ICBC ASSET MANAGEMENT (GLOBAL) FUNDS

(a Hong Kong umbrella unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

EXPLANATORY MEMORANDUM

April 2024

IMPORTANT INFORMATION FOR INVESTORS

Important – If you are in any doubt about the contents of this Explanatory Memorandum, you should seek independent professional financial advice.

This Explanatory Memorandum comprises information relating to ICBC Asset Management (Global) Funds (the "Unit Trust"), a unit trust established under the law of Hong Kong by trust deed dated 2 July 2009 between ICBC Asset Management (Global) Company Limited as manager (the "Manager") and HSBC Institutional Trust Services (Asia) Limited as trustee (the "Trustee"), as amended from time to time.

The Manager accepts full responsibility for the accuracy of the information contained in this Explanatory Memorandum, 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 as at the date of publication of this Explanatory Memorandum. This Explanatory Memorandum may from time to time be updated. Prospective investors should ask the Manager if any addenda to this Explanatory Memorandum or any more up-to-date version of the Explanatory Memorandum have been issued. The Trustee and the Registrar are not responsible for the preparation of this Explanatory Memorandum and shall not be held liable to any person for any information disclosed in this Explanatory Memorandum, except for the information regarding the Trustee and the Registrar itself under the paragraph headed "Trustee and Registrar" in the section on "Management and Administration".

Distribution of this Explanatory Memorandum must be accompanied by a copy of the latest available annual report of the Unit Trust and any subsequent interim report. Units are offered on the basis only of the information contained in this Explanatory Memorandum and (where applicable) the above mentioned annual and interim reports. Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Explanatory Memorandum should be regarded as unauthorised and accordingly must not be relied upon.

This Explanatory Memorandum has been approved by the Securities and Futures Commission in Hong Kong (the "SFC"). The Unit Trust and each of the Sub-Funds have been authorised by the SFC. The SFC's authorisation is not a recommendation or endorsement of the Unit Trust or any of the Sub-Funds, nor does it guarantee the commercial merits or performance of the Unit Trust or any of the Sub-Funds. It does not mean the Unit Trust or any of the Sub-Funds is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

No action has been taken to permit an offering of units or the distribution of this Explanatory Memorandum in any jurisdiction, other than Hong Kong, where action would be required for such purposes. Accordingly, the Explanatory Memorandum may not be used for the purpose of an offer or solicitation in any jurisdiction (other than Hong Kong) or in any circumstances in which such offer or solicitation is not authorised.

In particular:

(a) units in the Unit Trust have not been registered under the United States Securities Act of 1933 (as amended) (the "Act") and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under the Act); and

(b) the Unit Trust has not been and will not be registered under the United States Investment Company Act of 1940 as amended.

Prospective investors should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of units in the Unit Trust. The distribution of this Explanatory Memorandum and the offering or purchase of units may be restricted in certain jurisdictions. No persons receiving a copy of this Explanatory Memorandum or the accompanying application form in any such jurisdiction may treat this Explanatory Memorandum or such application form as constituting an invitation to them to subscribe for units, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this Explanatory Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Explanatory Memorandum and any persons wishing to apply for units pursuant to this Explanatory Memorandum to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction.

Hong Kong investors may contact the Manager by any of the following means if they have any enquiries, feedback or complaints in respect of any Sub-Fund:

In writing to:	Unit 2507 - 2510, 25/F, ICBC Tower, 3 Garden Road, Central, Hong Kong
Facsimile:	25373433
Telephone:	35100800
Email:	enquiry@icbcamg.com

The Manager will handle or channel to the relevant party any enquiries, feedback or complaints from investors and will endeavour to revert to the relevant investor within 7 working days either orally or in writing.

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DIRECTORY OF PARTIES

Manager ICBC ASSET MANAGEMENT (GLOBAL) COMPANY LIMITED Unit 2507 – 2510 25/F, ICBC Tower 3 Garden Road Central Hong Kong
Directors of the Manager Wu Long Xu Lei Hu Yimin Yu Jinyou Kwok Wai Ki, Henry Li Bing
Trustee and Registrar HSBC INSTITUTIONAL TRUST SERVICES (ASIA) LIMITED 1 Queen's Road Central Hong Kong
Auditors KPMG 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Legal Advisers Simmons & Simmons 30th Floor, One Taikoo Place 979 King's Road Hong Kong

INTRODUCTION

ICBC Asset Management (Global) Funds (the "Unit Trust") is a unit trust established under the laws of Hong Kong by a trust deed dated 2 July 2009 between ICBC Asset Management (Global) Company Limited as manager and HSBC Institutional Trust Services (Asia) Limited as trustee, as amended from time to time (the "Trust Deed").

The Unit Trust is an umbrella fund and currently offers units relating to five separate pools of assets (each a "Sub-Fund"), as follows:

Sub-Fund	Base Currency
ICBC Asset Management Asia Selection Growth Fund	HK dollars
ICBC Asset Management China & Hong Kong Vision Fund	HK dollars
ICBC Asset Management Greater China Total Return Bond Fund	HK dollars
ICBC Asset Management China Emerging Enterprises Fund	HK dollars
ICBC Asset Management RMB Fixed Income Fund	Renminbi ("RMB")

INVESTMENT OBJECTIVES AND POLICIES

Each Sub-Fund has a separate and distinct investment objective and policies. The investment objectives and policies of the current Sub-Funds are set out below. Any changes to the investment objective and/or policy of a Sub-Fund may only be effected with the prior approval of the SFC and at least one month's prior notification to the unitholders affected.

ICBC Asset Management Asia Selection Growth Fund

ICBC Asset Management Asia Selection Growth Fund seeks to achieve long term capital growth through investment in equities and related instruments (including but not limited to warrants, covered warrants, equity options, convertible bonds and overseas listed depositary receipts) throughout the Asia Pacific region, primarily in countries and regions including mainland China, Hong Kong, Taiwan, South Korea and the nations of South East Asia.

The Sub-Fund may invest in equities of companies that have a total market capitalisation below HKD 10 billion and such exposure will be less than 30% of its net asset value. The Sub-Fund may invest in China A-share equities through Shanghai-Hong Kong Stock Connect Scheme / Shenzhen-Hong Kong Stock Connect Scheme and such exposure will be less than 30% of its net asset value. The Sub-Fund may invest in Hong Kong listed equities and such exposure will be up to 100% of its net asset value.

The Sub-Fund may invest in other collective investment schemes (including exchange traded funds) which are consistent with the Sub-Fund's investment objective, and such exposure will be less than 30% of its net asset value. Within the Sub-Fund's aggregate investments in other collective investment schemes, up to 10% of its net asset value may be invested in collective investment schemes that are non-eligible schemes as defined under the Code on Unit Trusts and Mutual Funds (the "**Code**") and are not authorised by the SFC, and any other collective investment schemes that the Sub-Fund may invest in are either authorised by the SFC or eligible schemes as defined under the Code. Investments in exchange traded funds will be considered and treated as collective investment schemes for the purposes of and subject to the requirements in 7.11, 7.11A and 7.11B of the Code.

The country exposure of the asset of the Sub-Fund is allocated based on portfolio manager's ongoing assessment of factors that may include, but not limited to economic outlook, liquidity, valuation and country risk. The Sub-Fund adopts a dynamic asset allocation strategy. There is no pre-determined investment preference in a specific country nor country mix, rather the portfolio manager will assess the outlook of different countries and select those that have relatively good economic backdrop and better performing outlook. The allocation mix of assets may vary from time to time according to the portfolio manager's discretion and prevailing market condition. As a result, the Sub-Fund may from time to time be concentrated and has significant exposure (i.e. up to 100%) in emerging market(s) and certain country or countries. As part of the foregoing, the Sub-Fund may have a significant exposure to Hong Kong depending on the prevailing market conditions.

Under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may invest temporarily up to 100% of its net asset value in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value.

This Sub-Fund is denominated in HK dollars.

ICBC Asset Management China & Hong Kong Vision Fund

ICBC Asset Management China & Hong Kong Vision Fund seeks to achieve long term capital growth.

The Sub-Fund aims to meet its objective by investing primarily in equities and related instruments (including but not limited to warrants, covered warrants, equity options, convertible bonds and overseas listed depositary receipts) of companies whose business is connected with the economy of mainland China and Hong Kong.

The Sub-Fund may invest in equities of companies that have a total market capitalisation below HKD 10 billion and such exposure will be less than 30% of its net asset value. The Sub-Fund may invest in China A-share equities through Shanghai-Hong Kong Stock Connect Scheme / Shenzhen-Hong Kong Stock Connect Scheme and such exposure will be less than 30% of its net asset value.

Under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may invest temporarily up to 100% of its net asset value in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value.

This Sub-Fund is denominated in HK dollars.

ICBC Asset Management Greater China Total Return Bond Fund

ICBC Asset Management Greater China Total Return Bond Fund seeks to achieve consistent and competitive investment returns, comprising steady income and capital growth.

The Sub-Fund aims to meet its objective by investing not less than 70% of its net asset value in a mixture of fixed income securities and related instruments issued by or guaranteed by (i) issuers incorporated in, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from Greater China; or (ii) government authorities and/or government authorities related entities in Greater China, including but not limited to fixed and floating rate bonds and other debt securities issued by governments, government agencies, quasi-sovereign and corporate issuers in Greater China (the "**Fixed Income Securities**"). For the purpose of the Sub-Fund, "Greater China" comprises mainland China, Hong Kong, Macau and Taiwan.

The Sub-Fund may also invest in urban investment bonds, which are debt instruments issued either outside or within mainland China by local government financing vehicles ("LGFVs"), and such exposure will be less than 30% of its net asset value. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects. For the avoidance of doubt, the Sub-Fund may not invest more than 10% of its net asset value in debt securities (including urban investment bonds) issued within mainland China ("Onshore Debt Securities") through China Interbank Bond Market via Bond Connect. The Sub-Fund may not invest in Onshore Debt Securities rated BB+ or below by a PRC credit rating agency, including but not limited to, Golden Credit Ratings, CCXI, United Rating, Dagong Global Credit Rating, Shanghai Brilliance Credit Rating & Investors Service or unrated.

The Sub-Fund may also invest in preferred shares with fixed income features issued by corporate issuers and such exposure will be less than 30% of its net asset value.

The Sub-Fund may invest in debt securities (or issuers of which) rated below investment grade by an internationally recognised credit agency (i.e. Standard & Poor's, Moody's and/or Fitch) or unrated, and such exposure will be up to 70% of its net asset value. For the purposes of the Sub-

Fund, “unrated debt security” is defined as a debt security which neither the debt security itself nor its issuer has a credit rating by an internationally recognised credit agency.

The Sub-Fund may invest in “Dim Sum” bonds (i.e. bonds issued outside of mainland China but denominated in RMB) and such exposure will be less than 30% of its net asset value.

The Sub-Fund may invest in debt securities issued and/ or guaranteed by a single sovereign issuer (including its government, public and local authority) which is below investment grade or unrated, and such exposure will be up to 10% of its net asset value.

The Sub-Fund may invest in instruments with loss-absorption features such as Additional Tier 1 capital instruments, contingent convertible debt securities, Tier 2 capital instruments, and other instruments with loss-absorbing features (including but not limited to senior non-preferred debts and subordinated debts with loss-absorbing features), and such exposure will be up to 20% of its net asset value. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events.

Under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may invest temporarily up to 100% of its net asset value in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

The Sub-Fund’s net derivative exposure may be up to 50% of the Sub-Fund’s net asset value.

This Sub-Fund is denominated in HK dollars.

ICBC Asset Management China Emerging Enterprises Fund

ICBC Asset Management China Emerging Enterprises Fund seeks to achieve long-term capital appreciation through investing not less than 70% of its net asset value in exchange-traded equities of companies whose business is connected with the economy of China (including Hong Kong and Macau) in industries relating to technology, internet, consumer, healthcare and/or other emerging industries and companies that display pioneering and leading-edge technological developments. The Sub-Fund aims to capture China’s economic growth trends in emerging industries and companies that have potential to be sustained in the long run as compared to more established companies.

The Sub-Fund may invest in newly-listed equities of companies whose business is connected with the economy of China (including Hong Kong and Macau), and such exposure will be up to 100% of its net asset value. Newly-listed equity securities are defined as (i) equity securities issued during the initial public offerings by companies for listing on any stock exchanges around the world; and (ii) exchange-traded equity securities which have been listed for over 7 business days but less than four years.

The Sub-Fund may invest in equities of companies that have a total market capitalisation below HKD 10 billion and such exposure will be less than 70% of its net asset value. The Sub-Fund may invest in China A-share equities through Shanghai-Hong Kong Stock Connect Scheme / Shenzhen-Hong Kong Stock Connect Scheme and such exposure will be less than 30% of its net asset value.

In addition, the Sub-Fund may invest in money market instruments and such exposure will be less than 30% of its net asset value. Money market instruments may include but are not limited to negotiated term bank deposits, bank certificates of deposit and commercial papers. There may be no credit rating on these securities and/or instruments to be invested by the Sub-Fund.

Under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may invest temporarily up to 100% of its net asset value in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value..

This Sub-Fund is denominated in HK dollars.

ICBC Asset Management RMB Fixed Income Fund

ICBC Asset Management RMB Fixed Income Fund seeks to achieve consistent and competitive investment returns, comprising steady income and capital growth in RMB terms through investing not less than 70% of the Sub-Fund's net asset value in a portfolio mixture of RMB denominated fixed rate or floating rate debt securities ("**RMB Debt Securities**") which are issued or distributed outside or within mainland China. These securities may include RMB denominated bonds issued by issuers such as government entities, agencies, quasi-sovereign organizations, banks and corporations which may or may not be established or incorporated in mainland China. The Sub-Fund may also invest in other RMB denominated deposits issued outside or within mainland China, such as negotiated term bank deposits, bank certificates of deposit, commercial papers, convertible bonds, short term bills and short term notes issued outside or within mainland China. These RMB Debt Securities and deposits will be settled in RMB.

The Manager seeks to achieve consistent and competitive investment returns through active management of the risks involved by reference to the following selection criteria: duration, product, sector and credit.

The Manager will construct the investment portfolio of the Sub-Fund based on expectation on future interest rate movements, and adjust the duration risk based on the Manager's expectations on the macroeconomic cycle and monetary policy of China. The portfolio will consist of bonds with different maturities. Credit and sector selection will be conducted based on extensive fundamental research. Opinion from credit rating agencies will be considered but the Manager may invest in securities that are unrated. The Manager will use the below strategies by participating in both the primary and secondary markets.

The Sub-Fund may invest in RMB denominated fixed income and debt instruments issued or distributed in mainland China ("**Onshore RMB Bonds**") and such exposure will be up to 100% of its net asset value. The Sub-Fund may invest in Onshore RMB Bonds via direct access through China Interbank Bond Market under Foreign Access Regime (the "**CIBM Initiative**") and/or Bond Connect. The intended proportion of investments of the Sub-Fund in Onshore RMB Bonds via CIBM Initiative is less than 30% of its net asset value and via Bond Connect is up to 100% of its net asset value. The Sub-Fund may not invest in Onshore RMB Bonds rated BB+ or below by a PRC credit rating agency, including but not limited to, Golden Credit Ratings, CCXI, United Rating, Dagong Global Credit Rating, Shanghai Brilliance Credit Rating & Investors Service or unrated.

The Sub-Fund may invest in RMB Debt Securities which are issued or distributed outside mainland China rated below investment grade by an internationally recognised credit agency, i.e. Standard & Poor's, Moody's and/or Fitch or unrated, and such exposure will be up to 50% of its net asset value. For the purpose of the Sub-Fund, "unrated bond" is defined as a bond which neither the bond itself nor its issuer has a credit rating by an internationally recognised credit agency.

In the absence of available RMB Debt Securities, the Sub-Fund may invest a significant portion of its portfolio in RMB negotiated deposits with substantial financial institutions (as defined in the Code).

The Sub-Fund may invest in (i) urban investment bonds (城投債) in mainland China, which are debt instruments issued by LGFVs; and/or (ii) collateralised and/or securitised products such as asset backed securities, mortgage backed securities and asset backed commercial papers, and such exposure will be up to 30% of its net asset value. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

The Sub-Fund may invest in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade or unrated, and such exposure will be up to 10% of its net asset value.

The Sub-Fund may invest in instruments with loss-absorption features, such as Additional Tier 1 capital instruments, contingent convertible debt securities, Tier 2 capital instruments, and other instruments with loss-absorbing features (including but not limited to senior non-preferred debts and subordinated debt with loss-absorbing features), and such exposure will be less than 30% of its net asset value. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events.

Under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may invest temporarily up to 50% of its net asset value in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

The Sub-Fund will not invest in any structured deposits and structured products.

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value..

