Fund Manager decides not to convene the Fund unitholder meeting and the Fund Custodian still regards it as necessary, the Fund Custodian shall convene the Fund unitholder meeting;
- 4) If the Fund unitholders holding 10% or more of the Fund units request in writing to convene a Fund unitholder meeting for the same matter, they shall submit a written request to the Fund Manager to convene a Fund unitholder meeting. The Fund Manager shall decide whether to convene the Fund unitholder meeting or not and give written notice to the representative(s) of the requesting the Fund unitholders



and the Fund Custodian within 10 days after receipt of the written request. If the Fund Manager decides to convene the Fund unitholder meeting, it shall convene the Fund unitholder meeting within 60 days after the written decision; if the Fund Manager decides not to convene the Fund unitholders meeting and the Fund unitholders representing 10% or more of Fund units in aggregate still regard it necessary to convene the Fund unitholder meeting, they shall submit a written request to convene the Fund unitholder meeting to the Fund Custodian. The Fund Custodian shall decide whether to convene the Fund unitholder meeting or not and give a written notice to the representative(s) of the requesting Fund unitholders and the Fund Manager within 10 days after receipt of the written request; if the Fund Custodian decides to convene the Fund unitholder meeting, it shall convene the Fund unitholder meeting within 60 days after the written decision;

- 5) In the circumstance described in the above item 4), if both the Fund Manager and the Fund Custodian refuse to convene the meeting, the Fund unitholders holding 10% or more of the Fund units individually or in aggregate have the right to convene a Fund unitholder meeting on their own, and report to the CSRC for filing at least 30 days in advance. If the Fund unitholders convene a Fund unitholder meeting in accordance with the law, the Fund Manager and the Fund Custodian shall cooperate. Obstruction and interference are prohibited.
- 6) The Convener of the Fund unitholder meeting shall determine the time, place and method of the meeting and the date of registration of concerning interests.

### 3. Notice

- 1) The convener shall make an announcement regarding the convening of the Fund unitholder meeting 30 days in advance on Designated Medium. The notice to convene the Fund unitholder meeting shall at least specify the following contents:
  - The date, time, venue and form of the meeting;
  - Major matters to be discussed at the meeting and the procedure;
  - The date of registration of the rights and interests of the Fund unitholders who have the right to attend the Fund unitholder meeting;
  - The delivery time and place that the written notice of power of attorney;
  - Name and telephone number of the standing contact person.
- 2) If a Fund unitholder meeting is convened and votes are cast by means of communication, the meeting convener shall determine the means of communication and the method of written voting, and specify in the notice the specific means of communication, the appointed notary public and its contact



method and person, and the deadline and the method of delivery and receipt of written votes of the Fund unitholder meeting. If the convener is the Fund Manager, it shall notify the Fund Custodian, in a written format, to supervise the counting of the written votes at the specified meeting venue.

#### 4. Meeting Means

A Fund unitholder meeting may be convened by personal attendance or through communication.

The method for convening a meeting shall be determined by the convener, but in the case of the replacement of the Fund Manager and the Fund Custodian, the meeting shall be held through personal attendance.

##### 1) Meeting by personal attendance

The Fund unitholder or his proxy with a power of attorney to vote shall attend the meeting, and the authorized representatives of the Fund Manager and the Fund Custodian shall attend the Fund unitholder meeting. If personal attendance is adopted, the Fund unitholder meeting may commence its agenda only when both of the following requirements are met:

- The certificates of holdings of Fund units of the attending Fund unitholders, the certificates of holdings of Fund units of the principals as presented by their proxies and the written powers of attorney of the principals shall meet all the requirements of the relevant laws and regulations, the Fund Contract and the meeting notice; and
- A verified consolidation of the certificates of holdings of Fund units held as at the date of registration of unit holdings presented by the attendees shall indicate representation of 50% or more of the total Fund units of the Fund on the date of registration of unit holdings corresponding to all valid certificates.

If any of the said conditions is not satisfied, the convener may determine and announce the date and place for another meeting, but the unit holdings registration date used to determine the qualification for the Fund unitholders' attendance at the meeting shall not be changed.

##### 2) meeting by communication

Meeting by communication means that the Fund unitholders serve in writing their votes over the matters for voting to the address designated by the convener before the voting deadline. Voting shall be made in a written form in the meetings by communication.



If all the following conditions are met, the meeting by communication shall be regarded as effective:

- After announcing the meeting notice in accordance with the Fund Contract, the convener continuously sends relevant notices within 2 Working Days;
- Under the supervision of the Fund Custodian (the Fund Manager if the Fund Custodian is the convener) and a notary public, the convener collects and counts the written votes from the Fund unitholders through means stated in the meeting notice;
- The Fund units held by the Fund unitholders submitting written votes directly or through their authorized representatives in aggregate which account for 50% or more of the total number of Fund units on the rights and interests registration date;

If any of the said conditions is not satisfied, the convener may determine and announce the date and place for another meeting, but the unit holdings registration date used to determine the qualification for the Fund unitholders' attendance at the meeting shall not be changed.

- For the Fund unitholders directly issuing written votes or the proxies appointed by the Fund unitholders to issue written votes in subparagraph (3) above, the certificates of holdings of Fund units, the certificates of holdings of Fund units of Fund unitholders, the certificates of holdings of Fund units of the principals as presented by their proxies and the written powers of attorney of the principals submitted at the same time shall meet all the requirements of relevant laws and regulations, the Fund Contract and the meeting notice;
- The meeting notice shall be submitted to the CSRC for filing before the publication of the meeting notice.

In the case of voting by communication, unless there is sufficient evidence to the contrary in the vote counting, investors submitting their votes confirming their identification documents which comply with the meeting notice shall be deemed as valid investors attending the meeting. The written votes which appear to comply with the laws and regulations and the meeting notice shall be deemed as valid votes. Any vote with vague expression or internal contradiction shall be deemed as abstention. However, these votes shall be incorporated into the total number of Fund units represented by the Fund unitholders who have issued the written votes.

## 5. Agenda and Procedure

### 1) Agenda and proposal right

Any major matters that affect the interests of Fund unitholders may be put on the agenda, e.g. significant modification of the Fund Contract, a decision on termination of the Fund Contract,





replacement of the Fund Manager, replacement of the Fund Custodian, merger with other funds and other matters specified in laws and regulations and the Fund Contract and items considered as necessary by the convener to be submitted to the Fund unitholder meeting for discussion.

