

CCB International Fund Series

# CCB International - China Policy Driven Fund

Trust Prospectus



Fund Manager



**建银国际资产管理有限公司**  
CCB International Asset Management Limited

**CCB INTERNATIONAL FUND SERIES**  
**(the "Trust")**  
**CCB INTERNATIONAL – CHINA POLICY DRIVEN FUND**  
**(the "Fund")**

**ADDENDUM DATED 29TH AUGUST 2011**  
**TO TRUST PROSPECTUS and FUND SPECIFIC PROSPECTUS DATED MAY 2011**

**This Addendum forms part of and should be read in the context of and in conjunction with the Trust Prospectus and Fund Specific Prospectus dated May 2011 in relation to the Fund (the "Prospectus and Addendum"). All information contained in the Prospectus and Addendum is deemed to be incorporated herein.**

The directors of CCB International Asset Management Limited, the manager of the Trust and the Fund, accept responsibility for the information contained in this Addendum.

Words and expressions not specifically defined herein will bear the same meaning as that attributed to them in the Prospectus and Addendum.

*Prospective investors should not construe the contents of this document as legal, investment, tax or other advice. Each prospective investor must rely upon his or her own representatives, including his or her own legal counsel and accountants, as to legal, economic, tax and related aspects of the investment described herein and as to its suitability for such investor.*

**1. Appointment of Director**

WANG Xiaojun has been appointed as Director of the Manager with effect from 8 June 2011 and his name shall be inserted to the list of Board of Directors of the Manager on page 2 of the Trust Prospectus and Fund Specific Prospectus.

**2. Authorization of the Monetary Authority of Macao**

A new fifth paragraph as follows shall be added to Page 1 of the Prospectus:

“Authorization is given to CCB International Asset Management Limited and its agents to advertise and market the Fund and its sub-fund in Macau SAR by the Monetary Authority of Macao.”

The original fifth paragraph on page 1 of the Prospectus shall be replaced by:

“No action has been taken to permit an offering of units of the Fund and its sub-fund (“the Units”) or the distribution of the Prospectus in any jurisdiction where action would be required for such purposes other than Hong Kong and Macau. The Prospectus have been written and authorized for distribution in Hong Kong and Macau only and may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which an offer or solicitation is not authorized.”

**CCB International Fund Series**

**CCB International - China Policy Driven Fund**

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**TRUST PROSPECTUS**

**FUND SPECIFIC PROSPECTUS**

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**Dated May 2011**

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## **TRUST PROSPECTUS**

This prospectus (the “**Trust Prospectus**”) comprises information in relation to the CCB International Fund Series (the “**Trust**”), an umbrella unit trust established under the laws of Hong Kong, by a trust deed dated 12 January 2009 between CCB International Asset Management Limited (the “**Manager**”) as manager and HSBC Institutional Trust Services (Asia) Limited as trustee.

The Manager accepts responsibility for the accuracy of the information contained in this Trust Prospectus and each prospectus specific to a sub-fund of the Trust (“**Fund Specific Prospectus**”, together the “**Prospectus**”) as at the date of its publication.

Distribution of the Prospectus is not authorized after publication of the first annual audited financial statements of the Trust, unless accompanied by a copy of the latest published annual audited financial statements of the Trust and a copy of any subsequent interim report.

The Trust has been authorized by the Securities and Futures Commission of Hong Kong (the “**SFC**”) pursuant to section 104 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). SFC authorization is not a recommendation or endorsement of the Trust or any of its sub-funds nor does it guarantee the commercial merits of the Trust or its performance. SFC authorization does not mean the Trust or any of its sub-funds is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

No action has been taken to permit an offering of units of any sub-fund (the “**Units**”) or the distribution of the Prospectus in any jurisdiction where action would be required for such purposes other than Hong Kong. The Prospectus have been written and authorized for distribution in Hong Kong only and may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which an offer or solicitation is not authorized.

In particular:

- (a) Units have not been and will not be registered under the United States Securities Act of 1933 (as amended) or where action would be required for such purposes and, except in a transaction not subject to, or which does not violate the Securities Act of 1933 and any applicable state securities laws and which would not require the Trust to register under the United States Investment Company Act of 1940 (as amended), 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 Securities Act of 1933).
- (b) The Trust has not been and will not be registered under the United States Investment Company Act of 1940 (as amended).