The Sub-Fund is denominated in RMB.

General Provisions

In addition to the investment policies set out above, where the Manager considers appropriate, the Sub-Funds may also invest in monetary instruments and/or hold cash in deposit.

China Interbank Bond Market

Overview

Where it is disclosed in this Explanatory Memorandum, a Sub-Fund may invest in mainland China interbank bond markets ("**China Interbank Bond Market**") via the Foreign Access Regime (as defined below) and/or the Bond Connect (as defined below).

Investment in China Interbank Bond Market via Foreign Access Regime

Pursuant to the "Announcement (2016) No 3" issued by the People's Bank of China ("**PBOC**") (中國人民銀行公告 [2016]第 3 號) on 24 February 2016, foreign institutional investors can invest in China Interbank Bond Market ("**Foreign Access Regime**") subject to other rules and regulations as promulgated by the mainland Chinese authorities, i.e., PBOC and the State Administration of Foreign Exchange ("**SAFE**"). Such rules and regulations may be amended from time to time and include (but are not limited to):

(i) the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" (境外機構投資者投資銀行間債券市場備案管理實施細則) issued by the Shanghai Head Office of PBOC on 27 May 2016;

(ii) the "Circular concerning the Foreign Institutional Investors' Investment in Interbank Bond Market in Relation to Foreign Currency Control" (國家外匯管理局關於境外機構投資者投資銀行間債券市場有關外匯管理問題的通知) issued by SAFE on 27 May 2016;

(iii) the "Announcement on Matters concerning Filing Management by Foreign Investors for Investment in China Interbank Bond Markets" (關於境外投資者進入中國銀行間債券市場備案管理有關事項的公告) issued by the Shanghai Head Office of PBOC on 19 June 2018; and

(iv) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in mainland China, foreign institutional investors who wish to invest directly in China Interbank Bond Market may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation.

In terms of fund remittance, foreign investors (such as a Sub-Fund) may remit investment principal in RMB or foreign currency into mainland China for investing in the China Interbank Bond Market. For repatriation, where a Sub-Fund repatriates funds out of mainland China, the ratio of RMB to foreign currency ("**Currency Ratio**") should generally match the original Currency Ratio when the investment principal was remitted into mainland China, with a maximum permissible deviation of 10%.

Investment in China Interbank Bond Market via Northbound Trading Link under Bond Connect

Bond Connect is a new initiative launched in July 2017 for mutual bond market access between Hong Kong and mainland China ("**Bond Connect**") established by China Foreign Exchange Trade System & National Interbank Funding Centre ("**CFETS**"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the mainland Chinese authorities. Such rules and regulations may be amended from time to time and include (but are not limited to):

(i) the "Interim Measures for the Administration of Mutual Bond Market Access between mainland China and Hong Kong (Decree No.1 [2017])" (內地與香港債券市場互聯互通合作管理暫行辦法(中國人民銀行令[2017]第 1 號)) issued by the PBOC on 21 June 2017;

(ii) the "Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect" (中國人民銀行上海總部"債券通"北向通境外投資者准入備案業務指引) issued by the Shanghai Head Office of PBOC on 22 June 2017; and

(iii) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the China Interbank Bond Market through the northbound trading of Bond Connect ("**Northbound Trading Link**"). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Central Depository & Clearing Co., Ltd and Shanghai Clearing House). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

Leverage

The expected maximum level of leverage of the Sub-Funds will be available from the Manager upon request.

RISK FACTORS

Investors should consider the following risks before investing in any of the Sub-Funds. Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not a Sub-Fund is suitable for them, they should obtain independent professional advice.

Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments, and the price of Units of the Sub-Fund and the income from them may go down as well as up.

ICBC Asset Management (Global) Funds is an umbrella unit trust with different Sub-Funds. Apart from the ICBC Asset Management Greater China Total Return Bond Fund and the ICBC Asset Management RMB Fixed Income Fund, which invests in fixed income and related securities, the remaining Sub-Funds mainly invest in equity and related securities. Investors should consider and satisfy themselves as to the risks of investing in securities such as equities as well as bonds. The following are some of the additional risk factors that should be considered by the investors in the Sub-Funds:

General risk

Investment risk

The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Sub-Funds. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies. There is no guarantee of the repayment of principals.

Weak financial and credit conditions may have a negative impact on the equities markets resulting in increased volatility. Investors should note that a Sub-Fund that invests in equities will be subject to market risk. Market prices in such circumstances may defy rational analysis or expectation for prolonged periods of time and can be influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons. Market volatility of a large enough magnitude can sometimes weaken what is deemed to be a sound fundamental basis for investing in a particular market or stock. Investment expectations may therefore fail to be realised in such instances.

Foreign exchange/currency risk

As the assets and liabilities of a Sub-Fund may be denominated in currencies different from the base currency of the Sub-Fund, and a class of units may be designated in a currency other than the base currency of the Sub-Fund, the net asset value of the Sub-Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the base currency and other currencies. Changes in currency exchange rates may influence the value of a Sub-Fund's units, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

If the currency in which a security is denominated appreciates against the base currency of a Sub-Fund, the value of the security will increase when measured in the base currency of such Sub-Fund.

Conversely, a decline in the exchange rate of the denomination currency of a security would adversely affect the value of such security.

Concentration risk

Certain Sub-Funds may invest primarily in certain industries or geographical region. To the extent that an industry or a geographical region in which the Sub-Fund invests falls out of favour, the Sub-Fund's performance may be negatively affected. This effect may be heightened because the Sub-Fund generally holds a smaller number of securities.

Certain Sub-Fund's investments may be concentrated in emerging market(s) and certain country or countries from time to time. The value of the Sub-Fund may be more volatile than that of a Sub-Fund having a more diverse portfolio of investments.

The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the respective market/ country.

Emerging market / mainland China / Greater China / China risk

Prospective investors should note that investment in emerging markets such as mainland China, (or the "PRC"), Greater China, China (including Hong Kong and Macau) and other countries involve special considerations and risks. These include a possibility of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of such countries or the value of a Sub-Fund's investments, and the risks of investing in countries with smaller capital markets, such as limited liquidity, price volatility, restrictions on foreign investment and repatriation of capital, and the risks associated with emerging economies, including high inflation and interest rates and political and social uncertainties. In addition, it may be difficult to obtain and enforce a judgement in a court in an emerging country. The economies of many emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Underlying investments of emerging market funds may also become illiquid which may constrain the Manager's ability to realise some or all of the portfolio. Accounting standards in emerging market countries may not be as stringent as accounting standards in developed countries.

Brokerage commissions, custodial services and other costs relating to investment in emerging markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require a Sub-Fund to accept greater custodial risks in order to invest. In addition, such markets have different settlement and clearance procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of a Sub-Fund to make intended securities purchases due to settlement problems could cause such Sub-Fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to a Sub-Fund due to subsequent declines in value of the portfolio security or, if such Sub-Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities may cease or may be substantially curtailed and prices for a Sub-Fund's securities in such markets may not be readily available.

Investors should note that income and capital gains received or earned by the Sub-Funds on their investments may be subject to withholding taxes in the countries of origin. There may be uncertainties over the tax rules and legislations in emerging markets and changes in the political climate and economic policy in emerging markets may result in significant shifts in the attitude to the taxation of foreign investors. Such uncertainties and changes may result in changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of the Sub-Funds investing in such markets. In case there is any uncertainty, the Manager reserves the right to provide for withholding tax on the relevant gains or income and withhold the tax for the account of the relevant Sub-Fund.

Markets are not always regulated in emerging markets and generally there are a relatively small number of brokers and participants in these markets and when combined with political and economic uncertainties this may result in illiquid markets in which prices are highly volatile.

Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

Infrastructure-related securities risk

Certain Sub-Funds may invest in the Infrastructure-related industry. The Infrastructure-related securities are subject to risks arising from infrastructure projects and investments. In particular, infrastructure projects are subject to construction, operations and maintenance risks. They may not be able to complete according to the agreed specifications, within the budget provided or within the anticipated timeframe. Further, infrastructure projects may be exposed to unexpected interruptions such as natural disasters, terrorist attacks or other unforeseeable events.

Infrastructure projects may also be adversely affected by bad planning, operational issues and disruption of supplies. There may be a mismatch in the level of expected spending and actual spending for the purposes of maintaining infrastructure projects. Changes in environmental regulations and policies may also affect the operations of infrastructure projects. The foregoing factors may have an impact on the cash flows and financial performance of infrastructure assets and infrastructure related investments.

FDI risks

The risks associated with the use of financial derivative instruments ("FDIs") are different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Generally, an FDI is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indices. Any Sub-Fund investing in FDIs may utilise both exchange-traded and over-the-counter FDI. Compared to equity securities, FDIs can be more sensitive to changes in market prices of the underlying assets and thus market prices of FDIs may fall in value as rapidly as they may rise. Investors investing in such Sub-Funds are exposed to a higher degree of fluctuation in value than a Sub-Fund which does not invest in FDIs. Transactions in over-the-counter FDIs may involve additional risk such as the risk that a counterparty defaults as there is no regulated market for such FDIs. Investing in FDIs also involves other types of risks including, but not limited to, the risk of adopting different valuation methodologies and imperfect correlation between the FDI and its underlying securities, rates and indices. Risks associated with FDIs also include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by a Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by a Sub-Fund. There is no assurance that any derivative strategy used by a Sub-Fund will succeed.

Risk relating to dynamic asset allocation strategy

The investments of certain Sub-Funds may be periodically rebalanced and may therefore have more adverse impact on net asset value of the Sub-Fund than a fund with static allocation strategy due to the bid/ ask spread incurred when trading equities and/or bonds for rebalancing. The strategy may not achieve the desired results under all circumstances and market conditions.

PRC market risks

Economic, political and social risks of the PRC

The economy of the PRC, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in the PRC are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of the PRC and a high level of management autonomy. The economy of the PRC has experienced significant growth in the past 25 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 25 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying securities of a Sub-Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of a Sub-Fund.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the securities in a Sub-Fund’s portfolio.

PRC laws and regulations risk

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Restricted markets risk

A Sub-Fund may invest in securities in respect of which the PRC imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of such Sub-Fund's holdings.

Accounting and reporting standards risk

Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

PRC taxation risk

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains and income realised via Foreign Access Regime and Bond Connect (which may have retrospective effect). Any increased tax liabilities on the Sub-Funds may adversely affect the Sub-Fund's net asset value.

The Manager will assess the tax provisioning approach on an on-going basis. The provisions made by the Manager may be excessive or inadequate to meet the actual tax liabilities. Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, the actual tax liabilities may be lower than the tax provisions made and any sums withheld in excess of the tax liability incurred or is expected to be incurred by the Sub-Fund shall be released and transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets.

Due to the uncertainty over the taxation on the gains resulted from the investments in the PRC securities, together with the possibility of regulatory changes in PRC law, regulations and practice, and the possibility of retrospective application of tax in PRC, any provision for taxation made by the Manager may be excessive or inadequate to meet the ultimate PRC tax liabilities on the gains derived from the disposal of PRC securities. Hence, the investors may be advantaged or disadvantaged depending on the final outcome of the taxation on the gains resulted from the investment in the PRC securities. Investors should consult their professional and independent tax advisors regarding the possible implications of tax on an investment in the Sub-Funds. Please refer to section headed "TAXATION AND REGULATORY REQUIREMENTS – The PRC" for further information.

Risks associated with RMB

It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Such control of currency conversion and movements in the RMB exchange rates may adversely affect the operations and financial results of the companies in the mainland China.

Since 1994, the conversion of RMB into U.S. Dollars ("**USD**") has been based on rates set by the People's Bank of China, which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, China announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand. Given the domestic and overseas economic developments, the People's Bank of China decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate.

However, it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact the Sub-Fund. Insofar as a Sub-Fund's assets are invested in the mainland China, it will be subject to the risk of the mainland China government's imposition of restrictions on the repatriation of funds or other assets out of the country, limiting the ability of the relevant Sub-Fund to satisfy payments to investors.

There can be no assurance that the RMB exchange rate will not fluctuate widely against the USD or any other foreign currency in the future. Any depreciation of the RMB will decrease the value of RMB-denominated assets the Sub-Fund may hold and of any dividends that the Sub-Fund may receive from such investments, which may have a detrimental impact on the net asset value of the Sub-Fund, and vice versa.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely affect investors.

Under exceptional circumstances, payment of redemptions and/or dividend payment, as the case may be, in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the State Administration of Foreign Exchange of the PRC. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

Counterparty risks

Each Sub-Fund will be subject to the possibility of insolvency, bankruptcy or default of a counterparty with which the Sub-Fund trades securities, in particular in relation to debt securities such as bonds, notes and similar debt obligations or instruments, which could result in substantial losses to the relevant Sub-Fund.

Custody risks

Custodians or sub-custodians may be appointed in local markets for the purpose of safekeeping assets in those markets. Where a Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodian risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by the Sub-Fund in investing and holding investments in such markets will be generally higher than in organized securities markets.

Volatility and Liquidity risks

Some of the markets in which a Sub-Fund invests may be less liquid and more volatile than the world's leading security markets and this may result in the fluctuation in the price of securities traded on such markets. Certain securities may be difficult or impossible to sell, and this would affect the Sub-Fund's ability to acquire or dispose of such securities at their intrinsic value. The Sub-Funds may encounter difficulties in valuing and/or disposing of assets at their fair price due to adverse market conditions and/or large-scale redemptions. This may also expose the Sub-Fund to liquidity risks. If sizeable redemption requests are received, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such investments. As a result, this may have adverse impact on the relevant Sub-Fund and its investors.

Capital erosion risk

Investors should note that as management fees, inter alia, may be charged to the capital as well as to the income of each Sub-Fund, upon redemption of units, holders may not receive back the full amount of their original investment. Investors should also note that the net asset value calculation takes account of both realised and unrealised capital gains and losses.

Changes in applicable law

The Unit Trust must comply with various legal requirements, including securities laws and tax laws as imposed by the jurisdictions under which it operates. Should any of those laws change over the life of the Unit Trust, the legal requirements to which the Unit Trust and its holders may be subject, could differ materially from current requirements.

Risk of termination

A Sub-Fund may be terminated in certain circumstances which are summarised under the section headed "Termination of a Sub-Fund". In the event of the termination of a Sub-Fund, such Sub-Fund would have to distribute to the unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the relevant Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to the unitholders. Moreover, any organisational expenses (such as establishment costs) with regard to the relevant Sub-Fund that had not yet been fully amortised would be debited against the Sub-Fund's assets at that time.

Foreign Account Tax Compliance Act

The United States ("US") Hiring Incentives to Restore Employment Act (the "HIRE Act") was signed into US law in March 2010 and includes provisions commonly referred to as the "Foreign Account Tax Compliance Act" or "FATCA". Broadly, the FATCA provisions are set out in sections 1471 to 1474 of the US Internal Revenue Code of 1986, as amended (the "IRS Code"), which impose a new reporting regime with respect to certain payments to foreign financial institutions (each an "FFI"), including interests and dividends from securities of US issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a rate of 30%, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service (the "IRS") to identify United States persons (within the meaning of the IRS Code) ("US persons") with interests in such FFIs. To avoid such withholding on payments made to it, FFIs (including banks, brokers, custodians and investment funds) located in jurisdictions that have not signed an intergovernmental agreement ("IGA") for implementation of FATCA, will be required to enter into a FFI agreement (a "FFI Agreement") with the IRS to be treated as a participating FFI ("Participating FFI"). Participating FFIs are required to identify all investors that are US persons and report certain information concerning such US persons to the IRS. The FFI Agreement will also generally require that a Participating FFI deduct and withhold 30% from certain payments made by the Participating FFI to investors who fail to cooperate with certain information requests made by the Participating FFI. Moreover, Participating FFIs are required to deduct and withhold such payments made to investors that are themselves FFIs but that have not entered into an FFI Agreement with the IRS or that are not otherwise deemed compliant with FATCA (i.e. a "non-compliant FFI").

FATCA withholding applies to (i) payments of US source income, including US source dividends and interest, made after 30 June 2014; and (ii) payments of gross proceeds of sale or other disposal of property that can produce US source income after 31 December 2016. The 30% withholding could also apply to payments otherwise attributable to US source income (also known as "foreign passthru payments") starting no earlier than 1 January 2017, though the US tax rules on "foreign passthru payments" are currently pending. Withholding agents (which may include Participating FFIs) will generally be required to begin withholding on certain withholdable payments made after 30 June 2014. The first reporting deadline for FFIs that have entered into the FFI Agreement was 31 March 2015 with respect to information relating to the 2014 calendar year.