The Fund Manager, the Fund Custodian and the Fund unitholders who individually or jointly hold 10% or more of the total Fund units as of the rights and interests registration date, may submit a proposal to the convener to be discussed and voted on at the Fund unitholder meeting before the convener sends the meeting notice. They may also submit a temporary proposal to the convener after the meeting notice is given, and such proposal shall be submitted to the convener 15 days prior to the holding.

Any amendment to the original proposal after the meeting notice is given by the convener of the Fund unitholder meeting shall be announced 10 days prior to the date when the Fund unitholder meeting is to be held. Otherwise, the date of convening the meeting shall be postponed to assure an interval of at least 10 days.

Voting cannot be made in a Fund unitholder meeting for an agenda item that was not announced by the convener.

Provisional proposals submitted by the Fund Manager, the Fund Custodian and the Fund unitholders are reviewed by the convener, and a public announcement shall be made 10 days before the convening of the meeting for the items meeting the requirements. The convener shall review and verify the proposals based on the following principles:

- **Relevance.** For the proposals which involve matters directly relating to the Fund and not going beyond the authority of the Fund unitholder meeting as specified by laws and regulations and the Fund Contract, the convener shall present them to the meeting for discussion. For items not meeting the said requirements, the convener shall not do so. If the convener decides not to present any proposal of the Fund unitholders to the meeting for voting, he shall explain and illustrate his decision at that Fund unitholder meeting.
- **Procedure.** The convener may decide on the procedural issues involved in the proposals. The proposals may be split up or combined for voting with the consent of the original proposer; if the original proposer disagrees with such change, the director of the meeting may refer such procedural issues to the Fund unitholder meeting for determination and have such proposals discussed in accordance with the procedures as determined by the Fund unitholder meeting.

Where the Fund unitholders who individually or jointly hold 10% or more of the total Fund units on the rights registration date or the Fund Manager or the Fund Custodian submits a proposal to be discussed and voted on at the Fund unitholder meeting and such proposal is not adopted at such meeting after discussion, the same proposal shall be presented again to the Fund unitholder



meeting for discussion at the interval of no less than six months.

## 2) Discussion procedure

### ■ Meeting by personal attendance

In the case of the meeting by personal attendance, the director of meeting shall first specify and announce the voting Supervisor in accordance with the procedure specified in Clause 7 below, and then read out the proposals, which shall be discussed and voted on to form the meeting resolutions. In the event that the convener is the representative authorized by the Fund Manager to attend the meeting and the authorized representative cannot preside over the meeting, the authorized representative of the Fund Custodian shall preside over the same. Should the authorized representatives of the Fund Manager and the Fund Custodian fail to preside over the meeting, a Fund unitholder shall be selected as the chairperson of the Fund unitholder meeting by more than 50% (inclusive 50%) of the voting rights of the Fund unitholders attending the meeting.

### ■ Meeting by communication

For a meeting by communication, proposals shall be announced when the meeting notice is made public. All the valid votes shall be counted within 2 Working Days after the announced voting deadline under the supervision of a notary public, following which the resolutions will be formed.

## 6. Voting

Each Fund unit held by the Fund unitholders represents one vote.

Resolutions of the Fund unitholder meetings include general resolutions and special resolutions:

- 1) General resolutions. A general resolution shall be approved to take effect by the Fund unitholders or their proxies attending the meeting with 50% or more of the voting rights. Except for the matters defined in Subparagraph (2) below which must be approved with a special resolution, all other matters shall be approved with a general resolution.
- 2) Special resolutions. A special resolution shall be adopted by the Fund unitholders or their proxies attending the meeting with at least two thirds (inclusive) of the voting rights. Matters including change of the Fund operation mode, replacement of the Fund Manager or the Fund Custodian and the termination of the Fund Contract must be approved by special resolutions.

The Fund unitholder meeting adopts registered voting.

In the case of voting by communication, investors submitting their votes confirming their identification documents which comply with the meeting notice shall be deemed as valid investors



attending the meeting. The written votes which comply with the meeting notice shall be deemed as valid votes. Any vote with vague expression or internal contradiction shall be deemed as abstention. However, these votes shall be incorporated into the total number of Fund units represented by the Fund unitholders who have issued the written votes.

Each proposal or each topic in the same proposal on the agenda of a Fund unitholder meeting shall be discussed and voted on separately.

## 7. Votes counting

### 1) Meeting by personal attendance

- If the Fund unitholder meeting is convened by the Fund Manager or the Fund Custodian, the director of the meeting shall announce, after the commencement of the meeting, to elect two representatives of the Fund unitholders among the attending Fund unitholders together with one representative appointed by the convener to act as the voting supervisors. If the meeting is convened by the Fund unitholders, the director of the meeting shall announce, after the commencement of the meeting, to elect three representatives of the Fund unitholders among the attending Fund unitholders to act as the voting Supervisors.
- The voting supervisors shall count the votes immediately after the Fund unitholders have cast their votes, and then the director of the meeting shall announce the vote counting result.
- If the chairperson of the meeting or the Fund unitholders doubts the submitted voting result, the recounting of votes may be requested immediately after the voting result is announced. The voting Supervisors shall recount the votes only once. After the recount, the chairperson of the meeting shall announce the recounting result on the spot.
- The vote counting process shall be notarized by a notary public.

### 2) Meeting by communication

In the event of meeting by communication, the votes shall be counted in the following manner: The votes shall be counted by two supervisors authorized by the convener under the supervision of the authorized representative of the Fund Custodian (the authorized representative of the Fund Manager, if the Fund Custodian is the convener) and a notary public shall notarize its vote counting process.

## 8. Validity and Announcement

The convener shall report the matters approved by the Fund unitholder meeting to the CSRC for approval or filing within 5 days after approval of the relevant resolution.

Resolutions approved by the Fund unitholder meetings shall become effective on the day the



CSRC approves or issues non-objection opinion in accordance with the laws.

Resolutions of Fund unitholder meetings shall be announced on Designated Medium within 2 Working Days after coming into effect.

The Fund Manager, the Fund Custodian and the Fund unitholders shall perform the valid resolutions of the Fund unitholder meetings.