Potential applicants for Units 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 may encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which may be relevant to the subscription, holding or disposal of Units.

**IF IN DOUBT OF THE CONTENTS OF THIS TRUST PROSPECTUS OR THE FUND SPECIFIC PROSPECTUS, YOU SHOULD SEEK INDEPENDENT FINANCIAL AND PROFESSIONAL ADVICE.**

**INVESTORS SHOULD NOTE THAT THE NET ASSET VALUE PER UNIT IS SUBJECT TO MARKET FLUCTUATION AND MAY GO DOWN AS WELL AS UP.**

## **DIRECTORY OF PARTIES**

### **Manager**

CCB INTERNATIONAL ASSET MANAGEMENT  
LIMITED  
34/F, Two Pacific Place  
88 Queensway  
Admiralty  
Hong Kong

### **Board of Directors of the Manager**

Mr. LI Ngai, Mr. HO Siu Kee David, Mr. XU Xiaolin,  
Mr. LIU Bin, Mr. LO Chak Bong Alfred Bing,  
Mr. RATTIWAT Samson, Mr. YANG Feng and  
Ms. BAI Yue

### **Trustee and Registrar**

HSBC Institutional Trust Services (Asia) Limited  
1 Queen's Road Central  
Hong Kong

### **Legal Advisers**

CLIFFORD CHANCE  
28<sup>th</sup> Floor, Jardine House  
One Connaught Place  
Hong Kong

### **Auditors**

KPMG  
8<sup>th</sup> Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

## DEFINITIONS

For the purposes of the Prospectus, unless the context otherwise requires (or a Fund Specific Prospectus otherwise defines) the following expressions have the following meanings:-

<b>“Business Day”</b>	any day other than Saturday or Sunday, on which banks are open for normal banking business in the location(s) applicable to a Fund as specified in the relevant Fund Specific Prospectus;
<b>“Dealing Day”</b>	the day on which the Manager is open to accept applications for subscription and redemption of Units as specified in the relevant Fund Specific Prospectus;
<b>“Fund”</b>	a sub-fund of the Trust for which a separate Fund Specific Prospectus is issued by the Manager;
<b>“Fund Specific Prospectus”</b>	means each document describing the features of a Fund including, among other things, the investment objective, the fees and charges and the investment restrictions;
<b>“HK\$” or “HK dollar”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Manager”</b>	CCB International Asset Management Limited, acting through its Hong Kong office, as the manager of the Trust;
<b>“Net Asset Value”</b>	net asset value of the Fund or per Unit of the Fund, as the context require;
<b>“PRC” or “China”</b>	the People’s Republic of China and, except where the context requires and only for the purpose of the Prospectus, references in the Prospectus to China or the PRC do not include Hong Kong, Macau and Taiwan;
<b>“Registrar”</b>	HSBC Institutional Trust Services (Asia) Limited, in its capacity as registrar in respect of the Trust;
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong;
<b>“Trust Deed”</b>	the trust deed dated 12 January 2009 between the Manager and the Trustee establishing the Trust, as amended or supplemented from time to time;
<b>“Trust”</b>	CCB International Fund Series;
<b>“Trustee”</b>	HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of the Trust;
<b>“Unit”</b>	a unit of the Fund;
<b>“Unitholder”</b>	a unit holder for the time being of a Unit; and
<b>“Valuation Point”</b>	the time at which the Net Asset Value of the Fund and Net Asset Value per Unit are calculated as specified for each Fund in the relevant Fund Specific Prospectus.

## INTRODUCTION

The Trust is an open-ended umbrella unit trust established under Hong Kong law by a trust deed dated 12 January 2009 between the Manager and the Trustee. In the case of inconsistency between the provisions of the Fund Specific Prospectus and this Trust Prospectus, the provisions of the Fund Specific Prospectus shall prevail.

## INVESTMENT OBJECTIVE AND POLICY

The Trust offers CCB International - China Policy Driven Fund and is anticipated to offer a range of Funds, each with different investment objectives and policies as specified in the relevant Fund Specific Prospectus.