The US and a number of other jurisdictions have entered into IGAs. The US Department of the Treasury and Hong Kong have on 13 November 2014 signed a Model 2 IGA (the "HK IGA"). The HK IGA modifies the foregoing requirements but generally requires similar information to be disclosed to the IRS. Under the HK IGA, FFIs in Hong Kong would register with the IRS to be subject to the terms of a FFI Agreement with the IRS and comply with the terms of such FFI Agreement. Otherwise they will be subject to a 30% withholding tax on relevant US source payments to them.

Under the HK IGA, it is expected that FFIs in Hong Kong complying with an FFI Agreement will generally not be required to withhold tax on withholdable payments to recalcitrant accounts (i.e. certain accounts of which the holders do not consent to FATCA reporting and disclosure to the IRS) or close such recalcitrant accounts (provided that information regarding the recalcitrant accounts is reported to the IRS according to the terms of the HK IGA), but may be required to withhold tax on payments made to non-compliant FFIs.

As of the date hereof, the Unit Trust and each Sub-Fund established as at the date hereof has already entered into FFI Agreement with the IRS and registered with the IRS.

The Unit Trust and each Sub-Fund will endeavour to satisfy the requirements imposed under FATCA and the FFI Agreement to avoid any withholding tax. In the event that the Unit Trust or any Sub-Fund is not able to comply with the requirements imposed by FATCA or the FFI Agreement and the Unit Trust or such Sub-Fund does suffer US withholding tax on its investments as a result of non-compliance, the net asset value of the Unit Trust or that Sub-Fund may be adversely affected and the Unit Trust or such Sub-Fund may suffer significant loss as a result.

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

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

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") was gazetted on 30 June 2016 and the Hong Kong Inland Revenue Department ("IRD") published guidance on 9 September 2016 for financial institutions ("FIs") to assist them in complying with the Common Reporting Standard obligations. This is the legislative framework for the implementation of the Standard for Automatic Exchange of Financial Account Information ("AEOI") in Hong Kong. The AEOI requires FIs in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and file such information with the IRD who in turn may exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement ("CAA"); however, the Unit Trust and/or its agents may further collect information relating to residents of other jurisdictions.

The AEOI rules as implemented in Hong Kong require the Unit Trust to, amongst other things: (i) register the Unit Trust's status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e. unitholders) to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes"; and (iii) report to the IRD information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has signed a CAA. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a jurisdiction with which Hong Kong has signed a CAA; and (ii) individuals who are tax resident in such other jurisdiction that are controlling certain entities. Under the Ordinance, details of unitholders, including but not limited to their name, jurisdiction of birth, address, tax residence, account details, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions of tax residence.

By investing in the Unit Trust and/or continuing to invest in the Unit Trust, unitholders acknowledge that they may be required to provide additional information to the Unit Trust, the Manager and/or the Unit Trust's agents in order for the Unit Trust to comply with AEOI. The unitholder's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such unitholders that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions.

Each unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Unit Trust.

Risks associated with equities

Equity market risk

Equity markets may fluctuate significantly with prices rising and falling sharply, and this will have a direct impact on a Sub-Fund's net asset value. When equity markets are extremely volatile a Sub-Fund's net asset value may fluctuate substantially.

Risk associated with small-capitalisation / mid-capitalisation companies

The stock of small-capitalisation/ mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

Risk associated with high volatility of the equity market in Asia

High market volatility and potential settlement difficulties in the markets may also result in significant fluctuations in the prices of the securities traded on each market and thereby may adversely affect the value of the Sub-Fund.

Risk associated with China A-shares market

Investing in the China market is subject to certain risks of investing in emerging markets generally and the risks specific to the China market. Economic measures implemented by the Chinese government may be subject to adjustment and modification. Any significant change in China's political, social or economic policies may have a negative impact on investments in the China market.

The regulatory and legal framework for capital markets and joint stock companies in China may not be comparable to other countries/regions. Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may be different from other countries in respect of the level of maturity and development.

The China A-shares markets are still in a stage of development, which may lead to uncertainties and difficulties in settlement and recording of transactions and in applying the relevant regulations. These may lead to a higher level of volatility and instability associated with the China A-shares markets.

Risks associated with the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

The relevant rules and regulations on Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are subject to change which may have potential retrospective effect. The Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Sub-Fund's ability to invest in China A-shares or access the PRC market through the programme will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

Risks associated with debt securities

Credit risk of issuers or counterparties

An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security or its issuer may also affect the security's liquidity, making it more difficult to sell. A Sub-Fund's investment is also subject to the risk that issuers may not make payments on the securities they issue.

Bonds or other fixed income securities are subject to the issuers' credit risk and may be evidenced by the issuers' credit rating. Subordinated securities or securities with a lower credit rating are in general considered to carry a higher credit risk and more likely to default as compared to securities with a higher credit rating. The value of the bonds or fixed income securities may be adversely affected by any financial or economic difficulties that an issuer may encounter. In the worst case scenario, the value of such securities may become worthless. This may in turn affect the net asset values of the Sub-Funds investing in these bonds or fixed income securities.

The ratings of fixed-income securities by credit rating agencies serve as an indication of the credit risk involved. However, credit ratings are usually dependent upon historical performance and do not necessarily reflect probable future conditions. There is often a time lag between the determination of a rating and the time when it is updated. In addition, there may be varying degrees of difference in credit risk of debt securities within each category of rating.

RMB Debt Securities are offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of RMB Debt Securities only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Interest rate risk

Change in interest rate may affect the value of a security as well as the financial markets in general. Bonds and other fixed income securities are more susceptible to fluctuation in interest rates and may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. A Sub-Fund may therefore suffer a loss in disposing of fixed income securities.

Downgrading risk

Investment grade securities may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, a Sub-Fund's investment value in such security may be adversely affected. The Manager may or may not dispose of the securities, subject to the investment objectives of the relevant Sub-Fund. In the event of investment grade securities being downgraded to below investment grade securities, the Sub-Fund will also be subject to the below investment grade securities risk outlined in the following paragraph.

Credit rating risk

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or the issuer at all times.

Risk associated with lower-rated or unrated securities

A Sub-Fund may invest in debt securities rated below investment grade by an internationally recognised credit agency, i.e. Standard & Poor's, Moody's and Fitch, or unrated. Investors should note that such securities would generally be considered to have a higher degree of counterparty risk, credit risk and liquidity risk than investment grade debt securities and may be subject to higher volatility, greater fluctuation in value and higher chance of default. If the issuer of securities defaults, or performs badly, investor may suffer substantial losses. The market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the relevant Sub-Fund's prices may be more volatile.

The value of lower-rated or unrated corporate bonds may be affected by investors' perceptions. When economic conditions appear to be deteriorating, lower-rated or unrated corporate bonds may decline in market value due to investors' heightened concerns and perceptions over credit quality.

"Dim Sum" bond market risks

The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the net asset value should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

PRC Credit rating agency risk

The credit appraisal system in the mainland China and the rating methodologies employed in mainland China may be different from those employed in other markets. Credit ratings given by mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Sovereign debt risk

A Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. A Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

Valuation risk

Valuation of the fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the fund.

Risks associated with urban investment bonds

Urban investment bonds are issued by LGFVs, such bonds are typically not guaranteed by local governments or the central government of the mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the net asset value of the Sub-Fund could be adversely affected.

Risks associated with China Interbank Bond Market and/or Bond Connect

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

To the extent that the Sub-Fund transacts in the CIBM, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

While there are no quota restrictions under the current CIBM, there is a risk that any filing for an increase in the anticipated investment size are not accepted by People's Bank of China ("**PBOC**"), the repatriation of funds from the PRC may be subject to the restrictions in the futures if such restrictions are promulgated by PBOC. Any future restrictions on repatriation of funds form the PRC may impact a Sub-Fund's ability to meet redemptions, and may subject to change which may have potential retrospective effect. In extreme circumstances, the Sub-Funds may incur significant loss due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategy.

In terms of fund remittance and repatriation under the CIBM Initiative, foreign investors (such as the relevant Sub-Fund) may remit investment principal in RMB or foreign currency into mainland China for investing in CIBM. Where the relevant Sub-Fund repatriates funds out of mainland China, the ratio of RMB to foreign currency ("**Currency Ratio**") should generally match the original Currency Ratio when the investment principal was remitted into mainland China, with a maximum permissible deviation of 10%.

Under the prevailing regulations in mainland China, if foreign institutional investors wish to invest in China Interbank Bond Market through the CIBM Initiative and/or Bond Connect, the relevant filings, registration with PBOC and account opening for investment in the China Interbank Bond Market have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investors should also note that cash deposited in the cash accounts of the relevant Sub-Funds with the onshore settlement agent will not be segregated but will be a debt owing from the onshore settlement agent to the relevant Sub-Funds as a depositor. Such cash will be co-mingled with cash that belongs to other clients or creditors of the onshore settlement agent. In the event of bankruptcy or liquidation of the onshore settlement agent, the relevant Sub-Funds will not have any proprietary rights to the cash deposited in such cash accounts, and the relevant Sub-Funds will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the onshore settlement agent. The relevant Sub-Funds may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the relevant Sub-Funds will suffer. The relevant Sub-Funds may lose the total amount deposited with the onshore settlement agent and suffer a loss.

There is uncertainty as to the relevant Sub-Fund's tax liabilities for trading in CIBM and/or Bond Connect. There is no specific written guidance by the PRC tax authorities on the treatment of income tax and other tax categories payable in respect of trading in China Interbank Market by eligible foreign institutional investors via Bond Connect.

There is no assurance that trading platforms and operational systems will function properly. Trading through Bond Connect is performed through newly developed trading platforms. If the systems fail to function properly, trading may be disrupted. The Sub-Fund may be subject to risks of delays in the order placement and settlement.

Investing in CIBM via Foreign Access regime and/or Bond Connect is also subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities.

The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant mainland Chinese authorities suspend account opening or trading on CIBM, the Sub-Fund's ability to invest in the China Interbank Bond Market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Risks associated with distribution out of capital or effectively out of capital

Distributions may be made in respect of a class of unit of a Sub-Fund. However, there is no guarantee that such distributions will be made nor will there be a target level of distributions payout. A high distribution yield does not imply a positive or high return.

Distributions may be paid out of the capital or effectively out of capital of a Sub-Fund (e.g. distribution to be paid out of gross income while charging or paying all or part of the relevant Sub-Fund's fees and expenses to or out of capital of the relevant Sub-Fund). The Manager may distribute out of the capital or effectively out of capital of a Sub-Fund if the net distributable income attributable to the relevant class of unit during the relevant period is insufficient to pay distributions as declared. A Sub-Fund may also charge all or part of its fees and expenses to capital which means that the Sub-Fund may effectively pay distributions out of capital. Investors should note that the payment of distributions out of capital and/or effectively out of capital represent a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that original amount. Distributions will result in an immediate decrease in the net asset value of the relevant Units.

Risks associated with instruments with loss-absorption features

The Sub-Fund may invest in instruments with loss-absorption features which typically include terms and conditions specifying that the instrument is subject to being written off, written down, or converted to ordinary shares on the occurrence of a trigger event (i.e. when the issuer, or the resolution entity if the issuer is not a resolution entity, is near or at the point of non-viability; or when the issuer's capital ratio falls to a specified level), such as total loss-absorbing capacity eligible instruments, contingent convertible debt securities, senior non-preferred debt and instruments which qualify as Additional Tier 1 or Tier 2 capital instruments as defined in the Banking (Capital) Rules.

Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of a pre-defined trigger event (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

Please also refer to the risk factors headed "**Risks associated with investment in contingent convertible bonds**" and "**Risks associated with investment in senior non-preferred debts**" below for further details on the risks relating to contingent convertible bonds and senior non-preferred debts, which are examples of the debt instruments with loss-absorption features that the Sub-Fund may invest in.

Risks associated with investment in contingent convertible bonds

The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

Contingent convertible bonds are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible bonds will be converted into shares of the issuing company (potentially at a discounted price as a result of the deterioration in the financial condition of the issuing company), or cause the permanent write-down to zero of the principal investment and/or accrued interest such that the principal amount invested may be lost on a permanent or temporary basis.

Contingent convertible bonds are risky and highly complex instruments. Coupon payments on contingent convertible bonds are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level, or the share price of the issuer falling to a particular level for a certain period of time. Contingent convertible bonds are also subject to additional risks specific to their structure including:

Trigger level risk: Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Manager to anticipate the trigger events that would require the debt to convert into equity or write down to zero of principal investment and/or accrued interest. Trigger events may include: (i) a reduction in the issuing bank's Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio or other ratios; (ii) a regulatory authority, at any time, making a subjective determination that an institution is "non-viable", i.e. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the contingent convertible bonds into equity or write down, in circumstances that are beyond the control of the issuer; or (iii) a national authority deciding to inject capital.

Coupon cancellation: Coupon payments on some contingent convertible bonds are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require re-instatement of coupon payments or payment of any passed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty surrounding coupon payments, contingent convertible bonds may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

Capital structure inversion risk: Contrary to the classic capital hierarchy, the Sub-Fund investing in contingent convertible bonds may suffer a loss of capital while equity holders do not, for example, when the loss absorption mechanism of a high trigger/write-down of a contingent convertible bond is activated. This is contrary to the normal order of the capital structure where equity holders are expected to suffer the first loss.

Call extension risk: Some contingent convertible bonds are issued as perpetual instruments and only callable at predetermined levels upon approval of the competent regulatory authority. It cannot be assumed that these perpetual contingent convertible bonds will be called on a call date. Contingent convertible bonds are a form of permanent capital. The Sub-Fund investing in contingent convertible bonds may not receive return of principal as expected on call date or indeed at any date.

Conversion risk: Trigger levels differ between specific contingent convertible bonds and determine exposure to conversion risk. It might be difficult at times for the Manager to assess how the contingent convertible bonds will behave upon conversion. In case of conversion into equity, the Manager might be forced to sell these new equity shares subject to the investment strategy of the Sub-Fund. Given the trigger event is likely to be an event depressing the value of the issuer's common equity, this forced sale may result in the Sub-Fund experiencing some losses.

Valuation and write-down risk: Contingent convertible bonds often offer attractive yield which may be viewed as a complexity premium. The value of contingent convertible bonds may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, the Sub-Fund may lose the entire investment value or may be required to accept cash or securities with a value less than the original investment.

Market value fluctuations due to unpredictable factors: The value of contingent convertible bonds is unpredictable and will be influenced by many factors including, without limitation (i) creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the contingent convertible bonds; (iii) general market conditions and available liquidity; and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

Liquidity risk: In certain circumstances finding a buyer ready to invest in contingent convertible bonds may be difficult and the Sub-Fund may have to accept a significant discount to sell it.

Sector concentration risk: Contingent convertible bonds are issued by banking and insurance institutions. Investment in contingent convertible bonds may lead to an increased sector concentration risk. The performance of the Sub-Fund with investment in contingent convertible bonds may therefore be affected to a larger extent by the overall condition of the financial services industry than for the funds following a more diversified strategy.

Subordinated instruments: Contingent convertible bonds will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the contingent convertible bonds, such as the Sub-Fund, against the issuer in respect of or arising under the terms of the contingent convertible bonds shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

Novelty and untested nature: The structure of contingent convertible bonds is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

Risks associated with investment in senior non-preferred debts

The Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

Specific risk factors in relation to the certain Sub-Funds

a. Specific risk factors in relation to the ICBC Asset Management RMB Fixed Income Fund

Liquidity risk

The RMB Debt Securities in which the Sub-Fund invests are currently not listed on a stock exchange or a securities market where trading is conducted on a regular basis. There is also no guarantee that market making arrangements will be in place to make a market and quote a price for all RMB Debt Securities. In the absence of an active secondary market, the Sub-Fund may need to hold the RMB Debt Securities until their maturity date. If sizeable redemption requests are received, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such instruments. Even if a secondary market is developed, the price at which the RMB Debt Securities are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates.

Further, the bid and offer spread of the price of RMB Debt Securities may be high, and the Sub-Fund may therefore incur significant trading costs and may even suffer losses when selling such investments. The Manager seeks to control the liquidity risk of the investment portfolio by a series of internal management measures in order to meet Unitholders' redemption requests.

Risks associated with collateralised and/or securitised products

The Sub-Fund invests in collateralised and/or securitised products such as asset backed securities, mortgage backed securities and asset backed commercial papers, which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

b. Specific risk factors in relation to the ICBC Asset Management Greater China Total Return Bond Fund

Risks associated with preferred shares with fixed income features

In general, the preferred shares possess bond-like features and risks. Holders of preferred shares normally will have no voting rights. If the issuer of a preferred shares fails, holders of preferred shares will have subordinate and junior in right of payment to creditors and holders of fixed income instruments issued by such issuer, and may be unable to recover the amount invested.

Preferred shares are perpetual and have no maturity date. Preferred shares are redeemable at the option of the issuer on the first call date and on any distribution payment date thereafter at their principal amount together (if appropriate) with any distribution accrued to the date fixed for redemption.