All Fund unitholders, the Fund Manager and the Fund Custodian shall be bound by the resolutions of the Fund unitholder meeting.

9. The representative or sales institution of this Fund in Hong Kong can work as the nominal holder of Class H Fund Units for this Fund. In compliance with the Fund Contract, the representative or sales institution can attend the Fund unitholder meeting and exercise voting rights at the meeting on behalf of Class H Fund Unitholders, or collect the votes of Class H Fund Unitholders as an agent, and then submit them to the Fund Manager, etc.

#### **(V) Termination of the Fund Contract**

1. Under any of the following circumstances, the Fund Contract shall be terminated:

- 1) The Fund unitholder meeting resolves to terminate the Fund Contract;
- 2) The duties of the Fund Manager or the Fund Custodian are terminated, and there is no new Fund Manager or Fund Custodian to take over the post within six months;
- 3) Other circumstances stipulated by the Fund Contract;
- 4) Where the number of Fund unitholders remains less than 200 for 60 consecutive Working Days or the NAV of the Fund remains less than RMB50 million Yuan for 60 consecutive Working Days after the Fund Contract has come into effect, the Fund Manager shall declare termination of the Fund Contract through legal procedures;
- 5) Other circumstances permitted by relevant laws and regulations or the CSRC

2. Liquidation of the Fund

- 1) Liquidation Group of the Fund: The liquidation group shall be established within 30 Working Days starting from the date of occurrence of any circumstances where the Fund Contract is terminated, and the Fund Manager will organize the Liquidation Group and conduct the liquidation of the Fund under the supervision of the CSRC.
- 2) Liquidation Group composition of the Fund assets: The Liquidation Group shall consist of the Fund Manager, the Fund Custodian, Certified Public Accountants and



lawyers qualified for securities and futures business, and persons appointed by the CSRC. The Liquidation Group of Fund assets may hire necessary staff.

- 3) Responsibilities of the Liquidation Group of the Fund assets: The Liquidation Group shall be responsible for safekeeping, clearing, valuation, realization and distribution of Fund assets. The Liquidation Group can conduct necessary civil activities in accordance with relevant laws.
- 4) Liquidation procedure of Fund assets
  - After the Fund Contract is terminated, the Liquidation Group shall take over the Fund assets;
  - The Liquidation Group shall clear and verify the Fund assets, and related claims and debts;
  - The Liquidation Group shall assess and realize the Fund assets;
  - The Liquidation Group shall distribute the Fund assets.
  - The Liquidation Group shall prepare the liquidation report;
  - The Liquidation Group shall engage an accounting firm to audit the liquidation report externally and engage a law firm to issue legal opinions;
  - The Liquidation Group shall submit the liquidation report to the CSRC for filing and make a public announcement;
- 5) The time limit for liquidation of the Fund assets is 6 months.

### 3. Liquidation Expenses

The liquidation expenses refer to all reasonable fees and expenses incurred by the Liquidation Group during the Fund liquidation, which shall be paid with priority out of the Fund assets by the Liquidation Group.

### 4. Distribution of Remaining Fund assets after Liquidation

In accordance with the distribution plan for Fund assets liquidation, after the Fund assets liquidation expenses are deducted from the remaining Fund assets after the Fund is liquidated, the accrual proportion of each type of fund units in the remaining fund assets is calculated in accordance with the NAV per Unit and the NAV for each type of fund units on the termination date of the Fund Contract. The remaining assets for distribution after liquidating this type of Fund assets are distributed in accordance with the proportions of fund units held by each type of Fund unitholders to this type of fund units.

### 5. Announcement on Liquidation of Fund assets

The Liquidation Group shall make an announcement of the Fixed Assets liquidation report



within 5 Working Days after the Fund Contract is terminated. The fund property liquidation group shall publish the liquidation report on Designated Websites and the notice of liquidation report on Designated Newspapers. Any significant event in the liquidation process shall be announced in a timely manner. The report of the Fund assets liquidation audited by an accounting firm with relevant qualification for securities and futures business together with written legal opinions from a law firm shall be submitted to the CSRC for filing and be announced.

6. Keeping of the statements and documents of liquidation of the Fund assets

The Fund Custodian shall retain all the statements and documents relating to the liquidation of the Fund assets for at least 15 years.

**(VI) Dispute Settlement**

The parties concerned agree that any dispute arising out of or in connection with the Fund Contract shall be settled through amicable negotiations. In the event that friendly negotiation cannot resolve the dispute, any party shall submit it to the China International Economic and Trade Arbitration Commission for arbitration pursuant to the then effective rules of the China International Economic and Trade Arbitration Commission, with the arbitration place in Beijing. The arbitration award is final and legally binding on all the Parties thereto. The arbitration expenses shall be borne by the losing party.

This Fund Contract is governed by the laws of the People's Republic of China.

**(VII) Commencement of the Fund Contract**

The Fund Contract is a legal document stipulating the rights and obligations relations between of the Parties of the Fund and between the Fund and the Parties thereof.

The Fund Contract shall come into effect after the Fund Manager and the Fund Custodian have affixed their seals, the legal representatives or authorized representatives of the two parties have signed their names, and the Fund Manager has completed the Fund filing procedures at the CSRC after the offering period and obtained a written confirmation from the CSRC.

The validity period of the Fund Contract shall be from its effective date to the occurrence date of the circumstances described in Article 2 of Section 18 of the Fund Contract.

The Fund Contract shall be equally legal binding on the parties to the Fund Contract including the Fund Manager, Fund Custodian and the Fund unitholders from the effective date.

The Fund Contract is made in six duplicates, two of which shall be reported to the relevant regulatory authorities and each of the Fund Manager and the Fund Custodian shall hold two copies. All the original copies shall have the same legal effect.

The Fund Contract can be printed into volumes for consultation by the Investors at the offices



and premises of the Fund Manager, the Fund Custodian and the sales institutions. After paying the handling fee, Investors may obtain a duplicate or copy of the Fund Contract, but contents of the original Fund Contract shall prevail.