## INVESTMENT RESTRICTIONS

The investment restrictions applicable to a Fund depend on the investment objectives and policies of the relevant Fund. These investment restrictions are contained in the Trust Deed and, subject to any exemptions or additional restrictions applicable to a particular Fund as described in the relevant Fund Specific Prospectus, are summarised below:

### *For Funds which are direct investment funds*

- (a) not more than 10% of the latest available Net Asset Value of a Fund may consist of securities (other than government and other public securities) issued by a single issuer. "Government and other public securities" shall mean any investment issued by, or the payment of principal and interest on, which is guaranteed by the government of any member state of the Organisation for Economic Co-operation and Development (OECD) or any fixed interest investment issued in any OECD country by a public or local authority or nationalised industry of any OECD country or anywhere in the world by any other body which is, in the opinion of the Trustee, of similar standing;
- (b) the total collective investment of the Funds may not hold more than 10% of any ordinary shares issued by any single issuer;
- (c) not more than 15% of the latest available Net Asset Value of a Fund may consist of securities neither listed nor quoted on any stock exchange, over-the-counter market or other organized securities market that is open to the international public and on which the securities are regularly traded;
- (d) not more than 10% of the latest available total Net Asset Value of a Fund may consist of units or shares in other collective investment schemes. No investment may be made in a collective investment scheme whose investment objective is to invest primarily in investments prohibited by the SFC and in the case of an investment in a collective investment scheme whose investment objective is to invest primarily in any investment restricted by the SFC, such holdings may not be in contravention of the relevant limitation;
- (e) the net aggregate value of contract prices of futures contracts entered into by a Fund, whether payable to or by the Fund (other than futures contracts entered into for hedging purposes) together with the aggregate value of holdings of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than securities issued by companies engaged in producing, processing or trading in commodities), may not exceed 20% of the latest available Net Asset Value of the Fund;
- (f) the value of warrants and options (other than warrants and options held for hedging purposes) in terms of the total amount of premium paid may not exceed 15% of the latest available Net Asset Value of the relevant Fund; and
- (g) up to 30% of the latest available Net Asset Value of the relevant Fund may be incurred in government and other public securities (as defined in (a) above) of the same issue.

In addition, the Manager may not on behalf of the relevant Fund:

- (i) invest in a 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 that are listed on a stock exchange);
- (iii) make short sales if as a consequence the liability of the relevant Fund to deliver securities would exceed 10% of the latest available Net Asset Value of the relevant Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted);
- (iv) write uncovered options;

- (v) write call options if the aggregate of the exercise prices of all such call options written on behalf of the relevant Fund would exceed 25% of the latest available Net Asset Value of the relevant Fund;
- (vi) lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money without the prior written consent of the Trustee;
- (vii) enter into any obligation on behalf of the relevant Fund or acquire any asset for the account of the relevant Fund which involves the assumption of any liability by the Fund which is unlimited or any liability which exceeds the latest available Net Asset Value of the relevant Fund; or
- (viii) invest in 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 held by the relevant Fund which has not been set aside for any other purposes.

## **BORROWING RESTRICTIONS**

The purposes for which borrowings may be made and the restrictions on the level of borrowings which may be made for each Fund are set out in the relevant Fund Specific Prospectus. The assets of a Fund may be charged or pledged as security for any borrowings for the accounts of that Fund.

## **RISK FACTORS**

### **Principal Risk Factors**

*Investors can lose money by investing in Units. Applicants should carefully consider the risk factors described below together with all of the other information included in this Trust Prospectus and refer to the relevant Fund Specific Prospectus of any particular Fund for any additional risk factors before deciding whether to invest in Units.*

*The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve a return on his investment in the Units or a return on capital invested.*

Each Fund is subject to the principal risks described below. Some or all of these risks may adversely affect a Fund's Net Asset Value, Unit price, yield, total return and/or its ability to meet its objective.