Although the Sub-Fund holds the preferred shares as a shareholder and not a creditor, the risk of investing in preferred shares may include:

Interest Rate Fluctuation

Preferred shares typically pay a fixed dividend, similar to bond prices in the secondary market. If prevailing interest rates rise, preferred stock prices tend to fall.

No Dividend Guarantees

Preferred shares are equity securities, as are common stocks. The dividends are not guaranteed in the same way that interest payments on the company's bonds are guaranteed.

Call Provision

In the event of compulsory conversion of preferred shares by the issuer to ordinary shares, the holders may hold ordinary shares as a result.

Preferred shares may include a call provision, which allows the company to redeem its preferred shares on demand. When prevailing interest rates fall, Investor may lose the potential capital gains from rising market prices, and have to reinvest at a potentially lower interest rate.

Liquidation Risk

In the event of insolvency, preferred shareholders have a lower priority of claims on the company's assets than those of the company's creditors.

c. Specific risk factors in relation to the ICBC Asset Management Asia Selection Growth Fund

Risk associated with investment in other collective investment schemes

The Sub-Fund may invest in underlying collective investment schemes to pursue its investment objective, and those underlying collective investment schemes may not be regulated by the SFC (such investment in underlying collective investment schemes not regulated by the SFC may be up to 10% of the net asset value of the Sub-Fund). Further, the Manager does not have control of the investments of the underlying collective investment schemes and there is no assurance that the investment objective and strategy of the underlying collective investment schemes will be successfully achieved which may have a negative impact to the net asset value of the Sub-Fund.

The value of the shares or units of the underlying collective investment schemes will take into account their fees and expenses, including fees (in some cases including performance fees) charged by their investment managers. Some underlying collective investment schemes may also impose fees or levies which may be payable by the Sub-Fund when it subscribes to or redeems out of such underlying collective investment schemes. Whilst the Manager will take the level of any such fees into account when deciding whether or not to invest, investors should nevertheless be aware that investing into underlying collective investment schemes may involve another layer of fees, in addition to the fees charged by the Sub-Fund.

There is also no guarantee that the underlying collective investment schemes the Sub-Fund invests in will have sufficient liquidity to meet the Sub-Fund’s redemption requests. The Sub-Fund may therefore be subject to liquidity risk by investing in these underlying collective investment schemes.

If the Sub-Fund invests in an underlying scheme managed by the Manager or any of its Connected Person, all initial charges and redemption charges on these underlying schemes must be waived, and the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain rebate of any fees or charges levied by these underlying schemes or the management company of these underlying schemes, or any quantifiable monetary benefits in connection with investments in any underlying schemes. In case any conflict of interest may still arise out of such investments, the Manager will use its best endeavours to resolve it fairly. Please refer to the section headed “Conflicts of Interests” for details under the circumstances.

d. Specific risk factors in relation to the ICBC Asset Management China Emerging Enterprises Fund

Technology-related securities risk

The technology industries are at a very early stage of development, and many of the companies in these industries have a very short history. Rapid changes in technology could render obsolete the products and services offered by the companies in which the Sub-Fund invests, and cause severe or complete declines in the prices of the securities of those companies.

Other risks

Investment in the Sub-Fund is also subject to interest rate risk. Investors should refer to the relevant risk factors above in this Explanatory Memorandum.

INVESTMENT AND BORROWING RESTRICTIONS

Investment Restrictions

The Trust Deed imposes a number of restrictions and prohibitions on investment of the Sub-Funds, a summary of which is set out below.

The ICBC Asset Management Asia Selection Growth Fund, ICBC Asset Management China & Hong Kong Vision Fund, ICBC Asset Management Greater China Total Return Bond Fund, ICBC Asset Management China Emerging Enterprises Fund and ICBC Asset Management RMB Fixed Income Fund invest directly in securities and related instruments and are subject to the following principal investment restrictions:

(1) the aggregate value of a Sub-Fund's investments in, or exposure to, any single entity through the following may not exceed 10% of the total net asset value of such Sub-Fund:

(a) investments in securities issued by that entity;

(b) exposure to that entity through underlying assets of FDIs; and

(c) net counterparty exposure to that entity arising from transactions of over-the-counter FDIs;

For the avoidance of doubt, restrictions and limitations on counterparty as set out in this sub-paragraph (1) and (2) below and Chapter 7.28(c) of the Code will not apply to FDIs that are (i) transacted on an exchange where the clearing house performs a central counterparty role; and (ii) marked-to-market daily in the valuation of their FDI positions and subject to margining requirements at least on a daily basis;

(2) subject to (1) above and Chapter 7.28(c) of the Code, the aggregate value of a Sub-Fund's investments in, or exposure to, entities within the same group (as defined in the Code) through the following may not exceed 20% of the total net asset value of the Sub-Fund:

(a) investments in securities issued by those entities;

(b) exposure to those entities through underlying assets of FDIs; and

(c) net counterparty exposure to those entities arising from transactions of over-the-counter FDIs;

(3) the value of a Sub-Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the total net asset value of the Sub-Fund, unless:

(a) the cash is held before the launch of the Sub-Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested;

(b) the cash is proceeds from liquidation of investments prior to the merger or termination of a Sub-Fund, whereby the placing of cash deposits with various financial institutions would not be in the best interests of investors; or

(c) the cash is proceeds received from subscriptions pending investments and held for the settlement of realisation and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests.

For the purpose of this sub-paragraph (3), "cash deposits" generally refer to those that are repayable on demand or have the right to be withdrawn by a Sub-Fund and not referable to provision of property or services;

(4) ordinary shares issued by any single entity held for the account of a Sub-Fund, when aggregated with other holdings of ordinary shares issued by a single entity held for the account of all other Sub-Funds under the Unit Trust collectively, may not exceed 10% of the nominal amount of the ordinary shares issued by any single entity;

(5) not more than 15% of the total net asset value of a Sub-Fund may be invested in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such securities are regularly traded;

(6) notwithstanding (1), (2), (4) and (5), where direct investment by a Sub-Fund in a market is not in the best interests of investors, a Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case;

(a) the underlying investments of the subsidiary, together with the direct investments made by the Sub-Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;

(b) any increase in the overall fees and charges directly or indirectly borne by the Unitholders or the Sub-Fund as a result must be clearly disclosed in this Explanatory Memorandum; and

(c) the Sub-Fund must produce the reports required by the Code in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Sub-Fund;

(7) notwithstanding (1), (2) and (4), not more than 30% of the total Net Asset Value of a Sub-Fund may be invested in Government and other public securities of the same issue;

(8) A Sub-Fund may fully invest in government and other public securities in at least six different issues. Government and other public securities will be regarded as being of a different issue if they are issued by the same person but on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise;

(9) unless otherwise approved by the SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary, a Sub-Fund may not invest in physical commodities;

(10) for the avoidance of doubt, exchange traded funds ("ETFs") that are:

(a) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or

(b) listed and regularly traded on internationally recognized stock exchanges open to the public (nominal listing not accepted) and:

(i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or

(ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (i) listed securities for the purposes of and subject to the requirements in paragraphs (1), (2) and (4) above; or (ii) Collective Investment Schemes for the purposes of and subject to the requirements in paragraph (11) below. However, the investments in ETFs shall be subject to paragraph (5) above and, unless otherwise specified in the relevant sub-section in the section headed "Investment Objectives and Policies" above, investment limits in ETFs by a Sub-Fund should be consistently applied and clearly disclosed in this Explanatory Memorandum;

(11) where a Sub-Fund invests in shares or units of other Collective Investment Schemes ("underlying schemes"),

(a) the value of such Sub-Fund's investment in units or shares in underlying schemes which are non-eligible schemes (as determined by the SFC) and not authorised by the SFC, may not in aggregate exceed 10% of the total net asset value of the Sub-Fund; and

(b) such Sub-Fund may invest in one or more underlying schemes which are either collective investment schemes authorised by the SFC or eligible schemes (as determined by the SFC), but the value of the Sub-Fund's investment in units or shares in each such underlying scheme may not exceed 30% of the total net asset value of the Sub-Fund, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in this Explanatory Memorandum of the Sub-Fund,

provided that in respect of (a) and (b) above:

(i) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, a Sub-Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total net asset value, and ETFs satisfying the requirements in paragraph (i) above in compliance with paragraph (11)(a) and (11)(b);

(ii) where the underlying schemes are managed by the Manager or by other companies within the same group that the Manager belongs to, then paragraphs (1), (2), (4) and (5) above are also applicable to the investments of the underlying scheme;

(iii) the objective of the underlying schemes may not be to invest primarily in other Collective Investment Scheme(s);

(iv) where an investment is made in any underlying scheme(s) managed by the Manager or any of its Connected Persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and

(v) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the management company of an underlying scheme, or any quantifiable monetary benefits in connection with investments in any underlying scheme;

(12) in the case of Investments in shares in real estate companies and interests in real estate investment trusts (REITs), a Sub-Fund shall comply with the requirements under paragraphs (1), (2), (4), (5), (11)(a) above where applicable. Where Investments are made in listed REITs, the requirements under paragraphs (1), (2) and (4) above apply and where Investments are made in unlisted REITs, which are either companies or Collective Investment Schemes, then the requirements under paragraphs (5) and (11)(a) above apply respectively;

(13) a Sub-Fund may invest 90% or more of its total net asset value in a single Collective Investment Scheme and may be authorised as a feeder fund by the SFC. In this case:

(a) the underlying scheme ("master fund") must be authorised by the SFC;

(b) the Explanatory Memorandum must state that:

(i) the Sub-Fund is a feeder fund into the master fund;

(ii) for the purpose of complying with the investment restrictions, the Sub-Fund and its master fund will be deemed a single entity;

(iii) the Sub-Fund’s annual report must include the investment portfolio of the master fund as at the financial year end date; and

(iv) the aggregate amount of all the fees and charges of the Sub-Fund and its underlying master fund must be clearly disclosed;

(c) unless otherwise approved by the SFC, no increase in the overall total of initial charges, redemption charges, Manager's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders or by the Sub-Fund may result, if the master fund in which the Sub-Fund invests is managed by the Manager or by its Connected Person; and

(d) notwithstanding paragraph (11)(iii) above, the master fund may invest in other Collective Investment Scheme(s) subject to the investment restrictions as set out in paragraph (11); and

(14) if the name of a Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund should, under normal market circumstances, invest at least 70% of its latest available total net asset value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Sub-Fund represents.

The Manager shall not on behalf of any Sub-Fund:

(i) invest in any security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class, or, collectively the directors and officers of the Manager own more than 5% of those securities;

(ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts (REITs));

(iii) make short sales if as a result a Sub-Fund would be required to deliver securities exceeding 10% of the total net asset value of the Sub-Fund (and for this purpose (i) securities sold short must be actively traded on a market where short selling is permitted; and (ii) short selling is carried out in accordance with all applicable laws and regulations);

(iv) carry out any naked or uncovered short sale of securities;

(v) subject to paragraph (5) of the section headed "Investment restrictions" above, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;

(vi) acquire any asset or engage in any transaction which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of Unitholders must be limited to their Investments in the relevant Sub-Fund; or

(vii) apply any part of a Sub-Fund in the acquisition of any security where a call is to be made for any sum unpaid on that security unless such call could be met in full out of cash or near cash forming part of a Sub-Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs for the purposes of Chapter 7.29 and 7.30 of the Code.

Additional Restrictions for the ICBC Asset Management RMB Fixed Income Fund

As set out in the section headed "Investment Objectives and Policies" above, in the absence of available RMB Debt Securities, the ICBC Asset Management RMB Fixed Income Fund may invest a significant portion of its portfolio in RMB negotiated deposits with substantial financial institutions (as defined in the Code).

The aggregate value of the Sub-Fund's holding of RMB Debt Securities issued by and deposits with a single issuer may not exceed 10% of the total net asset value of the Sub-Fund except:

(i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity’s share capital and non-distributable capital reserves, the limit may be increased to 25%; or

(ii) in the case of government and other public securities, up to 30% may be invested in the same issue; or

(iii) in respect of any deposit of less than US$1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size.

Borrowing Restrictions

The Manager may borrow up to 10% of the latest available net asset value of the Sub-Fund, to acquire investments or for liquidity purposes to meet redemptions and other expenses of the Sub-Fund. The assets of the Sub-Fund may be charged or pledged as security for any such borrowings. For the purpose of this borrowing limit, back-to-back loans do not count as borrowing.

For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements as set out in the section headed “Securities Financing Transactions” below are not borrowings for the purpose of, and are not subject to the borrowing restrictions in this section.

FDIs

Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of a Sub-Fund enter into any FDI transactions, for hedging or non-hedging (investment) purposes.

Hedging purposes

A Sub-Fund may acquire FDIs for hedging purposes. FDIs are considered as being acquired for hedging purposes if they meet all of the following criteria:

(1) they are not aimed at generating any investment return;

(2) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;

(3) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the Investments being hedged; and

(4) they should exhibit price movements with high negative correlation with the investments being hedged under normal market conditions; and

hedging arrangements should be adjusted or re-positioned, where necessary and with due consideration on the fees, expenses and costs, to enable the Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

Non-hedging (investment) purposes

Each Sub-Fund may acquire FDIs for non-hedging purposes ("investment purposes"), subject to the limit that the Sub-Fund’s net exposure relating to these FDIs ("net derivative exposure") does not exceed 50% of its total net asset value. For the avoidance of doubt:

(1) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by the Sub-Fund for investment purposes are converted into the equivalent position in the underlying assets of the FDIs, taking into account the prevailing market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions;

(2) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time; and

(3) for the avoidance of doubt, FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

Restrictions applicable to FDIs

The FDIs invested by a Sub-Fund shall be either listed or quoted on a stock exchange, or dealt in over-the-counter market and comply with the following provisions:

(1) the underlying assets consist solely of shares in companies, debt securities, money market instruments, units/shares of Collective Investment Schemes, deposits with substantial financial institutions, Government and other public securities, highly liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates, currencies or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies;

(2) where a Sub-Fund invests in index-based FDIs, the underlying assets of such FDIs are not required to be aggregated for the purposes of the investment restrictions set out in paragraphs (1), (2), (3) and (6) of the section headed "Investment restrictions" above provided that the index is in compliance with the relevant requirements under Chapter 8.6(e) of the Code;

(3) the counterparties to over-the-counter FDI transactions or their guarantors are substantial financial institutions or such other entity acceptable to the SFC on a case-by-case basis;

(4) subject to paragraphs (1) and (2) under the section entitled "Investment Restrictions" above, a Sub-Fund's net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the net asset value of such Sub-Fund. The exposure of the Sub-Fund to a counterparty of over-the-counter FDIs may be lowered by the collateral received (if applicable) by the Sub-Fund and shall be calculated with reference to the value of collateral and positive marked-to-market value of the over-the-counter FDIs with that counterparty, if applicable; and

(5) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Trustee or their nominees, agents or delegates professional and independent of the issuer of the FDIs through measures such as the establishment of a valuation committee or engagement of third-party services. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Sub-Fund. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Sub-Fund. Further, the calculation agent/ fund administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the FDIs on a regular basis.

For the avoidance of doubt, restrictions and limitations on counterparty as set out in paragraphs (1) and (2) under the section entitled "Investment Restrictions" above and paragraph (4) of this section will not apply to FDIs that are:

(A) transacted on an exchange where the clearing house performs a central counterparty role; and

(B) marked-to-market daily in the valuation of their FDI positions and subject to margining requirements at least on a daily basis.

Subject to the above, a Sub-Fund may invest in FDIs provided that the exposure to the underlying assets of the FDIs, together with the other Investments of the relevant Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets as set out in the paragraphs (1), (2), (3), (7), (8) and (11) under the section entitled “Investment restrictions” above.

A Sub-Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis. For such purposes, assets that are used to cover a Sub-Fund’s payment and delivery obligations incurred under transactions in FDIs should be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

A transaction in FDIs which gives rise to a future commitment or contingent commitment of a Sub-Fund should also be covered as follows:

(a) in the case of FDIs transactions which will, or may at the discretion of the Trustee or the Manager, be cash settled, the Sub-Fund should at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

(b) in the case of FDI transactions which will, or may at the counterparty’s discretion, require physical delivery of the underlying assets, the Sub-Fund should hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation.

In the case of holding alternative assets as cover, a Sub-Fund shall apply safeguard measures, such as to apply haircut where appropriate, to ensure that such alternative assets held are sufficient to meet its future obligations.

The above policies relating to FDIs apply to financial instruments which embeds a financial derivative as well. An embedded financial derivative is a FDI that is embedded in another security.