## XX. Summary of the Fund Custodian Agreement

### (I) Parties to the Custodian Agreement

#### 1. Fund Manager

Name:	Bank of China Investment Management Co., Ltd.
Registered Address:	45/F, BOCI Building, No. 200, Middle Yincheng Road, Pudong New Area, Shanghai
Legal Representative:	ZHANG Yan
Registered Capital:	RMB 100 million
Scope of Business:	Fund management business, launching and setting up the Fund, and other businesses approved by the CSRC
Form of Organization:	Limited Liability Company
Duration:	Going concern

#### 2. Fund Custodian

Name of the Fund Custodian:	Industrial and Commercial Bank of China Ltd.
Registered Address:	No.55, Fuxingmennei Street, Xicheng District, Beijing (100032)
Legal Representative:	YI Huiman
Date of Incorporation:	January 1, 1984
Approval Authority and Approval Document No.:	Decision of the State Council on Specially Exercising of the Functions of Central Bank by the People's Bank of China (Guo Fa [1983] No. 146)
Form of Organization:	company limited by shares
Registered Capital:	RMB 356,406,257,100.00
Duration:	Going concern

Scope of Business: Deposits in RMB, loans and interbank lending; the settlement of both domestic and overseas accounts; the acceptance, discount, inter-bank discount and various exchange business of negotiable instruments; capital settlement as an agent; provision of the letter of credit (L/C) service and guarantee; sales business, issuance, underwriting and acceptance of governmental bonds as an agent; fee-based business; settlement activities (bank-securities transfer) of securities investment fund as an agent; insurance business as an agent, loan business of policy banks, foreign governments and international financial





institutions as an agent; safe deposit box services; issuance of financial bonds; purchase and selling of governmental bonds and financial bonds; custody business of securities investment fund and enterprise annuity; fiduciary management business of enterprise annuity; management services of enterprise annuity accounts; registration, Initial Subscription, Subscription and Redemption business of open-ended funds; credit reference, advisory and attestation services; loan commitment; financial consultancy services for enterprises and individuals; organization or participation in syndicated loans; foreign exchange proceeds deposit; foreign exchange loans; foreign currency exchange; outward collection and inward collection; acceptance and discounting of foreign exchange instrument; foreign exchange borrowings; foreign exchange guarantee; issuance and sales of foreign securities other than shares and their issuance and sales as an agent; operation and FX trading; foreign exchange financial derivatives; bank card business; telephone banking, Internet banking and mobile banking business; settlement and sales of exchange business and other business approved by the banking regulatory authorities under the State Council.

## **(II) Operation Supervision and Verification between the Fund Manager and the Fund Custodian**

1. Pursuant to the Law on Securities Investment Funds (hereinafter referred to as the "Funds Law"), the Administrative Measures on the Operations of Securities Investment Funds (hereinafter referred to as the "Operations Measures"), the Administrative Measures on Information Disclosure of Securities Investment Funds (hereinafter referred to as the "Information Disclosure Measures") , the Fund Contract of the BOC Sustainable Growth Mixed Securities Investment Fund\*(\*The name of the fund is not indicative of the fund's performance and return.), the Provisions on Liquidity Risk Management of Publicly-raised Open-end Securities Investment Funds and other regulations applicable to the Fund, the Fund Custodian shall carry out the supervision and verification on the legitimacy and compliance of behaviours such as the investment targets of the Fund, the portfolio ratio of Fund assets, the verification of Fund assets, the calculation of NAV of the Fund, the accrual and payment of remuneration to the Fund Manager, the payment of fund expenses, the receipt of Subscription money, the payment for Redemption, the distribution of fund income, and the financing conditions of the Fund, in which the supervision and inspection on the investment ratio of the Fund shall commence six months after the Fund Contract takes effect.

If the Fund Manager is found to have violated relevant provisions of the Funds Law, the Fund Contract, or the Agreement, the Fund Custodian shall, in a timely manner, ask in writing that the Fund Manager make corrections within the specified time, and the Fund Manager shall timely make verification upon the receipt of the notice and



give a written reply to the Fund Custodian. The Fund Custodian shall, within the time limit indicated in the aforesaid written notice, have the right to review the matters as set forth in the notice and urge the Fund Manager to make corrections. If the Fund Manager fails to correct the violations within the said period, the Fund Custodian shall report them to the CSRC. The Fund Custodian is obligated to require the Fund Manager to indemnify the Investors for the loss incurred thereby.

The Fund Custodian shall immediately report to the CSRC any significant violation of relevant regulations by the Fund Manager, and notify the Fund Manager to correct the violation within certain period.

2. The Fund Manager shall supervise and verify whether or not the Fund Custodian timely executes the money transfer orders of the Fund Manager, utilizes the Fund assets without authorization and distributes the incomes distributable to the Fund unitholders to the dividends payout accounts on schedule, in accordance with relevant provisions of the Funds Law, the Fund Contract, and the Agreement.

The Fund Manager shall regularly verify the Fund assets kept by the Fund Custodian. If the Fund Manager identifies that the Fund Custodian has failed to separately manage the Fund assets, utilizes the Fund assets without authorization, or results in the damages, impairment or endangering of Fund assets due to the faults of the Fund Custodian, the Fund Manager shall immediately demand the Fund Custodian to, in writing, take corrective and remedial actions. The Fund Manager has the right to require the Fund Custodian to compensate the Fund for the loss incurred thereby.

If the Fund Custodian is found to have violated relevant provisions of the Funds Law, the Fund Contract, the Agreement or other relevant fund-related regulations, the Fund Manager shall, in a timely manner, demand the Fund Custodian in writing to make corrections within a specified time, and the Fund Custodian shall, in a timely manner, confirm receipt of the notice and give a written reply to the Fund Manager. The Fund Manager shall, within the specified period, have the right to review the matters as set forth in the notice and urge the Fund Custodian to make corrections. In case the Fund Custodian fails to correct its violations within the said period, the Fund Manager shall report it to the CSRC.

The Fund Manager shall immediately report to the CSRC any significant violation of relevant regulations by the Fund Custodian, and ask the Fund Custodian to correct the violation within certain period.

3. The Fund Manager and the Fund Custodian are obligated to cooperate with and assist the other party in supervising and verifying the Fund's operations in accordance with this Agreement. Without any justified reasons, the Fund Manager or the Fund Custodian shall not refuse or hinder the supervision exercised by the other party in



accordance with this Agreement, nor impede the effective supervision by the other party by means of delay or fraud. In case of serious circumstances or failure to make correction upon the warning of the supervising party, the supervising party shall report to the CSRC.