### **Business Conditions and General Economy**

The profitability of the investments of the Fund could be adversely affected by a worsening of general economic conditions globally or in certain individual markets. Factors such as interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices could significantly affect the activity level of investments by investors in the Fund and/or the investments by the Fund. For example: (a) an economic downturn or significantly higher interest rates could adversely affect the credit quality of the on-balance sheet and off-balance sheet assets; (b) a market downturn or worsening of the economy could cause the Company or a Fund to incur mark to market losses in its trading portfolios.

### **Effect of Governmental Policy and Regulation**

The investments of the Fund can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities. Areas where changes could have an impact include:

- (a) the monetary, interest rate and other policies of central banks and regulatory authorities;
- (b) general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Fund operates;
- (c) general changes in the regulatory requirements, for example, prudential rules relating to the capital adequacy framework and rules designed to promote financial stability and increase depositor protection;
- (d) changes in competition and pricing environments;
- (e) further developments in the financial reporting environment; and

- (f) expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership.

### **Exchange Rates**

The base currency of a Fund is not necessarily its investment currency. Investments are made in those currencies that, in the opinion of the Manager, best benefit the performance of the relevant Fund. Changes in foreign currency exchange rates will affect the value of Units held in a Fund. Unitholders investing in any Funds other than in HK\$ should be aware that exchange rate fluctuations could cause the value of their investment to diminish or increase.

### **Interest Rates**

The value of fixed income securities held by any Fund generally will vary inversely with changes in interest rates and such variation may affect Unit prices accordingly.

### **Investment in Equity Securities**

The value of a Fund will be affected by changes in the stock markets and changes in the value of individual securities. At times, stock markets and individual securities can be volatile and prices can change substantially in short periods of time. The equity securities of small companies are more sensitive to these changes than those of larger companies. This risk will affect the value of a Fund, which will fluctuate as the value of the underlying equity securities fluctuates.

### **Counterparty and Settlement Risk**

A Fund will be exposed to counterparty risk on parties with whom they trade and when placing cash on deposit. A Fund will also be exposed to the risk of settlement default by a counterparty with which a Fund trades when buying and selling financial instruments (settlement risk). The risk of default of a counterparty is directly linked to the credit worthiness of the counterparty.

### **Currency Risk**

Assets of certain Funds may be denominated in currencies other than the Fund currency and the currency of some assets may not be freely convertible. Such kind of Funds may be adversely affected by changes in foreign exchange rates between the currencies in which the assets of the relevant Fund are held and the Fund currency in which the relevant Fund is denominated.

Further, in order to protect its present and further assets and liabilities against the fluctuation of currencies, a Fund may enter into transactions the object of which is the purchase or the sale of forward foreign exchange contracts, the purchase or the sale of call options or put options in respect of currencies, the purchase or the sale of currency forwards or the exchange of currencies on a mutual agreement basis provided that these transactions be made on a regulated market that operates regularly and is recognised and is open to the public. These non-hedging transactions constitute a higher risk than investments in transferable securities due to their greater volatility and less liquidity. These non-hedging transactions are used in a manner that does not interfere with the investment objectives and policies of a Fund.

### **Transactions in Options, Futures, Warrants or Forwards**

For the purposes of hedging and risk management, a Fund may seek to protect the returns from its underlying assets by using options, futures, warrants or forwards. These transactions may be entered into with counterparties on an on- and off- exchange basis (over-the-counter) and may expose the Fund to counterparty risk mentioned above. The ability to use these techniques and instruments may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these techniques and instruments will be achieved. Participation in such techniques and instruments involves investment risks and transaction costs to which a Fund would not be subject if it did not use these techniques and instruments. There may be an imperfect correlation between instruments and the underlying investments or market sectors being hedged. Investments in instruments that are traded over the counter markets may involve additional liquidity risk as there is no existing market on which to close out open transactions. In addition, if the Manager's predictions of movements in the direction of the relevant securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Fund may leave the Fund in a less favourable position than if such techniques and instruments were not used.

## **Emerging and Developing Markets**

Investors should note that Funds which invest in securities of issuers located in emerging and less developed markets such as the Eastern Europe, Pacific and Latin American region could involve special considerations and risks. The special risks are those such as currency fluctuations, political risks, the risks of investing in countries with smaller capital markets, price volatility and restrictions on foreign investment. Companies of the relevant markets may have standards of financial reporting, accounting and information disclosure which are not comparable to those of developed markets. Information and accounts may thus not be publicly available nor be in accordance with international standards.