Securities Financing Transactions

Where indicated in the relevant sub-section in in the section headed “Investment Objectives and Policies” above, a Sub-Fund may enter into securities lending transactions, sale and repurchase transactions, reverse repurchase transactions and other similar over-the-counter transactions (“Securities Financing Transactions”), provided that they are in the best interests of the Unitholders and the associated risks have been properly mitigated and addressed.

A Sub-Fund is subject to the following requirements when engaging in Securities Financing Transactions:

(a) it shall have at least 100% collateralisation in respect of the Securities Financing Transactions into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions;

(b) it shall ensure that it is able at any time to recall the securities or the full amount of cash / collateral (as the case may be) subject to the Securities Financing Transactions or terminate the Securities Financing Transactions into which it has entered; and

(c) the counterparties to the Securities Financing Transactions must be financial institutions which are subject to ongoing prudential regulation and supervision.

There is no current intention for any Sub-Fund to engage in Securities Financing Transactions, but this may change in light of market circumstances and where a Sub-Fund does engage in these types of transactions, prior approval shall be obtained from the SFC and no less than one month's prior notice will be given to the Unitholders.

General

Subject to any applicable laws or regulations (including the approval of the SFC if required), the Manager and the Trustee may from time to time modify the investment and borrowing restrictions set out in this "Investment and Borrowing Restrictions" section.

If any of the investment and borrowing restrictions are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of unitholders. The Manager is not required to sell investments if any of the investment restrictions are exceeded as a result of changes in the value of any Sub-Fund's investments, any Sub-Fund receiving, taking up or participating in any rights, bonuses or benefits in the nature of capital, reconstructions or amalgamations, conversion or exchange, or payments out of the assets of the Sub-Fund or redemptions of units but for so long as such limits are exceeded the Manager will not acquire any further investments subject to the relevant restriction and will take all reasonable steps to restore the position so that the limits are no longer exceeded.

LIQUIDITY RISK MANAGEMENT

The Manager has established a liquidity risk management policy which enables it to identify, monitor and manage the liquidity risks of each Sub-Fund and to ensure that the liquidity profile of the investments of each Sub-Fund will facilitate compliance with the Sub-Fund's obligation to meet redemption requests. Such policy, combined with the liquidity risk management tools that may be employed by the Manager, also seeks to achieve fair treatment of unitholders and safeguard the interests of remaining unitholders in case of sizeable redemptions.

The Manager's liquidity policy takes into account the investment strategy; the liquidity profile; the redemption policy; the dealing frequency; the ability to enforce redemption limitations and the fair valuation policies of the relevant Sub-Fund. These measures seek to ensure fair treatment and transparency for all investors.

The liquidity risk management policy involves monitoring the profile of investments held by the relevant Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "Redemption of Units", and will facilitate compliance with each Sub-Fund's obligation to meet redemption requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of each Sub-Fund under normal and exceptional market conditions.

The Manager has assigned a designated staff responsible for risk management to carry out the day-to-day liquidity risk monitoring function and they are functionally independent from the day-to-day portfolio investment delegate. The oversight of liquidity risk management staff and other related responsibility are performed by the Manager's chief risk officer.

The following tools may be employed by the Manager to manage liquidity risks:

- the Manager is entitled, with the approval of the Trustee, to limit the number of units of any Sub-Fund redeemed on any Dealing Day to 10% of the total number of units of the relevant Sub-Fund in issue (subject to the conditions under the sub-section entitled "Restrictions on redemption" in the section "Redemption of Units"). If such limitation is imposed, this would restrict the ability of a unitholder to redeem in full the Units he intends to redeem on a particular Dealing Day;

- the Manager may, in calculation of the issue price and the redemption price, add fiscal and purchase charges or deduct fiscal and sales charges to protect the interest of remaining unitholders. For further details, please refer to the sub-section headed "Calculation of Issue and Redemption Prices" under the section headed "Calculation of Net Asset Value and Publication of Prices". As a result of such adjustment, the issue price or the redemption price (as the case may be), will be higher or lower than the issue price or the redemption price (as the case may be) which otherwise would be if such adjustment has not been made and

- the Manager may borrow up to 10% of the latest available net asset value of each Sub-Fund, to meet redemption requests relating to the relevant Sub-Fund. Please note that borrowing involves an increased degree of financial risk and may increase the exposure of the relevant Sub-Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that the relevant Sub-Fund will be able to borrow on favourable term.

MANAGEMENT AND ADMINISTRATION

Manager

ICBC Asset Management (Global) Company Limited, an asset management company incorporated in Hong Kong, is the Manager of the Unit Trust. The Manager is registered as a licensed corporation by the SFC in Hong Kong to carry out advising on securities (Type 4), advising on futures contracts (Type 5) and asset management (Type 9).

The Manager provides professional investment management and advisory services to unit trusts, institutional clients as well as high net worth private individuals. Directors and senior management of the Manager are reputable and experienced investment professionals with in-depth international financial market knowledge. As of December 2022, total funds under management of the Manager amounted to approximately HK$24.02 billion.

The Manager is a wholly owned subsidiary of Industrial and Commercial Bank of China (Asia) Limited. Industrial and Commercial Bank of China (Asia) Limited is the Hong Kong banking business of Industrial and Commercial Bank of China Limited, the largest commercial bank in the PRC. Industrial and Commercial Bank of China (Asia) Limited is principally engaged in banking, financial and other financial related services with focus on retail banking, commercial banking as well as corporate banking business.

Details of the directors of the Manager are as follows:

Mr. Wu Long

Mr. Wu was appointed as an Executive Director and Chief Executive Officer of Industrial and Commercial Bank of China (Asia) Limited in August 2018. He is a Member of Strategy and Corporate Governance Committee and Risk Management Committee of Board of Directors of Industrial and Commercial Bank of China (Asia) Limited. Mr. Wu holds a bachelor’s degree in National Economic Management from Henan University of Finance and Economics (Now known as “Henan University of Economics and Law”), a master’s degree in Business Administration from Sun Yat-sen University and an Executive Master’s Degree in Business Administration from China Europe International Business School. Mr. Wu has over 23 years of banking experience and served in several positions including Deputy Chairman, Executive Director and Chief Executive Officer of Industrial and Commercial Bank of China (Macau) Limited, Deputy Chief Executive of Industrial and Commercial Bank of China Limited, Anhui Provincial Branch and Chief Executive of Industrial and Commercial Bank of China Limited, Guangdong Jiangmen Branch.

Mr. Xu Lei

Mr. Xu was appointed as a Deputy Chief Executive of Industrial and Commercial Bank of China (Asia) Limited in June 2022. Mr. Xu is currently responsible for Industrial and Commercial Bank of China (Asia) Limited’s institutional business, global market business, custody services, asset and liability management and asset management functions. He is very experienced in banking management. Mr. Xu holds a Master’s Degree in Business Administration from Central University of Finance and Economics.

Mr. Hu Yimin

Mr. Hu is now a Senior Expert in Strategic Management and Investor Relation Department of Industrial and Commercial Bank of China Limited and full-time dispatched board director. Mr. Hu joined Industrial and Commercial Bank of China Limited since 1998 and has served in several departments within Industrial and Commercial Bank of China Limited. He holds a Bachelor of Economics of Capital Construction from Renmin University of China and an MBA from Tsinghua University.

Mr. Yu Jinyou

Mr. Yu holds a PhD in Science from Wuhan University. Mr. Yu joined ICBC Asset Management (Global) Company Limited in 2023 and is currently acting as the Executive Director and Chief Executive Officer. Mr. Yu joined the Industrial and Commercial Bank of China Limited in 2008 and had led teams of financial market business such as bond and derivatives trading and bond underwriting, during which Industrial and Commercial Bank of China Limited won the awards of Core Domestic Currency Market Dealer by China Foreign Exchange Trade System (CFETS), Best Market Maker in Interbank Bond Market by National Association of Financial Market Institutional Investors and Best Bond Advisor-Domestic by "The Asset" magazine.

Mr. Kwok Wai Ki, Henry

Mr. Kwok obtained a Bachelor degree from the University of Sydney and a Master of Accounting from the Macquarie University. He is a holder of Chartered Financial Analyst (CFA) and a member of CPA Australia. He joined ICBC Asset Management (Global) Company Limited in 2005 and is the Executive Director and Deputy Chief Executive of ICBC Asset Management (Global) Company Limited, with over 20 years' experience in the financial industry, and possesses experiences in areas including equity investment, private equity investment, direct investment and corporate finance, financial audit and tax planning. Mr. Kwok is responsible for overseeing all matters in relation to the investment function of ICBC Asset Management (Global) Company Limited (which includes investment policies, investment strategies and investment performance). Prior to joining ICBC Asset Management (Global) Company Limited, Mr. Kwok was a corporate finance manager at United Overseas Bank Asia (Hong Kong) Limited and was responsible for its corporate finance services as well as asset management and direct investment activities. Mr. Kwok was also involved in a number of initial public offerings and merger & acquisition projects.

Mr. Li Bing

Mr. Li holds a Master of Science in Finance in The University of Manchester and Bachelor of Economics in Investment in Shanghai University of Finance and Economics. He is a charter holder of Chartered Financial Analyst (CFA), Fellow of the Association of Chartered Certified Accountants (ACCA) and member of China Institute of Certified Public Accountants (CPA). He joined ICBC Asset Management (Global) Company Limited in 2018 and is currently acting as the Executive Director and Deputy Chief Executive. Prior joining ICBC Asset Management (Global) Company Limited, he was working at ICBC (Europe) S.A. based in Luxembourg, ICBC Private Banking Department in Shanghai and ICBC Shanghai Branch. Mr. Li has over 23 years of banking experience with extensive exposure to asset management, private banking and risk management.

Trustee and Registrar

HSBC Institutional Trust Services (Asia) Limited has been appointed to act as the Trustee and Registrar. HSBC Institutional Trust Services (Asia) Limited is incorporated with limited liability in Hong Kong on 27 September 1974 and is registered as a trust company under Section 77 of Trustee Ordinance.

HSBC Institutional Trust Services (Asia) Limited is an indirect wholly owned subsidiary of HSBC Holdings plc. As a member of the HSBC Group, HSBC Institutional Trust Services (Asia) Limited is part of one of the world's leading international banking and financial service organisations. The HSBC Group has major commercial and investment banking businesses in the Asia Pacific region, Europe, the Americas, the Middle East and Africa.

The Trustee and Registrar will not participate in transactions and activities, or make any payments denominated in USD, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury. HSBC Group has adopted a policy of compliance with the sanctions issued by OFAC.

Except as expressly stated in this Explanatory Memorandum and/or required by the Code, HSBC Institutional Trust Services (Asia) Limited is not responsible for the day to day management of the Unit Trust which is the primary responsibility of the Manager. Furthermore, as trustee, HSBC Institutional Trust Services (Asia) Limited is not responsible for making investment management decisions in connection with the Unit Trust or any Sub-Fund. HSBC Institutional Trust Services (Asia) Limited is not responsible for the preparation of this Explanatory Memorandum and therefore accept no responsibility for any information contained in this Explanatory Memorandum.

SUBSCRIPTION OF UNITS

Subscriptions for units will be dealt with on the relevant Dealing Day. Dealing Days are each Business Day (and for this purpose a “Business Day” is a day (other than a Saturday and Sunday) on which banks in Hong Kong are open for normal banking business provide that where, as a result of a Number 8 Typhoon Signal or higher or a black rain storm warning or other similar event, 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 Business Day unless the Manager, in consultation with the Trustee, otherwise determine).

Subscriptions received by the Trustee and Registrar prior to 4:00 p.m. (Hong Kong time) (the “Dealing Deadline”) on a Dealing Day will be dealt with on that Dealing Day.

Where subscriptions are received after such time or on a day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price of units of a Sub-Fund on a Dealing Day will be calculated by reference to the net asset value per unit of that Sub-Fund at the close of business of the last relevant market to close on a Dealing Day (“Valuation Point”).

Classes of Units

Different classes of units may be offered for a Sub-Fund. Although the assets attributable to each class of units of a Sub-Fund will form one single pool, each class of units may be denominated in a different currency or may have a different charging structure with the result that the net asset value attributable to each class of units of a Sub-Fund may differ. In addition, each class of Units may be subject to different minimum initial and subsequent investment amounts and holding amounts, and minimum redemption and switching amounts. The Manager may in its discretion agree to accept applications for subscription, redemption and switching of certain classes below the applicable minimum amounts.

Subscription procedure

Subscriptions for units should be made by completing the enclosed subscription form (please use subscription form 2 for the ICBC Asset Management RMB Fixed Income Fund and subscription form 1 for other Sub-Funds) and sending it to the Trustee and Registrar, together with required supporting documents and the remittance advice evidencing payment for the units or a cheque for the subscription monies and the initial charge. Investors should note that subscription monies for the ICBC Asset Management RMB Fixed Income Fund may not be paid by cheque. Application sent by facsimile shall be followed by sending the originals to the Trustee and Registrar promptly. Application may be sent to the Trustee and Registrar by other electronic means as agreed by the Trustee and the Manager. The Trustee and Registrar and the Manager shall not be responsible to any investors for any loss resulting from non-receipt of any subscription form(s) sent by facsimile.

Minimum Investment and Initial Charge

The minimum initial investment, minimum subsequent investment, and minimum holding per investor for each Sub-Fund or each class of units of a Sub-Fund are set out in the table below:-

	Class	**Minimum initial investment**	**Minimum subsequent investment**	**Minimum holding per investor**

		(inclusive of initial charge)	(inclusive of initial charge)	
ICBC Asset Management Asia Selection Growth Fund	-	HK$20,000	HK$5,000	HK$5,000
ICBC Asset Management China & Hong Kong Vision Fund	-	HK$20,000	HK$5,000	HK$5,000
ICBC Asset Management Greater China Total Return Bond Fund	Class A (HKD)	HK$5,000	HK$5,000	Nil
	Class A (USD)	US$1,000	US$1,000	Nil
	Class I (HKD)*	HK$1,500,000	HK$800,000	Nil
	Class I (USD)*	US$200,000	US$100,000	Nil
	Class S (HKD)	HK$10,000,000	HK$1,000,000	Nil
ICBC Asset Management China Emerging Enterprises Fund	Class A	HK$20,000	HK$5,000	HK$5,000
	Class I	HK$2,000,000	HK$500,000	HK$500,000
ICBC Asset Management RMB Fixed Income Fund	-	RMB5,000	RMB5,000	RMB5,000

**** Class I units are offered to institutional investors only and are not available to the public in Hong Kong***

The initial charge for each Sub-Fund is set out in the table below are set out in the table below:

Sub-Fund	**Initial Charge (%)**
ICBC Asset Management Asia Selection Growth Fund	up to 5% of the subscription amount
ICBC Asset Management China & Hong Kong Vision Fund	up to 5% of the subscription amount
ICBC Asset Management Greater China Total Return Bond Fund	up to 5% of the subscription amount
ICBC Asset Management China Emerging Enterprises Fund	up to 5% of the subscription amount
ICBC Asset Management RMB Fixed Income Fund	up to 5% of the subscription amount

The Manager, at its discretion, is entitled to an initial charge of up to 5% of the subscription amount. The Manager may re-allow or pay all or part of the initial charge (and any other fees it receives) to recognised intermediaries or such other persons as the Manager may at its absolute discretion determine.

Payment Procedure

Acceptable Currency

Sub-Funds other than the ICBC Asset Management RMB Fixed Income Fund – Payments should be made in the currency of the class of units. Payment in other major currencies may be accepted. Where amounts are received in a currency other than the currency in which the relevant Sub-Fund or the class of units in the relevant Sub-Fund is denominated, they will be converted into the relevant currency, using the prevailing exchange rates and the proceeds of conversion (after deducting the costs of such conversion) will be applied in the subscription of units or class of units in the relevant Sub-Fund. Conversions of currencies may involve some delay.

ICBC Asset Management RMB Fixed Income Fund – Subscription monies for the ICBC Asset Management RMB Fixed Income Fund must be made in RMB

Other information

Payment should be made in one of the ways(s) set out in the relevant subscription form.

Subscription monies paid by any person other than the applicant will not be accepted.

Payment of subscription monies must be received by the Trustee and Registrar in cleared funds within 3 Business Days of the relevant Dealing Day. If payment has not been cleared within 3 Business Days following the relevant Dealing Day, the Manager reserves the right to cancel the issue of the relevant units. In such circumstances, an investor may be required to pay the appropriate cancellation fee representing the administrative costs involved in processing the application for such units from the relevant applicant.

No money should be paid to an intermediary in Hong Kong other than a person who is licensed or registered to carry out type 1 regulated activity under Part V of the Securities and Futures Ordinance.

General

Units issued by the Unit Trust will be held for investors in registered form. Certificates will not be issued. A contract note will be issued upon acceptance of an investor's subscription and will be forwarded by ordinary post (at the risk of the person entitled thereto).