### (III) Safekeeping of the Fund Assets

#### 1. Principle for Safekeeping the Fund assets

- 1) The Fund Custodian shall hold the Fund assets and guarantee the safe and intact custody of Fund assets in accordance with law. The Fund Custodian shall not utilize, dispose of and allocate any part of Fund assets unless properly instructed by the Fund Manager.
- 2) The Fund assets shall be independent of the assets owned by the Fund Manager and the Fund Custodian.
- 3) The Fund Custodian shall open the capital account and securities account of the Fund assets as stipulated. Moreover, The Fund Custodian shall set up separate accounts for different Fund assets under custody and strictly conduct separate accounting for other businesses of the Fund Custodian and other custody business of other funds to ensure the integrity and independence of the Fund assets.
- 4) For the assets receivable generated during the investment and subscription (Subscription) of the Fund, the Fund Manager shall negotiate a transfer date with the relevant parties and inform the Custodian of the date. In the event that the Custodian does not get the said assets on the specified date, the Custodian shall ask the Fund Manager to take actions to receive the payment. In the case of any loss arising therefrom, the Fund Manager shall be responsible for compensation of the losses of the Fund against the relevant parties.

#### 2. Verification of Raised Capital

Within the Offering Period, the Sales Institution shall, in accordance with the provisions of the sales and service agency agreement, transfer the Initial Subscription capital to the fund's Initial Subscription account of Bank of China Investment Management Co., Ltd., specially opened by the Fund Manager with a commercial bank qualified for custody business. Upon the expiration of the Fund Offering Period, the Fund Manager shall engage an accounting firm with qualifications for related securities business to check the capital and issue the capital verification report, which shall be signed by 2 or more China Certified Public Accountants participating in that capital verification. After the capital verification, the Fund Manager shall transfer all the capital raised to the Fund's bank account specifically opened by the Fund Custodian for the Fund, and the Fund Custodian shall issue a Fund assets receiving report on the date of receipt of the capital.

#### 3. Opening and Management of the Bank Account of the Fund



The Fund Custodian shall open the special fund custody account in its own sales branches in the name of the Fund Custodian, for the purpose of keeping the bank deposit of the Fund. This account means a special account that the Fund Custodian conducts the first tier settlement with China Securities Depository and Clearing Corporation Limited on behalf of the Fund under custody in the centralized custody mode. The Fund Custodian shall be responsible for the opening and management of this account. All the monetary receipt and payment activities of the Fund shall be handled through the special fund custody account of the Fund Custodian.

The opening and using of the Fund's bank account only for satisfying the Fund's business demand. The Fund Custodian and the Fund Manager shall not open any other bank accounts in the name of the Fund, and shall not handle any business unrelated to the Fund through any bank account of the Fund.

The asset custody account shall be managed in accordance with the Measures for the Administration of Bank Accounts, the Interim Provisions for Cash Management, the Administrative Rules of the People's Bank of China on Interest Rate, the Notice on the Management of Cash Payment in Large Denomination, the Measures for the Settlement of Payment as well as other relevant regulations of the People's Bank of China and the banking supervisory authorities.

#### 4. Opening and Management of the Fund's Securities Accounts and Securities Trading Capital Accounts

The Fund Custodian shall open the securities account with the China Securities Depository and Clearing Company Limited Shanghai Branch/Shenzhen Branch in the joint names of the Fund Custodian and the Fund.

The opening and using of the Fund's securities account is limited to satisfying the Fund's business. The Fund Custodian and the Fund Manager shall not lend or transfer any securities accounts unless approved by the other party, and shall not handle any business unrelated to the Fund through any account of the Fund.

The Fund Custodian shall open the securities trading capital account for the clearing of securities with the China Securities Depository and Clearing Corporation Limited Shanghai Branch/Shenzhen Branch in the name of the Fund Custodian.

If the Fund is allowed to engage in the investment business in other investment categories involving the opening and use of related accounts after the signing date of the Fund custodian agreement, the Fund Custodian may contrast and abide by the above provision on the opening and use of accounts unless otherwise provided in laws and regulations.

#### 5. Opening and Management of Bond Custody Accounts

- 1) Upon the Fund Contract coming into effect, the Fund Manager shall, in the Fund's name, apply for and obtain the trading qualification in the national inter-bank borrowing market and handle the transactions on behalf of the Fund. The Fund



Custodian shall be responsible for opening the bond custody account for the interbank bond market with the China Central Depository & Clearing Co., Ltd. in the Fund's name, and the Fund Custodian shall be responsible for the background matching of the bonds of the Fund and the clearing of the funds. Having completed the formalities as described above, the Fund Custodian shall submit a report to the People's Bank of China for filing.

- 2) In accordance with the relevant regulations of the People's Bank of China, China Foreign Exchange Center and China Central Depository & Clearing Co., Ltd., the Fund Manager and Fund Custodian shall sign a supplemental agreement to use and manage the trading accounts and bond custody accounts for the inter-bank borrowing market. The Fund Manager and the Fund Custodian shall enter into the master agreement on the Fund repurchase of national inter-bank treasury bond market, the original of which shall be kept by the Fund Custodian and the copy of which shall be kept by the Fund Manager.

#### 6. Safekeeping of the Physical Securities Relating to the Fund asset Investment

The actual securities shall be deposited by the Fund Custodian in the safe custody vault of the custodian bank, or deposited in the safe custody vault of China Central Depository & Clearing Co., Ltd. or Shanghai Branch/Shenzhen Branch or bill business centre of China Securities Depository and Clearing Co., Ltd. The Fund Custodian shall hold the safekeeping receipt. The Fund Custodian shall handle the purchase and transfer of physical securities in accordance with the orders of the Fund Manager. The Fund Custodian shall not be liable for the securities under the actual and effective control of other institutions.

The Fund Custodian shall be liable for the damages and impairment of the physical securities under the actual and effective control of the Fund Custodian in the keeping period of the Fund Custodian.

#### 7. Safekeeping of Major Contracts Relating to Fund assets

The originals of the major contracts relating to the Fund assets and signed by the Fund Manager on behalf of the Fund shall be separately kept by the Fund Custodian and the Fund Manager. Unless otherwise specified herein, two original copies of the major contracts related to the Fund assets and signed by the Fund Manager on behalf of the Fund shall be kept, so that both the Fund Manager and the Fund Custodian respectively shall retain at least one original copy of each contract. If only one original copy of the above contract is available, it shall be kept by the Fund Custodian.