Fractions of not less than one-hundredth of a unit may be issued. Subscription monies representing smaller fractions of a unit will be retained by the relevant Sub-Fund.

The Manager has an absolute discretion to accept or reject in whole or in part any subscription for units. In the event that a subscription is rejected, subscription monies will be returned without interest through the post at the risk of the person(s) entitled thereto. No units of a Sub-Fund will be issued where the determination of the net asset value of that Sub-Fund is suspended (for details see "Suspension of Calculation of Net Asset Value" below).

REDEMPTION OF UNITS

Subject as mentioned below, any unitholder may redeem the unitholder's units on any Dealing Day in whole or in part provided that the Manager may refuse to accept a request for a partial redemption of units in a Sub-Fund if, as a result, the unitholder would hold units in that Sub-Fund having a value of less than the minimum holding amount as set out in the section headed "Minimum Investment and Initial Charge" above. The Manager may levy a redemption charge of up to 5% of the redemption proceeds. Any redemption charge levied will be deducted from the redemption proceeds before they are paid to the redeeming unitholder. No redemption charge is currently payable in respect of any of the Sub-Funds. At least one month's prior notice (or such other period of notice as may be required by the SFC) will be given to the affected unitholders if any redemption charge will be levied in respect of any of the Sub-Funds.

Redemption Procedure

A redemption request received by the Trustee and Registrar before 4:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption of units should be made by completing the enclosed redemption form and sending it to the Trustee and Registrar. The redeeming unitholder(s) must specify in the redemption form the name of the relevant Sub-Fund, the class of units to be redeemed, if any, and the number of units to be redeemed, the name(s) of the registered holder(s), and give payment instructions for the redemption proceeds. Unless otherwise agreed by the Trustee and Registrar the original of any redemption request given by facsimile should be forwarded to the Trustee and Registrar. Redemption request may be sent to the Trustee and Registrar by other electronic means as agreed by the Trustee and the Manager. The Trustee and Registrar and the Manager shall not be responsible to a unitholder for any loss resulting from non-receipt of any redemption request sent by facsimile or electronic means.

Units redeemed on a Dealing Day will be redeemed at a price calculated by reference to the net asset value per unit of the relevant Sub-Fund as at the Valuation Point on that Dealing Day. The Manager is entitled to a redemption charge of up to 5%. of the redemption proceeds. If at any time during the period from the time as at which the redemption price is calculated and the time at which redemption monies are converted out of any other currency into the base currency of the relevant Sub-Fund there is a devaluation or depreciation of that currency, the amount payable to any relevant redeeming unitholder may be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation.

Payment of Redemption Proceeds

Redemption proceeds will not be paid to any redeeming unitholder until (a) unless otherwise agreed by the Trustee and Registrar, the written original of the redemption request duly signed by the unitholder has been received by the Trustee and Registrar and (b) where redemption proceeds are to be paid by telegraphic transfer, the signature of the unitholder (or each joint unitholder) has been verified to the satisfaction of the Trustee and Registrar.

Unless the Trustee and Registrar and the Manager otherwise determine at their absolute discretion, redemption proceeds paid by cheque will be paid to the unitholder only (or to any one or more of the unitholders in the case of joint unitholders) and redemption proceeds paid by telegraphic transfer will be paid only to the account of the unitholder (or any one or more of the unitholders in the case of joint unitholders). No payment will be made to any third parties.

Subject as mentioned above and so long as relevant account details have been provided, redemption proceeds will be paid in the base currency of the relevant Sub-Fund by telegraphic transfer (or in the absence of account details, by cheque), normally within 10 Business Days after the relevant Dealing Day and in any event within one month from the relevant Dealing Day or (if later) receipt of a properly documented request for redemption of units. Where the market(s) in which a substantial portion of the investments of the relevant Sub-Fund is made is subject to such legal or regulatory requirements (such as foreign currency controls) rendering the payment of the redemption proceeds not practicable, payment may be delayed but the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant markets.

If relevant account details are not provided, redemption proceeds will be paid to the redeeming unitholder (or to the first-named of joint unitholders) at the unitholder's risk by cheque in the base currency of the relevant Sub-Fund. Bank charges (if any) incurred in making payment will be borne by the redeeming unitholder.

Currency in making redemption payments

<u>Sub-Funds other than the ICBC Asset Management RMB Fixed Income Fund</u> - Redemption proceeds can also be paid in other major currencies at the request and expense of the unitholder. In such circumstances, the Trustee and Registrar shall use the prevailing exchange rates.

<u>ICBC Asset Management RMB Fixed Income Fund</u> - Redemption proceeds for the ICBC Asset Management RMB Fixed Income Fund will only be paid in RMB.

Payment of Redemption Proceeds by Distribution in Specie

Subject always to the relevant unitholder's prior consent, the Manager has the discretion to effect a redemption payment to any or all redeeming unitholders in specie or in kind rather than in cash. The circumstances in which the Manager envisages exercising this discretion include, without prejudice to the generality of the foregoing, a situation where substantial redemption requests are received by the relevant Sub-Fund which will make it impracticable to redeem the underlying securities in order to fund the redemption payments. In making redemption payments in specie or in kind, the Manager will use the same valuation procedures used in determining the net asset value of the Sub-Fund (see "Calculation of Net Asset Value" below) when determining the value to be attributed to the relevant securities to be transferred or assigned or otherwise made available to the redeeming unitholders. Redeeming unitholders will receive investments of a value equal to the redemption payment to which they would otherwise be entitled. Redeeming unitholders receiving the redemption payment in specie or in kind will be responsible for all custody and other costs involved in changing the ownership of the relevant investments from the Sub-Fund to the redeeming unitholder and for all ongoing custody costs in respect of such investments.

Restrictions on redemption

The Manager may suspend the redemption of units or delay the payment of redemption proceeds during any periods in which the determination of the net asset value of the relevant Sub-Fund is suspended (for details see "Suspension of Calculation of Net Asset Value" below).

With a view to protecting the interests of unitholders, the Manager is entitled, with the approval of the Trustee, to limit the total number of units of any Sub-Fund redeemed on any Dealing Day to 10% of the total number of units of the relevant Sub-Fund in issue. In this event, the limitation will apply pro rata so that all unitholders wishing to redeem units of the same Sub-Fund on that Dealing Day will redeem the same proportion of such units, and units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day. If requests for redemption are so carried forward, the Manager will inform the unitholders concerned. The Manager will also ensure that dealing requests relating to an earlier Dealing Day will be completed and dealt with before dealing requests relating to a subsequent Dealing Day.

SWITCHING BETWEEN CLASSES

Subject to the restrictions set out below, unitholders are permitted to switch all or part of their units of any class relating to a Sub-Fund (the "**Existing Class**") into units of any other class in the same Sub-Fund or into units of another Sub-Fund (including any new Sub-Fund subsequently established after the date of the Explanatory Memorandum) (the "**New Class**") by submitting a duly completed switching form to the Trustee and Registrar. A switching request received by the Trustee and Registrar before the Dealing Deadline for the Existing Class on a Dealing Day will be dealt with on that Dealing Day. Switching requests received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day. Where a switching request is made by facsimile, the Trustee and Registrar and the Manager shall not be responsible to any unitholder for any loss resulting from non-receipt of such switching request. Unless otherwise agreed by the Trustee and Registrar the original of any switching request given by facsimile should be forwarded to the Trustee and Registrar.

Switching will be effected by redeeming units in the Existing Class on the relevant Dealing Day and issuing units of the New Class on the Dealing Day for units of the New Class falling on or after (i) the date of redemption of the units of the Existing Class and (ii) the satisfaction of any conditions attaching to the issue of units of the New Class (for example, subscription monies must be received in cleared funds within the period specified in the section headed "Subscription of Units – Payment procedures" above).

The Manager may levy a switching fee of up to 2% of the subscription amount applying for the units of the New Class. The current rate of switching fee is 1%.

Any fraction smaller than one-hundredth of a unit of the New Class so arising will be ignored and monies representing any such fraction will be retained as part of the New Class.

Restrictions on Switching

No units may be switched during any period of suspension in the determination of the net asset value of any relevant Sub-Fund.

Switching is not currently permitted for the ICBC Asset Management RMB Fixed Income Fund.

If there is, at any time during the period from the time as at which the redemption price per unit of the Existing Class is calculated up to the time at which any necessary transfer of funds from the Existing Class to the New Class takes place, a devaluation or depreciation of any currency in which any investment of the Existing Class is denominated or normally traded, the redemption price shall be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation and the number of units of the New Class to be allotted to any relevant unitholder pursuant to a switching request shall be recalculated as if that reduced redemption price had been the redemption price ruling for redemptions of units of the Existing Class on the relevant Dealing Day.

CALCULATION OF NET ASSET VALUE AND PUBLICATION OF PRICES

Calculation of Net Asset Value

The Trustee is responsible for calculating the net asset value of the Sub-Funds. The net asset value per unit of each class will be determined on each Dealing Day or such other Business Day as the Manager may with the consent of the Trustee determine. The net asset value per unit in any Sub-Fund is calculated by valuing the assets of that Sub-Fund, deducting the liabilities attributable to that Sub-Fund and dividing the resultant by the number of undivided shares in that Sub-Fund represented by units of the relevant class in issue.

The Trust Deed permits the Manager, with the consent of the Trustee, to adjust the value of any investment or permit some other method of valuation to be used if the Manager considers that such adjustment or other method of valuation is required to reflect more fairly the value of the relevant investment.

The value of the net assets of each Sub-Fund will be determined as at the Valuation Point on each Dealing Day in accordance with the Trust Deed. The Trust Deed provides (inter alia) that:

(a) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless the Manager shall have determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof in which event the value thereof shall be deemed to be such value as the Manger shall deem to be the reasonable value thereof;

(b) except in the case of any interest in a collective investment scheme (a "managed fund") to which paragraph (c) applies and subject as provided in paragraphs (d), (e) and (f) below, all calculations based on the value of investments quoted, listed, traded or normally dealt in on any stock exchange, over-the-counter market or securities market shall at the discretion of the Manager be calculated by reference to the last traded price or official closing price as calculated and published by the stock exchange, over-the-counter market or securities market (which, in the opinion of the Manager, provides the principal stock exchange, over-the-counter market or securities market for such investments) or (if no last traded price of official closing price is available) midway between the latest available market dealing offer price and the latest available market dealing bid price; and where there is no stock exchange, commodities exchange, futures exchange or over-the-counter market all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Manager may designate) shall be made by reference to the mean of the latest bid and asked price quoted thereon; provided always that if the Manager in its discretion considers that the prices ruling on a stock exchange other than the principal stock exchange provide in all the circumstances a fairer criterion of value in relation to any such investment, they may adopt such prices;

(c) subject as provided in paragraphs (d), (e) and (f) below, the value of each interest in any managed fund as at the relevant Valuation Point shall be the net asset value per unit, share or other interest in such managed fund calculated as at that day or, if the Manager so determine or if such managed fund is not valued as at the same day as the Unit Trust, the last published net asset value per unit, share or other interest in such managed fund (where available) or (if the same is not available) the last published redemption or bid price for such unit, share or other interest;

(d) if no net asset value, last published redemption price, bid and offer prices, traded price or price quotations are available as provided in paragraphs (b) or (c) above, the value of the relevant asset shall be determined from time to time in such manner as the Manager shall determine;

(e) for the purpose of ascertaining quoted, listed, traded or market dealing prices, the investment delegate, the administrator or their agents shall be entitled to use and rely upon mechanised and/or electronic systems of valuation dissemination with regard to valuation of investments of the Unit Trust and the prices provided by any such system shall be deemed to be the last traded prices for the purpose of paragraph (b) above;

(f) notwithstanding the foregoing, the Manager may, with the consent of the Trustee, permit some other method of valuation to be used if it considers that such method is required to reflect the fair value; and

(g) any value (whether of a borrowing or other liability or an investment or cash) otherwise than in the base currency of a Sub-Fund shall be converted into the base currency at the rate (whether official or otherwise) which the Manager shall in its absolute discretion deem appropriate in the circumstances having regard, inter alia, to any premium or discount which they consider may be relevant and to costs of exchange.

The term ‘last traded price’ referred to in paragraph (b) above, refers to the last traded price reported on the exchange for the day, commonly referred to in the market as the ‘settlement’ or ‘exchange price’, and represents a price at which members of the exchange settle between them for their outstanding positions. Where a security has not traded then the last traded price will represent the ‘exchange close’ price as calculated and published by that exchange in accordance with its local rules and customs.

The annual report of the Unit Trust will be prepared in accordance with IFRS. Investors should note that the above valuation policies may not necessarily comply with IFRS. Under IFRS, investments should be valued at fair value and bid and ask pricing is considered to be representative of fair value for long and short-listed investments respectively. However, under the valuation basis described above, listed investments are expected to be valued at the last traded price instead of bid and ask pricing as required under IFRS. To the extent that the valuation basis adopted by the Unit Trust deviates from IFRS, the Manager may be required to make adjustments in the annual reports of the Unit Trust in order to comply with IFRS, and if relevant will include a reconciliation note in the annual report of the Unit Trust to reconcile values shown in the annual report determined under IFRS to those arrived at by applying the Unit Trust’s valuation rules. Otherwise, non-compliance with IFRS may result in the auditors issuing a qualified or an adverse opinion on the annual report depending on the nature and level of materiality of the non-compliance.

The Trustee and Registrar’s delegate, in calculating the net asset value of the Unit Trust, may rely without further enquiry upon prices or the cost price or sale price thereof provided through electronic price feeds, mechanised or electronic systems of price or valuations or pricing information supplied to it in accordance with the foregoing and shall have no liability to the Unit Trust, any unitholder or any other person in respect of such reliance.

Suspension of Calculation of Net Asset Value

The Manager, after consultation with the Trustee and having regard to the best interests of the unitholders, or the Trustee may, after giving notice to the Manager, declare a suspension of the determination of the net asset value of a Sub-Fund for the whole or any part of any period during which:

(i) there is a closure of or the restriction or suspension of trading on any securities market on which a substantial part of the investments of the relevant Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments; or

(ii) for any other reason the prices of investments of the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably be ascertained; or

(iii) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any investments of the relevant Sub-Fund or it is not possible to do so without seriously prejudicing the interests of unitholders; or

(iv) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of the relevant Sub-Fund or the issue or redemption of units in the relevant Sub-Fund is prohibited, restricted, delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange.

Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the net asset value of the relevant Sub-Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice on the Manager's website at http://www.icbcamg.com (this website has not been reviewed by the SFC). The Manager may also cause a notice to be given to unitholders and to all those (whether unitholders or not) whose applications to subscribe for, redeem or switch units shall have been affected by such suspension stating that such declaration has been made.

No units in the relevant Sub-Fund may be issued, redeemed or switched during such a period of suspension.

Calculation of Issue and Redemption Prices

The issue price of a unit in a Sub-Fund on a Dealing Day will be calculated by dividing the net asset value of the relevant Sub-Fund on that Dealing Day by the number of units in the relevant Sub-Fund in issue immediately prior to the relevant Dealing Day, rounded to 3 decimal points (0.0005 and above being rounded up; below 0.0005 being rounded down) from which may be added such amount as the Manager reasonably considers to be an appropriate allowance for fiscal and purchase charges (including any other relevant expenses including any stamp duty, other taxes, duties or governmental charges, brokerage, bank charges, transfer fees, or registration fees) which would be incurred for the account of the relevant Sub-Fund in acquiring assets. Any rounding will accrue to the relevant Sub-Fund. There shall be added to the issue price an initial charge of up to 5%. based on the subscription amount.

The redemption price of a unit in a Sub-Fund on a Dealing Day will also be calculated by dividing the net asset value of the relevant Sub-Fund on that Dealing Day by the number of units in the relevant Sub-Fund in issue immediately prior to the relevant Dealing Day, rounded to 3 decimal points (0.0005 and above being rounded up; below 0.0005 being rounded down) from which may be deducted such amount as the Manager reasonably considers to be an appropriate allowance for fiscal and sales charges (including stamp duty, other taxes, duties or governmental charges, brokerage fees, bank charges or transfer fees) which would be incurred for the account of the relevant Sub-Fund in realising assets to provide funds to meet any redemption request. Any rounding will accrue to the relevant Sub-Fund.

Publication of Net Asset Value per Unit

The net asset value per unit of each Sub-Fund will be published on each Business Day on the Manager's website at http://www.icbcamg.com (this website has not been reviewed by the SFC).

DISTRIBUTION POLICY

The Manager may declare dividends in respect of the ICBC Asset Management RMB Fixed Income Fund and Class A of the ICBC Asset Management Greater China Total Return Bond Fund.