### (IV) Calculation and Accounting of the NAV of the Fund

1. The NAV of the Fund is calculated by deducting liabilities from the Total Asset Value of the Fund. Class A Fund Units and Class H Fund Units are valued separately. The



NAV per Unit is calculated separately for these two types of fund units under this Fund on each valuation date, and published in accordance with regulations. The NAV per Unit for a fund units' type is calculated by dividing the fund NAV of this type of fund units by the quantity of remaining fund units of this type on the current day. The calculation result of the NAV per Unit shall be rounded to the fourth decimal place and then rounded off.

2. The Fund Manager shall value the Fund assets on each Open Day. The valuation principle shall not challenge the Fund Contract, the Measures for Financial Accounting of Securities Investment Fund and the provisions of other laws and regulations. The Fund Manager shall calculate and the Fund Custodian shall review the NAV of Fund assets and Fund units which are involved in the Fund's information disclosure. The Fund Manager shall, at the end of trading hours of each Open Day, calculate the NAV of the Fund units of the day and send the result to the Fund Custodian by encrypted facsimile transmission. The Fund Custodian shall review, sign, stamp and send by encrypted facsimile transmission the NAV calculation result to the Fund Manager, who shall publish the NAV of the Fund.

The Fund shall be valued by using the following methods:

- 1) Valuation of listed and traded securities

Listed and circulated stocks shall be valued based on the market prices (closing prices) on the stock exchange where they are listed, on the valuation day or based on the market prices (closing price) of the last trading day in the event that there is no trading on the valuation day.

- 2) The bonds which exchange-traded shall use the following valuation methods:

- A. The bonds which are traded at net prices shall be valued at the closing prices on the valuation day. In the event that there is no trading on the valuation day, the closing prices on the last trading day shall be adopted.
- B. Bonds which are not traded at net prices shall be valued at net prices calculated by deducting the accrued interests included in the closing prices of the bonds from the closing prices of bonds on the Valuation Day. In the event that there is no trading on the Valuation Day, the bonds shall be valued at net prices calculated by deducting the accrued interests included in the closing prices of the bonds from the closing prices of bonds on the last trading day.

3. The unlisted marketable securities shall be handled depending on the following circumstances:

- 1) For bonus issue, additional shares issue by conversion of capital reserve, share allotment and new issue, they shall be valued at the market price (closing price) of the same share listed on the exchanges on the Valuation Day, or based on the market price (closing price) of the latest trading day in case that there is no trading



on the Valuation Day;

- 2) The stocks that are initially offered shall be valued at cost price;
- 3) The bonds traded in the inter-bank market and the unlisted bonds shall be valued at cost price.
4. Where the Fund experiences huge-amount subscription or redemption, the Fund Manager may use a swing pricing mechanism through proper procedures to ensure the fairness of valuation of the Fund.
5. The placed warrants shall be valued at the difference of the closing price in excess of the placement price from the ex-right date to the confirmation date of the placing, should the closing price be higher than the placement price. If the closing price is equal to or lower than the placement price, the valuation will be zero.
5. If there is a sufficient evidence proving that the above-mentioned valuation methods cannot objectively reflect its fair value, the Fund Manager may, based on actual situation and after consultation with the Fund Custodian, determine the value at a price which best reflects the fair value.
6. The determination of fixed incomes such as bond interest income, deposit interest income and income from securities bought under resale agreements shall be based on the accrual basis principle.
7. The recognition of dividend income shall be based on the accrual basis principle.
8. If any new provisions are supplemented, the latest provisions of the PRC shall be followed to carry out the valuation.

It is the joint obligation of the Fund Manager and the Fund Custodian to calculate the NAV of the Fund and carry out the financial accounting of the Fund. The party who shall be responsible for the accounting of the Fund is the Fund Manager. If it is impossible to reach a consensus with respect to the accounting issues related to the Fund after thorough discussion among relevant parties on the basis of equality, the result of NAV of the Fund as calculated by the Fund Manager shall be published.

#### **(V) Safekeeping of the Fund Unitholders Register**

The register of the Fund unitholders, including the register of the Fund unitholders when the Fund-offering period ends, the register of the Fund unitholders on the date of registration of the Fund rights and interests, the register of the Fund unitholders on the date of registration of the Fund unitholders' meetings and the register of the Fund unitholders on the last trading day of each month, shall be prepared and kept safe by the transfer and registrar of the Fund.

#### **(VI) Dispute Settlement**

The parties concerned agree that any dispute arising out of or in connection with the





Agreement, except as resolved through friendly negotiation, shall be submitted to the China International Economic and Trade Arbitration Commission for arbitration pursuant to the prevailing valid rules of the China International Economic and Trade Arbitration Commission, with the place of arbitration being in Beijing. The arbitration award is final and legally binding on all the Parties thereto. The arbitration expenses shall be borne by the losing party.

During the settlement of disputes, relevant parties shall strictly perform their respective responsibilities as the Fund Manager and the Fund Custodian, fulfil their respective duties as set forth in the Fund Contract and this custody agreement faithfully, diligently and responsibly, and safeguard the lawful rights and benefits of the Fund unitholders.

The Agreement is governed by the laws of the People's Republic of China.

## **(VII) Modification and Termination of the Fund Custodian Agreement**

1. All the parties to the custody agreement may modify the Agreement after reaching consensus through negotiation. The modified Agreement shall not have any conflict with the provisions of the Fund Contract. The modified Fund custody agreement will not take effect until it is submitted to the CSRC to complete all necessary approval or filing procedures.
2. This custody agreement shall be terminated if any of the following circumstances occurs:
  - 1) The Fund Contract is terminated;
  - 2) The Fund Custodian of the Fund is replaced because the Fund Custodian is dissolved, legally revoked, or declared bankrupt or due to other reasons;
  - 3) The Fund Manager of the Fund is replaced because the Fund Manager is dissolved, legally revoked, or declared bankrupt or due to other reasons;
  - 4) Occurrence of the termination events as specified in the Funds Law or other laws and regulations.



## XXI. Services to Fund Unitholders

The Fund Manager provides a wide range of services to the Fund unitholders. The Fund Manager will increase or change the services in accordance with the needs of Fund unitholders and market changes. Major services are as follows:

### (I) Mailing of Materials to the Fund Unitholder

#### 1. Statements of Account of Fund Transactions for Fund Investors

Since March 31, 2014, the Fund Manager warrants to provide account statements of fund transactions through electronic files, short messages or in paper form. Fund unitholders may choose any one of the three forms.

The e-statement, which covers data up till the preceding trading day, is sent on the first day of each month. The Fund unitholder may request the delivery of the statement on a monthly, quarterly, semi-annual, or annual basis. The statement via short messages, which covers data up till the preceding trading day, is sent on the first day of each month. The Fund unitholder may request the delivery of the statement on a monthly, quarterly, semi-annual, or annual basis. The paper statement, which covers data till the last trading day of the period, is mailed within 15 working days subsequent to the end of each half year.

The Fund unitholders may customize the service in the following ways: (1) Dial the hotline of the Fund Manager (400-888-5566 for automatic voice recorded service or transferred to an operator); (2) Log in to the official website of the Fund Manager ([www.bocim.com](http://www.bocim.com)) and click on the **Fund Account Query** button to display the **Account Information Change** page; (3) Send an email to the customer service mailbox of the Fund Manager ([ClientService@bocim.com](mailto:ClientService@bocim.com)), stating the ID No. and name used for account opening, the name and value or shares of the held Fund, email address, mobile phone number, customized form of the accounts statement (electronic, short message or paper), and the delivery frequency (monthly, quarterly, semi-annual, or annual).

The accounts statement will not be delivered if investors fail to order this service successfully or have cancelled it.

#### 2. Other relevant information

### (II) Periodic Subscription Service

Under the Periodic Subscription Service, investors may subscribe for Fund units in a fixed amount with a fixed term through specific channels. The Periodic Subscription Service will be announced by the Fund Manager separately.

### (III) Online Transaction Service

Investors may carry out the Subscription, Redemption and other transactions, and query



information on the website of the Sales Institution. Investors may also open an account, initially subscribe to, subscribe to or redeem the Fund through the direct sales platform of the Fund Manager (website: [www.bocim.com](http://www.bocim.com)). Investors may seek advice from relevant institutions before conducting online transactions.

#### **(IV) Customization of Information Service**

Investors may send their customization of information applications via the Website or customer service centre of the Fund Manager. The Fund Manager will regularly send customized information to investors by email, short messages or fax. Information to be subscribed to includes the NAV of Fund units, verification of each transaction, monthly account information, and periodical Fund publications of the company. The service availability date will be announced by the Fund Manager separately.

#### **(V) Customer Service by Telephone**

The automatic voice system of the customer service centre supports 24-hour queries on information such as the NAV of the Fund, account transactions, fund products and services.



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## **XXII. Retention and Review of the Prospectus**

The Fund Prospectus is kept on the premises of the Fund Manager, the Fund Custodian and the Sales Institutions, and may be queried by the Investors free of charge during working hours. After paying the handling charge, Investors may obtain a duplicate or a copy of the above documents within a reasonable time.

The Fund Manager and the Fund Custodian shall ensure perfect consistency between the documents and the announcements.



## XXIII. Additional Information Disclosure

### (I) The criteria and process for selecting securities operating institutions using special trading seats for the Fund:

#### 1. The Fund Manager is responsible for selecting securities operating institutions and using their reserved transaction seats to conduct securities transactions specifically for the Fund:

- (1) Possesses sufficient financial strength, good reputation, and registered capital of at least 300 million Yuan;
- (2) Possesses excellent financial conditions, with various financial indicators showing stable enterprise operations;
- (3) Complies with relevant laws and regulations in operations and not being penalized by the CSRC for severe regulation breaches throughout the previous year;
- (4) Possesses stringent and standard internal management, and sound internal control system, which can ensure high confidentiality of Fund operations;
- (5) Possesses efficient and safe communications facilities, and transaction facilities that meet the requirements of securities transactions of the Fund and provide comprehensive information service for the Fund;
- (6) Possesses strong research capability and permanent research institutions staffed with professional researchers who can provide excellent consulting service, which covers macro-economic reports, industry reports, analysis of market trends, analysis reports on individual stocks, and other special reports;

The Fund Manager shall carry out studies and then select securities operating institutions as required.

#### 2. Lease term and replacement approach of seats

The lease term of participating business units/marketing units shall be in line with the agreement between the Fund Manager and the securities operating institution. When the lease term expires, the Fund Manager will make an overall assessment of securities operating institutions in accordance with research reports and information provided by them:

- (1) The quality and quantity of research reports;
- (2) Adoption of research reports by the Fund;
- (3) Direct and indirect benefits for Fund operations due to the adoption of research reports;
- (4) Whether it prevents or reduces losses to Fund operations due to the adoption of



research reports;

- (5) The Quality of research papers prepared by securities operating institutions under the theme specified by the Fund Manager;
- (6) Opening up of the database of securities operating institutions;
- (7) Other quantitative criteria for evaluation

The Fund Manager will rank securities operating institutions by the overall assessment. In addition to the ranking of institutions with their seats already serving the Fund Manager, the Fund Manager shall also keep an eye on research reports and information offered by other securities operating institutions to prepare for the replacement of the seats upon the expiration of the lease term.

If the research reports and other information submitted by the securities operating institutions fall short of the above requirements, the Fund Manager has the right to terminate the lease of their trading seats in advance.

### **3. Operation Mode of the Seats**

The Fund Manager shall allocate the securities trading volume of the Fund among the various seats by comparing the quality of the research reports and information service in accordance with the “annual securities trading volume of each fund through any securities operating institution shall not exceed 30% of the total annual securities trading volume of the Fund” as stipulated in the Notice on Tightening Supervision and Management of Securities Investment Funds released by the CSRC.

### **4. Other Matters**

In accordance with relevant regulations, the Fund Manager shall disclose the relevant status of the selected securities operating institutions, the securities trading volume of the Fund through the institutions, and commission payment in the semi-annual and annual Fund reports, and report these to the CSRC.