For the ICBC Asset Management RMB Fixed Income Fund:

There is no guarantee of regular distribution and, if distribution is made, the amount being distributed. Distributions (if any) declared quarterly during the relevant financial year shall be distributed among the unitholders of the relevant classes of units rateably in accordance with the number of units held by them on the record date in respect of the relevant financial year.

Distributions of the Sub-Fund may be paid out of capital of the Sub-Fund and/or out of gross income of the Sub-Fund while charging or paying all or part of the Sub-Fund's fees and expenses to or out of the capital of the Sub-Fund. In the event that the net distributable income attributable to the relevant class of unit during the relevant period is insufficient to pay distributions as declared, the Manager may at its discretion pay dividend out of the capital of the Sub-Fund. The Sub-Fund may also charge, at the Manager's discretion, all or part of its fees and expenses to capital resulting in an increase in distributable income for the payment of dividends by the Sub-Fund which means that the Sub-Fund may effectively pay distributions out of capital. Investors should note that the payment of distributions out of capital and/or effectively out of capital represent and amount to a return or a withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of the Sub-Fund's capital and/or effectively out of the Sub-Fund's capital may result in an immediate reduction of the net asset value per unit of the Sub-Fund.

The Sub-Fund or the Manager may amend the Sub-Fund's distribution policy subject to the SFC's prior approval (if required) and by giving not less than one month's prior notice to investors. For the avoidance of doubt, only unitholders whose names are entered on the Register of unitholders on such record date shall be entitled to the distribution declared in respect of the corresponding quarter of the relevant financial year, as the case may be. Unitholders are reminded that the net asset value of the Sub-Fund will be reduced by the amount of distributions paid.

Composition of the distributions (if any) (i.e. the relative amounts/percentages paid out of (i) net distributable income; and (ii) capital) for the last 12 months are available by the Manager on request and also at http://www.icbcamg.com. Investors should note that the information contained in the aforesaid website has not been reviewed by the SFC.

For Class A of the ICBC Asset Management Greater China Total Return Bond Fund:

There is no guarantee of regular distribution and, if distribution is made, the amount being distributed. Distributions (if any) declared monthly during the relevant financial year shall be distributed among the unitholders of the relevant classes of units rateably in accordance with the number of units held by them on the record date in respect of the relevant financial year.

Distributions of the Sub-Fund may be paid out of capital of the Sub-Fund and/or out of gross income of the Sub-Fund while charging or paying all or part of the Sub-Fund's fees and expenses to or out of the capital of the Sub-Fund. In the event that the net distributable income attributable to the relevant class of unit during the relevant period is insufficient to pay distributions as declared, the Manager may at its discretion pay dividend out of the capital of the Sub-Fund. The Sub-Fund may also charge, at the Manager's discretion, all or part of its fees and expenses to capital resulting in an increase in distributable income for the payment of dividends by the Sub-Fund which means that the Sub-Fund may effectively pay distributions out of capital. Investors should note that the payment of distributions out of capital and/or effectively out of capital represent and amount to a return or a withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of the Sub-Fund's capital and/or effectively out of the Sub-Fund's capital may result in an immediate reduction of the net asset value per unit of the Sub-Fund.

The Sub-Fund or the Manager may amend the Sub-Fund's distribution policy subject to the SFC's prior approval (if required) and by giving not less than one month's prior notice to investors. For the avoidance of doubt, only unitholders whose names are entered on the Register of unitholders on such record date shall be entitled to the distribution declared in respect of the corresponding month of the relevant financial year, as the case may be. Unitholders are reminded that the net asset value of the Sub-Fund will be reduced by the amount of distributions paid.

Composition of the distributions (if any) (i.e. the relative amounts/percentages paid out of (i) net distributable income; and (ii) capital) for the last 12 months are available by the Manager on request and also at http://www.icbcamg.com. Investors should note that the information contained in the aforesaid website has not been reviewed by the SFC.

Any payment of distributions will be made in the base currency of the relevant classes by direct transfer into the bank account or by cheque at the risk of the unitholders. Any distribution which is not claimed for six years will be forfeited and become part of the assets of the relevant Sub-Fund.

The Manager does not intend to declare dividends for any other Sub-Funds or Class I or Class S of the ICBC Asset Management Greater China Total Return Bond Fund. Income earned by such Sub-Funds and class of units will be reinvested in that Sub-Fund and reflected in the value of units of that Sub-Fund or class of units.

CHARGES AND EXPENSES

Management Fees

The Manager is entitled to receive in arrears on monthly basis the management fee for each Sub-Fund or class of units in a Sub-Fund, accrued on and calculated as at each Dealing Day, equal to a percentage of the net asset value of each Sub-Fund or such class of units as follows:

Sub-Fund	**Class**	**Management Fee (%)**
ICBC Asset Management Asia Selection Growth Fund	-	1.25% per annum
ICBC Asset Management China & Hong Kong Vision Fund	-	1.25% per annum
ICBC Asset Management Greater China Total Return Bond Fund	Class A	0.80% per annum
	Class I	0.60% per annum
	Class S	0% per annum
ICBC Asset Management China Emerging Enterprises Fund	Class A	1.25% per annum
	Class I	1% per annum
ICBC Asset Management RMB Fixed Income Fund	-	0.75% per annum

The Manager may increase the rate of management fee payable in respect of a Sub-Fund or a class of units in a Sub-Fund up to or towards 2.5% per annum on giving not less than one month's notice of such increase (or such other notice period as may be approved by the SFC) to relevant unitholders.

The Manager is also entitled to receive an initial charge on the issue of units in each Sub-Fund of up to 5% of the subscription amount (for details see "Minimum Investment and Initial Charge" above), a redemption charge on the redemption of units in each Sub-Fund of up to 5% of the redemption proceeds of such units, and a switching fee on the switching of units in Sub-Funds of up to 2% of the subscription amount applying for new units upon switching. The current rate of switching fee is 1%. No redemption charge is currently payable in respect of the Sub-Funds.

The Manager may share any fees it receives with distributors or agents procuring subscriptions. The Manager and other companies within the Industrial and Commercial Bank of China (Asia) Limited may with the consent of the Trustee deal with any Sub-Fund, both as principal and agent, and, subject as provided below, may retain any benefit which they receive as a result.

Trustee Fees

The Trustee is entitled to receive in arrears on monthly basis a trustee and administration fee in relation to each Sub-Fund calculated and accrued as at each Dealing Day, equal to a percentage of the net asset value of each Sub-Fund. The current rate of Trustee fees in relation to the Sub-Funds are calculated on a scale of declining percentage rates per annum according to the net asset value of the relevant Sub-Fund, subject to a current maximum rate of 0.125% per annum.

For Sub-Funds other than the ICBC Asset Management RMB Fixed Income Fund, the fees of the Trustee at present are subject to a combined minimum fee of US$150,000 per annum, which will be apportioned amongst the relevant Sub-Funds of the Unit Trust from time to time pro rata to their net asset values and adjusted (if necessary) at the last Valuation Point of such period for the purpose of determining the minimum fee.

For the ICBC Asset Management RMB Fixed Income Fund, the fees of the Trustee at present are subject to an annual minimum fee of US$10,000 per annum.

The Trustee may increase the rate of trustee and administration fee payable in respect of a Sub-Fund up to or towards the maximum of 1.0%. per annum on giving not less than 3 months' notice of such increase to the Manager and to the relevant unitholders.

Subject to the Manager's consent, further fees may be payable to the Trustee in the performance of its duties to the Unit Trust, which fees will be at normal commercial terms, provided that the aggregate trustee fee shall not exceed the maximum level stated in the Trust Deed.

In addition, for Sub-Funds other than the ICBC Asset Management RMB Fixed Income Fund, the Trustee shall be entitled to receive a fee for acting as registrar of the Unit Trust for these Sub-Funds at the rate of US$5,000 per annum per Sub-Fund (covering first 50 investors per Sub-Fund and thereafter US$60 per annum per unitholder) and to be reimbursed for any out-of-pocket expenses.

For the ICBC Asset Management RMB Fixed Income Fund, the Trustee shall be entitled to receive a fee for acting as registrar of the Unit Trust for this Sub-Fund at the rate of US$6,000 per annum (covering first 50 investors in this Sub-Fund and thereafter US$100 per annum per unitholder) and to be reimbursed for any out-of-pocket expenses.

Other Charges and Expenses

Each Sub-Fund will bear the costs set out in the Trust Deed which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, each Sub-Fund will bear such costs in proportion to its respective net asset value. Such costs include but are not limited to the costs of investing and realising the investments of the Sub-Funds, transaction costs, the fees and expenses of custodians of the assets of the Unit Trust, the fees and expenses of the auditors, valuation costs, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs of holding meetings of unitholders and the costs incurred in the preparation and printing of any explanatory memorandum. Marketing or advertising expenses will not be paid by the Unit Trust in respect of the Sub-Funds whilst authorised in Hong Kong.

It is the Manager's current intention to cap the ongoing charges in respect of ICBC Asset Management China Emerging Enterprises Fund, ICBC Asset Management RMB Fixed Income Fund, ICBC Asset Management Asia Selection Growth Fund and ICBC Asset Management China & Hong Kong Vision Fund at 2.75% of the average net asset value of the relevant Sub-Fund. Any ongoing charges over 2.75% in respect of ICBC Asset Management China Emerging Enterprises Fund, ICBC Asset Management RMB Fixed Income Fund, ICBC Asset Management Asia Selection Growth Fund and ICBC Asset Management China & Hong Kong Vision Fund will be borne by the Manager. The Manager has an absolute discretion to set the ongoing charges cap in respect of the Sub-Funds at a rate below 2.75% of the average net asset value and no notice will be given to affected unitholders. The Manager may increase the cap of 2.75% of the average net asset value of the relevant Sub-Fund subject to the SFC's prior approval and on giving not less than one month's notice of such increase (or such other notice period as may be approved by the SFC) to relevant unitholders.

Cash Rebates and Soft Commissions

Neither the Manager, any investment delegate nor any of their Connected Persons (as defined in the Code) will receive cash commissions or other rebates from brokers or dealers in respect of transactions for the account of the Unit Trust.

The Manager, any investment delegate or any of their Connected Persons reserves the right to effect transactions by or through the agency of another person with whom the Manager, the investment delegate or any of their Connected Persons has an arrangement under which that party will from time to time provide to or procure for the Manager the investment delegate or any of their Connected Persons goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software and performance measures) if:

(i) the goods and services are of demonstrable benefit to the unitholders;

(ii) transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates;

(iii) adequate prior disclosure is made in this Explanatory Memorandum the terms of which the unitholder has consented to;

(iv) periodic disclosure is made in the Unit Trust's annual report in the form of a statement describing the soft dollar policies and practices of the Manager or investment delegate, including a description of the goods and services received by them; and

(v) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

TAXATION AND REGULATORY REQUIREMENTS

The following summary of the principal tax consequences applicable to the Unit Trust or Sub-Fund, as the case may be, in Hong Kong and PRC is based upon the proposed conduct of the activities to be carried out by the Manager, the Unit Trust and the Sub-Fund as described in this document. The following summary does not constitute tax advice and it does not deal with the local taxes, withholding or otherwise, that may be applicable to the income or gain derived from the investments of the Sub-Fund. The comments in this summary could be adversely affected if any of the material facts on which they are based should prove to be inaccurate. These comments are based upon the current tax laws and practice of the countries referred to in this summary at the date of this document and the related practice and interpretation of such laws, which are subject to change at any time, possibly on a retroactive basis. Any such changes could adversely affect the comments made. In addition, the comments in this summary are not binding on the respective tax authorities and there can be no assurance that the authorities will not take a position contrary to any of the comments herein. It is emphasised that neither the Unit Trust, the Sub-Fund, the Manager nor any other persons involved in the preparation of this document accept responsibility for any tax effects or liabilities resulting from the purchase, ownership or disposition of Units in the Sub-Fund.

Investors should consult their own professional advisers as to the potential consequences, including but not limited to the tax consequences and any exchange control requirements, of the acquisition, holding, realisation, transfer or disposition of Units under the relevant laws of the jurisdictions to which they are subject. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances and are subject to change.

Hong Kong

<u>The Unit Trust/ Sub-Fund(s)</u>

Profits Tax

As the Unit Trust and the Sub-Fund(s) have been authorised, as a collective investment scheme constituted as a unit trust by the SFC under Section 104 of the Securities and Futures Ordinance, profits of the Unit Trust and the Sub-Fund(s) are exempt from Hong Kong Profits Tax.

Stamp Duty

No Hong Kong Stamp Duty is payable by the Unit Trust or Sub-Fund(s) on an issue or redemption of units.

No Hong Kong stamp duty is payable where the sale or transfer of the units is effected by extinguishing the units or the sale or transfer of the units is to the Manager who subsequently re-sells the units within two months thereof.

Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, transfer of Hong Kong stocks to the Unit Trust / Sub-Fund(s) in exchange for issue of units or transfer of Hong Kong stocks from the Unit Trust / Sub-Fund(s) in consideration for redemption of units is exempt from Hong Kong Stamp Duty.

Hong Kong stamp duty is ordinarily payable on the sale or purchase of Hong Kong stock. "Hong Kong stock" is defined as "stock" the transfer of which is required to be registered in Hong Kong.

The Unitholders

Profits Tax

Unitholders should generally not be subject to Hong Kong profits tax on distributions by the Unit Trust or Sub-Fund(s) in accordance with the practice of the Inland Revenue Department of Hong Kong (as at the date of this Explanatory Memorandum). Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for unincorporated businesses) will arise on any gains or profits made on the sale, redemption or other disposal of the units where such transactions form part of a trade, profession or business carried on by a unitholder in Hong Kong and such units are not capital assets to the unitholders. Unitholders should take advice from their own professional advisers as to their particular tax position.

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

Stamp Duty

No Hong Kong ad valorem stamp duty is payable by a unitholder in relation to an issue or redemption of units.

No Hong Kong stamp duty is payable where the sale or transfer of the units is effected by extinguishing the units or the sale or transfer of the units is to the Manager who subsequently re-sells the units within two months thereof.

Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, transfer of Hong Kong stocks to the Unit Trust / Sub-Fund(s) in exchange for issue of units or transfer of Hong Kong stocks from the Unit Trust / Sub-Fund(s) in consideration for redemption of units is exempt from Hong Kong Stamp Duty.

Other types of sales or purchases or transfers of the units by the unitholders should be liable to Hong Kong Stamp Duty of 0.13% (borne by each of the buyer and seller) on the higher of the consideration amount or market value. In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of units.

The PRC

Under the prevailing PRC tax regimes, foreign investment in China A-shares, bonds and other financial instruments would normally be subject to Corporate Income Tax (“CIT”), Withholding Income Tax (“WHT”), Value Added Tax (“VAT”) and Stamp Duty (“SD”).

Corporate income tax (CIT)

Under the prevailing PRC CIT Law, a China Tax Resident Enterprise (“TRE”) is subject to CIT on its worldwide income. A foreign enterprise with a “place of effective management” within the PRC is also regarded as a China TRE.

The “place of effective management” refers to the place where the exercise, in substance, of the overall management and control of the production and business operation, personnel, accounts and assets is located.

A non-TRE with an establishment or a place of business in the PRC shall pay CIT on income derived by such establishment or place from sources in the PRC as well as income derived from outside the PRC that is effectively connected with such establishment or place.

An “establishment or place” is defined under PRC CIT regulations as an establishment or place in China engaging in production and business operations, including management and business organisations, offices, places where natural resources are exploited, labour services are rendered, contractor projects are undertaken, and other establishments or places where production and business activities are undertaken. Business agents who regularly sign contracts, store and deliver goods, etc. on behalf of non-TREs would also be regarded as creating an establishment or place of business in the PRC under CIT law/regulations.

Under the CIT law, the standard CIT rate is 25%.

A non-TRE that has no establishment or place in the PRC is taxed only on its PRC-source income. A unilateral concessionary rate of 10% WHT will be applied on gross income derived from dividends, interest and other PRC-source passive income unless any specific exemption or reduction is available under current PRC tax laws, tax treaties or tax arrangements.

The Manager does not intend to operate in a way that would cause a Sub-Fund to be treated as a PRC tax resident enterprise or to have an establishment or a place in the PRC, although this cannot be guaranteed. It is possible, however, that the PRC tax authority could disagree with such an assessment or that changes in the PRC tax law could affect the PRC CIT status of a Sub-Fund.

If a Sub-Fund does not have a place of effective management, an establishment or a place of business in the PRC, the Sub-Fund will normally be regarded as a non-TRE.

Value-added Tax (VAT) and other surcharges

In the PRC, VAT payers are classified into general payers and small scale payers. They are subject to different VAT calculation methods and different VAT rates.

Being an overseas entity, a Sub-Fund are subject to VAT at 6% which is applicable to general payers on the gains derived from trading financial products in the PRC (including trading equity or equity-linked securities) and various interest income from the PRC. According to Circular Caishui [2016] No. 36 (“Circular 36”), deposit interest income is not subject to VAT. Interest income derived from government bonds and local government bonds are exempted from VAT.

VAT surcharges including Urban Maintenance and Construction Tax (“UMCT”), Educational Surcharge (“ES”) and Local Educational Surcharge (“LES”) are no longer applicable for a foreign taxpayer from 1 September 2021.

Stamp Duty (SD)

The SD law of the PRC took into effect from 1 July 2022. According to SD Law, SD is levied on the execution or receipt in the PRC of certain documents. In the case of contracts for sale of A-shares and B-shares, SD is currently imposed on the seller side only, at the rate of 0.1%. Where there is no transfer price for securities transactions, the SD basis should be calculated based on the closing price of the previous transaction day at the time of completing the transfer registration; where there is no closing price, SD basis should be calculated on the par value of the securities.

The sale or purchase of PRC domestic bonds investments does not fall in the SD taxable scope and are not subject to PRC SD.

In association with investment in A-shares -

Capital gain - According to Circular Caishui [2014] No. 81 ("Circular 81") and Circular Caishui [2016] No. 127 ("Circular 127"), overseas investors are temporarily exempt from PRC WHT on the gains from trading A-shares via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. However, it is uncertain how long the temporary exemption will last, and whether it will be repealed and re-imposed retrospectively.

Investors from Hong Kong market are exempt from VAT on gains from trading China A-shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect during the pilot period of VAT reform since 2016. However, it is uncertain how long such VAT exemption will last and whether it will be repealed and re-imposed retrospectively.

According to Circular 81 and Circular 127, the latest capital gain tax provisioning approach on capital gain is as follows:

Based on professional and independent tax advice, the Sub-Fund currently will not set aside any capital gain tax provision derived from the gains from trading of A-shares by the Sub- Fund via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect.

The Manager will assess the tax provisioning approach on an on-going basis. Should the PRC tax policies in respect of the tax change, the Manager may decide to set aside a provision to meet any potential capital gain tax liability on A-shares capital gain in the future. Prospective investors should consult their professional and independent tax advisors regarding the possible implications of tax on an investment in the Sub-Fund.

Dividend income - Dividends derived by overseas investors from China A-shares via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are subject to WHT at 10%, which are not subject to VAT.

In association with investment in debt and fixed income instruments

Interests - On 22 November 2018, the MOF and the State Taxation Administration of the PRC (the "STA") released Caishui [2018] No. 108 on tax treatment for Overseas Institutional Investors ("OIIs") investing in the PRC bond market dated 7 November 2018 ("Caishui [2018] No. 108"). Caishui [2018] No. 108 mentioned that the interest income of the bonds derived by OIIs in the PRC bond market is exempted from WHT for three years effective from 7 November 2018 to 6 November 2021.

According to Circular Caishui [2021] No.34, interest income derived by overseas investors from the domestic bond market through foreign institute investors (including QFII/RQFII or Bond Connect channels) are temporarily exempt from CIT and VAT during the period from 7 November 2021 to 31 December 2025 provided that such bond interests are not derived by the establishment or place of business of the overseas investors in the PRC or effectively connected with such establishment or place. However, it is uncertain whether this temporary exemption will be further extended after expiration.

Capital gain - In the PRC, there are no specific tax rules granting CIT exemption on capital gains derived from trading debt instruments. In practice, it is more likely than not such gains derived by foreign investors would be regarded as non-PRC sourced income and not subject to PRC CIT.

The above complements with the Operational Procedures for Overseas Institutional Investors to Enter China's Inter-bank Bond Market prescribed by the PBOC in November 2017, which indicated that capital gains derived by overseas investors from trading the domestic bond market investments through Inter-bank Bond Market is temporarily exempt from CIT and VAT during the pilot period of

VAT reform since 2016. However, it is uncertain how long the exemption will last and whether it will be repealed and re-imposed retrospectively.

Without the exemption described above, interest or capital gain derived by overseas investors through holding or trading the PRC bonds would be subject to WHT at the rate of 10% unless reduced under a tax treaty or tax arrangement.

Tax Provision

The taxation laws and other regulations of the PRC are constantly changing, and may be changed with retrospective effect to the advantage or disadvantage of investors in the Sub-Fund. The interpretation and application of tax laws and other applicable regulations by the relevant authorities may not be as transparent or predictable as compared to the authorities administering similar regimes in other developed jurisdictions.

Although the relevant authorities have announced that CIT, VAT and individual income tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Fund) on the trading of A-shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, dividends from A-shares paid to Hong Kong and overseas investors will continue to be subject to 10% PRC WHT and the company distributing the dividend has the withholding obligation. Further, investors should note that the tax exemption on gains derived from trading of A-shares via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect under Circular 81 and Circular 127 was granted on a temporary basis and there is no assurance that the Sub-Fund will continue to enjoy the tax exemption over a long period of time. It is possible that any future announcement by the PRC tax authority may subject the Sub-Fund to unforeseen tax obligations, which may have retrospective effect.

The Manager will not make provisions in respect of a Sub-Fund for the above tax obligations based on professional and independent tax advice obtained. Since the Sub-Fund is the ultimate parties which will bear the risks relating to PRC tax liabilities, any changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties (which may be on a retrospective basis) will impact on the Sub-Fund's returns. In case there is any uncertainty, the Manager will decide whether tax provisions will be made in respect of the Sub-Fund for the tax obligations based on professional and independent tax advice obtained. Even if provisions for taxation are made by the Manager, the amount of such provisions may not reflect the exact extent of PRC tax liabilities. As a result, investors may be disadvantaged or advantaged, depending on the final outcome of any tax liability. If the actual applicable tax rate levied by the PRC tax authorities is more than the provision made, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the anticipated percentage of the provision as the Sub-Fund will have to bear the additional tax liabilities. There can be no guarantee that regulatory changes that have a detrimental impact on the investments of the Sub-Fund will not occur.

Investors should seek their own tax advice on their PRC tax position with regard to their investment in the Sub-Fund.

In addition to the PRC tax provisions above, investors are also advised to refer to the section headed "PRC taxation risk" for other relevant information on PRC tax.

Certification for Compliance with FATCA or Other Applicable Laws

Each investor (i) shall be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Unit Trust or a Sub-Fund (A) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Unit Trust or the relevant Sub-Fund receives payments and/or (B) to satisfy reporting or other obligations under the IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong (including any law, rule and requirement relating to AEOI) or any other jurisdiction, including reporting obligations that may be imposed by future legislation.

Taxation and Regulatory Requirements

Subject to applicable laws and regulations in Hong Kong, the Unit Trust, the relevant Sub-Fund, the Trustee or the Manager or any of their authorised person(s) (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the IRS and the IRD), certain information in relation to a unitholder, including but not limited to the unitholder’s name, address, jurisdiction of birth, tax residence, tax identification number (if any), social security number (if any) and certain information relating to the unitholder's holdings, account balance/value, and income or sale or redemption proceeds, to enable the Unit Trust or the relevant Sub-Fund to comply with any applicable law (including any law, rule and requirement relating to AEOI) or regulation or any agreement with a tax authority (including, but not limited to, any applicable law, regulation or agreement under FATCA).

Investors should refer to “Foreign Account Tax Compliance Act” in the section headed “RISK FACTORS” for disclosures regarding compliance with the regulations under the United States Foreign Account Tax Compliance Act.”

Prevention of Money Laundering

The Sub-Funds, its service providers and other members of the Industrial and Commercial Bank of China (Asia) Limited are required to act in accordance with the laws, regulations and requests of public and regulatory authorities operating in various jurisdictions which relate to, amongst other things, the prevention of money laundering, terrorist financing and the provision of financial and other services to any persons or entities which may be subject to sanctions. The Sub-Funds, any of its service providers or any member of the Industrial and Commercial Bank of China (Asia) Limited may take any action which in their sole and absolute discretion consider appropriate to take in accordance with all such laws, regulations and requests.

Such action may include but is not limited to: the interception and investigation of any payment messages and other information or communications sent to or by an investor or on behalf of such investor via the systems of the Sub-Funds, any service provider of the Sub-Funds or any member of the Industrial and Commercial Bank of China (Asia) Limited; and making further enquiries as to whether a name which might refer to a sanctioned person or entity actually refers to that person or entity.

The Sub-Funds, its service providers and other members of the Industrial and Commercial Bank of China (Asia) Limited shall not be liable for loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any party arising out of:

(a) any delay or failure of the Sub-Funds, any of its service providers or any member of the Industrial and Commercial Bank of China (Asia) Limited in processing any such payment messages or other information or communications, or in performing any of their duties or other obligations in connection with any accounts or the provision of any services to an investor, caused in whole or in part by any steps which the Sub-Funds, any of its service providers or any member of the Industrial and Commercial Bank of China (Asia) Limited, in their sole and absolute discretion, consider appropriate to take in accordance with all such laws, regulations and requests; or

(b) the exercise of any of the rights of the Sub-Funds, its service providers and other members of the Industrial and Commercial Bank of China (Asia) Limited under this section.

In certain circumstances, the action which the Sub-Funds, any of its service providers or any member of the Industrial and Commercial Bank of China (Asia) Limited may take may prevent or cause a delay in the processing of certain information. Therefore, the Sub-Funds, its service providers and other members of the Industrial and Commercial Bank of China (Asia) Limited do not warrant that any information on their systems relating to any payment messages or other information and communications which are the subject of any action taken pursuant to this section is accurate, current or up-to-date at the time it is accessed, whilst such action is being taken.

GENERAL INFORMATION

Financial Reports

The Unit Trust's financial year end is 31 December in each year ("Accounting Date"). Only English annual audited financial reports and half-yearly unaudited interim reports of the Unit Trust will be issued. The Manager will notify unitholders each time when the English audited financial reports are issued as to where such audited financial reports (in printed and electronic forms) can be obtained within 4 months of the end of each financial year. The Manager will also notify unitholders each time when the half-yearly English unaudited interim reports are issued as to where such financial reports (in printed and electronic forms) can be obtained within 2 months of the end of the period which they cover. Printed copies of the relevant financial reports will also be made available for inspection and collection free of charge at the registered office of the Manager. Upon request of a unitholder, the Manager will send a printed copy of the relevant financial reports to the unitholder. Such financial reports will contain a statement of the value of the net assets of each Sub-Fund and the investments comprising its portfolio.

Under the standard terms of an annual engagement letter, the auditors' liability would be capped either based on a fixed monetary amount, or based upon a multiple of fees paid to the auditors under such letter, except to the extent finally determined to have resulted from wilful or intentional neglect or misconduct or fraudulent behaviour by the auditors. Other release and indemnity provisions are also contained in the annual engagement letter relating to consequential loss, third party claims and fraudulent acts or omissions, misrepresentations or wilful default on the part of the Unit Trust, its Trustee, employees or agents.

Trust Deed

The Unit Trust was established under the law of Hong Kong by a trust deed dated 2 July 2009 made between ICBC Asset Management (Global) Company Limited as manager and HSBC Institutional Trust Services (Asia) Limited as trustee, as amended from time to time. All holders of units are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Notwithstanding the above, the Trust Deed does not contain any provisions which would exempt the Trustee nor the Manager from any liability to unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence, nor does the Trust Deed contain any provisions which would indemnify the Trustee or the Manager against such liability by unitholders or at unitholders' expense.

Unitholders and prospective investors are advised to consult the terms of the Trust Deed. In the event of any conflict between any of the provisions of this Explanatory Memorandum and the Trust Deed, the provisions of the Trust Deed prevail.

Modification of Trust Deed

The Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Manager and the Trustee that such modification (i) is not materially prejudicial to the interests of unitholders, does not operate to release to any material extent the Trustee, the Manager or any other person from any responsibility to the unitholders and (with the exception of the costs of preparing and executing the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Unit Trust; (ii) is necessary in order to comply with any fiscal, statutory, regulatory or official requirement; or (iii) is made to correct a manifest error. In all other cases modifications involving material changes require the sanction of an extraordinary resolution of the unitholders affected.

Any modifications to the Trust Deed, unless in the opinion of the Trustee these modifications are not of material significance, will be notified to the unitholders as soon as practicable after they are made.

Meetings of Unitholders

The Trust Deed provides for meetings of unitholders to be convened by the Trustee or the Manager upon at least 21 days' notice. Notices of meetings of unitholders will be posted to unitholders.

Proxies may be appointed. The quorum at unitholders' meetings is unitholders present in person or by proxy holding not less than 10% (or, in relation to a resolution proposed as an extraordinary resolution, 25%) of the units in issue. If a quorum is not present, the meeting will be adjourned for not less than 15 days. Separate notice of any adjourned meeting will be given, and at an adjourned meeting unitholders whatever their number or the number of units held by them will form a quorum.

An extraordinary resolution is required under the Trust Deed for certain purposes and is a resolution proposed as such and passed by a majority of 75% of the total number of votes of those present and entitled to vote.

The Trust Deed contains provisions for the holding of separate meetings of unitholders in different Sub-Funds where only the interests of unitholders in a particular Sub-Fund are affected.

Transfer of Units

Subject as provided below, units may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the units transferred until the name of the transferee is entered in the Register of unitholders in respect of such units.

Each instrument of transfer must relate to a single class of units only. No units may be transferred if, as a result, either the transferor or the transferee would hold units having a value less than the minimum holding in the relevant Sub-Fund.

Compulsory Redemption or Transfer of Units

The Manager may require a unitholder to transfer the unitholder's units or, failing such transfer, may redeem such units in accordance with the Trust Deed if it shall come to the notice of the Manager that the unitholder holds such units (a) in breach of the law or requirements of any country, any governmental authority or any stock exchange on which such units are listed or (b) in circumstances (whether directly or indirectly affecting such unitholder and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant) which, in the opinion of the Manager, might result in the Unit Trust or any Sub-Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Unit Trust or any Sub-Fund might not otherwise have incurred or suffered.

Termination of the Unit Trust

The Unit Trust shall continue for a period of 80 years from the date of the Trust Deed or until it is terminated in one of the ways set out below.

1. The Trustee may terminate the Unit Trust if:

   (a) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved by the Trustee) or if a receiver is appointed over any of its assets and not discharged within 60 days;

   (b) in the opinion of the Trustee, the Manager is incapable of performing its duties properly;

   (c) if any law is passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Unit Trust;

   (d) the Manager ceases to manage the Unit Trust and the Trustee fails to appoint a successor Manager within a period of 30 days; or

   (e) if the Trustee have notified the Manager of its desire to retire and the Manager fails to appoint a trustee within 6 months of the Trustee giving the relevant notice.

2. The Manager may terminate the Unit Trust if:

   (a) at any time the net asset value of the Unit Trust falls below HK$10 million (or its equivalent in the base currency of the Sub-Funds);

   (b) the Unit Trust fails to become authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance of Hong Kong or, having become so authorised or otherwise officially approved, ceases to be so authorised or otherwise officially approved; or

   (c) any law is passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Unit Trust.

Where the Unit Trust is terminated as provided in paragraph 1 or paragraph 2 above, the party terminating the Unit Trust must give at least three months' notice of termination to unitholders. Upon termination of the Unit Trust, any unclaimed proceeds or other cash held by the Trustee may at the expiration of twelve months from the date upon which the same were payable be paid into Court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

Termination of a Sub-Fund

The Manager may terminate any Sub-Fund if:

(a) at any time the net asset value of the Sub Fund falls below HK$5 million or its equivalent in the base currency of the Sub-Fund; or

(b) the Sub-Fund fails to become authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance of Hong Kong or, having become so authorised or otherwise officially approved, ceases to be so authorised or otherwise officially approved; or

(c) any law is passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Sub-Fund.

A Sub-Fund may be terminated at any time after the establishment of the Unit Trust by extraordinary resolution of unitholders of the relevant Sub-Fund. Upon termination of a Sub-Fund, any unclaimed proceeds or other cash held by the Trustee may at the expiration of twelve months from the date upon which the same were payable be paid into Court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

Conflicts of Interests

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, manager, custodian, investment delegate, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of any Sub-Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Unit Trust. Each will, at all times, have regard in such event to its obligations to the Unit Trust and will endeavour to ensure that such conflicts are resolved fairly. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

Documents Available for Inspection

Copies of the Trust Deed are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) or for purchase on payment of a reasonable fee at the offices of the Manager in Hong Kong.

Website

The net asset values of the Sub-Funds and other information such as the latest Explanatory Memorandum, notices, announcements and financial reports will be available at http://www.icbcamg.com.

The website is produced by ICBC Asset Management (Global) Company Limited and have not been reviewed by the SFC.