## **(II) Relevant Fund Announcements**

1. Annual Report of 2018 on BOC Sustainable Growth Mixed Securities Investment Fund published by the Fund Manager on March 28, 2019;
2. Summary of Annual Report of 2018 on BOC Sustainable Growth Mixed Securities Investment Fund published by the Fund Manager on March 28, 2019;
3. Announcement of BOC Fund Management Co., Ltd. on Several Funds Investment in Non-public Issuance of Stocks published by the Fund Manager on March 28, 2019;
4. Announcement of BOC Fund Management Co., Ltd. on The Opening of ICBC's Fast Payment Business on The Electronic Direct Sales Platform and The Implementation of Preferential Rates published by the Fund Manager on April 8, 2019;



5. Announcement on Addition of Nanjing Suning Fund Sales Co., Ltd as the sales Institution of Several Funds managed by Bank of China Investment Management Co., Ltd and Participant in Fee Rate Promotion Activities thereof published by the Fund Manager on April 16, 2019;
6. Q1 Report of 2019 on BOC Sustainable Growth Mixed Securities Investment Fund published by the Fund Manager on April 18, 2019;
7. BOC Sustainable Growth Mixed Securities Investment Fund Updated Prospectus (2019 No.1) published by the Fund Manager on April 26, 2019;
8. BOC Sustainable Growth Mixed Securities Investment Fund Updated Prospectus (2019 No.1) (Summary) published by the Fund Manager on April 26, 2019;
9. Announcement of BOC Fund Management Co., Ltd. on Several Funds Investment in Non-public Issuance of Stocks published by the Fund Manager on May 21, 2019;
10. Announcement on Participating in STAR Market Investment and Related Risks of Several Funds managed by Bank Of China Investment Management Co., Ltd published by the Fund Manager on June 21, 2019;
11. Announcement on Valuation Changes of Several Funds managed by Bank Of China Investment Management Co., Ltd published by the Fund Manager on July 5, 2019;
12. Announcement on Participant in Fee Rate Promotion Activities of Tiantian Fund of Several Funds managed by Bank Of China Investment Management Co., Ltd published by the Fund Manager on July 17, 2019;
13. Q2 Report of 2019 on BOC Sustainable Growth Mixed Securities Investment Fund published by the Fund Manager on July 19, 2019;
14. Announcement on Change of Management Members of Bank Of China Investment Management Co., Ltd published by the Fund Manager on July 19, 2019;
15. Announcement of Change of the Fax Number of Direct Sales Counter of Bank of China Investment Management Co., Ltd by the Fund Manager on July 31, 2019;
16. Semi-annual Report of 2019 on BOC Sustainable Growth Mixed Securities Investment Fund published by the Fund Manager August 26, 2019;
17. Abstract of Semi-annual Report of 2019 on BOC Sustainable Growth Mixed Securities Investment Fund published by the Fund Manager August 26, 2019;
18. Announcement on Change of Fund Manager on BOC Sustainable Growth Mixed Securities Investment Fund published by the Fund Manager September 19, 2019;
19. BOC Sustainable Growth Mixed Securities Investment Fund Updated Prospectus (2019 No.2) published by the Fund Manager on September 24, 2019;
20. BOC Sustainable Growth Mixed Securities Investment Fund Updated Prospectus (2019 No.2) (Summary) published by the Fund Manager on September 24, 2019;
21. BOC Sustainable Growth Mixed Securities Investment Fund Updated Prospectus (2019 No.3) published by the Fund Manager on September 30, 2019;
22. BOC Sustainable Growth Mixed Securities Investment Fund Updated Prospectus (2019 No.3) (Summary) published by the Fund Manager on September 30, 2019;
23. Fund Contract of BOC Sustainable Growth Mixed Securities Investment Fund by the Fund



Manager on September 30, 2019;

24. Notice on Modification of Performance Measurement Benchmark and Amendment of Fund Contract of BOC Sustainable Growth Mixed Securities Investment Fund by the Fund Manager on September 30, 2019;
25. Announcement of BOC Fund Management Co., Ltd. on adding Sun Life Insurance Co., Ltd. as part of its fund sales agency on October 14, 2019;
26. Q3 Report of 2019 on BOC Sustainable Growth Mixed Securities Investment Fund published by the Fund Manager on October 24, 2019;
27. Fund Contract of BOC Sustainable Growth Mixed Securities Investment Fund by the Fund Manager on October 24, 2019;
28. Custody Agreement of BOC Sustainable Growth Mixed Securities Investment Fund by the Fund Manager on October 24, 2019;
29. Announcement on Amendments of the Fund Contracts and Fund Custody Agreements of 113 Funds managed by Bank Of China Investment Management Co., Ltd in accordance with the Administrative Measures on Information Disclosure of Publicly-raised Securities Investment Funds Several Funds managed by Bank Of China Investment Management Co., Ltd published by the Fund Manager on October 24, 2019;
30. BOC Sustainable Growth Mixed Securities Investment Fund Updated Prospectus (2019 No.4) published by the Fund Manager on October 29, 2019;
31. BOC Sustainable Growth Mixed Securities Investment Fund Updated Prospectus (2019 No.3) (Summary) published by the Fund Manager on October 29, 2019;
32. Announcement of BOC Fund Management Co., Ltd. on adding Beijing Egg Roll Fund Sales Co., Ltd. as part of its fund sales organization on November 12, 2019;
33. Announcement on Participant in Fee Rate Promotion Activities of Sales Institutions of Funds managed by Bank Of China Investment Management Co., Ltd published by the Fund Manager on November 30, 2019.

Investors may view the above announcements on designated newspaper as well as the designated website.



## **XXIV. Documents Available for Inspection**

- (I) Approval documents of the CSRC regarding the offering of the BOC Sustainable Growth Mixed Securities Investment Fund\* (\*The name of the fund is not indicative of the fund's performance and return.)**
- (II) The fund contract of the BOC Sustainable Growth Mixed Securities Investment Fund\* (\*The name of the fund is not indicative of the fund's performance and return.)**
- (III) Agency Agreement of the Fund Units Registrar**
- (IV) Custodian Agreement**
- (V) Legal Opinion**
- (VI) Approval documents of the Fund Manager's professional qualifications and business license**
- (VII) Approval documents of the Fund Manager's professional qualifications and business license**
- (VIII) Open-ended Fund Business Management Rules of Bank of China Investment Management Co., Ltd.**
- (IX) Other documents required by the CSRC**
- (X) Retention and Consultation of Documents Available for Inspection**

**Documents available for inspection may be viewed by the investors at the offices and premises of the Fund Manager, the Fund Custodian, and Sales Institutions.**

Bank of China Investment Management Co., Ltd.

January 17, 2020