Procedures currently in place for custody, settlement, clearing and registration of securities transactions in emerging markets may be less developed than those in place in other more developed markets and thus can increase settlement risk or result in delay in realising securities and adversely affect prices. The issuers and stock exchanges and other market participants may be subject to a level of regulation which may be less than that of developed markets. Less efficient banking and telecommunications systems can give rise to delayed payments and in extreme cases could lead to dispute over the title of securities. Investments may be affected by changes in law and government policy as well as political changes which may affect the stability of governments and markets and/or result in restrictions on foreign investment or the repatriation of monies.

## **Operational Risk**

The Fund's operations are carried out by the service providers described herein. In the event of a bankruptcy or insolvency of a service provider, investors could experience delays (for example, delays in the processing of subscriptions, conversions and redemption of Units) or other disruptions.

## **Risk factors in relation to a Fund which invests in securities of issuers located in or associated with the PRC**

A Fund may be subject to the economic, political and social development and risks in the PRC. In recent years the Chinese government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy. Although many of such reforms have resulted in significant economic growth and social progress, some of them are unprecedented or experimental and are subject to adjustment and modification. Other political economic and social factors existing in mainland China can also lead to further adjustment of the reform measures. It is uncertain whether or not such reforms will be positive to the stock markets as well as the performance of a Fund.

Companies in mainland China are required to follow the Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. The financial statements prepared by accountants following the Chinese accounting standards and practice may differ from (or less stringent than) those prepared in accordance with international accounting standards.

The PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organization and governance, foreign investment, commerce, taxation and trade, however, these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement involve uncertainties. In addition, the PRC laws for investor protection are still in developing stage and may be less sophisticated than those in developed countries.

## **Credit Market Exposures**

Future earnings of or return derived from an investment of the Fund could be affected by depressed asset valuations resulting from a deterioration in market conditions. Financial markets are sometimes subject to stress conditions where steep falls in asset values can occur, as demonstrated by events affecting asset-backed collateralized debt obligations and the US sub-prime residential mortgage market. Severe market events are difficult to predict. As market conditions change, the fair value of any credit market exposures could fall further and result in additional losses or impairment charges, which could have a material adverse effect on the earnings or return of a Fund's investment. Such losses or impairment charges could derive from: a decline in the value of exposures; a decline in the ability of counterparties, including monoline insurers, to meet their obligations as they fall due; or the ineffectiveness of hedging and other risk management strategies in circumstances of severe stress. Any value ultimately realised by the Fund on sale of an asset will depend on the prices achievable in the market following the decision to sell which may be higher or lower than the asset's current estimated value. If there is a shortfall

between the proceeds obtained on disposal and the carrying value of the asset on the balance sheet there would be an adverse effect on the earnings or return of the Fund.

### **Leverage**

Market conditions have substantially reduced the availability of credit, which may have a material adverse effect on the Trust or the Fund's ability to achieve its investment objective with respect to any particular investment and/or the Fund's entire portfolio, which could have a material adverse effect on the Trust or the Fund's overall return objectives.

### **BREACH OF INVESTMENT AND BORROWING RESTRICTIONS**

If any of the investment and borrowing restrictions applicable to a Fund are breached, the Manager will as a matter of priority take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interest of Unitholders.

The Manager is not immediately required to sell applicable investments if any of the investment restrictions are exceeded as a result of changes in the value of a Fund's investments, reconstructions or amalgamations, payments out of the assets of a Fund or redemptions of Units. However, for so long as those 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.

Any required changes to this Trust Prospectus and the Fund Specific Prospectus as a result of any changes to the investment policy will require approval from the SFC. At least one month's prior notice of such changes (or such longer period as required by the SFC, not exceeding three months) will be given to the Unitholders concerned.

### **MANAGEMENT AND ADMINISTRATION**

#### **Manager**

CCB International Asset Management Limited is the Manager of the Trust. It was incorporated in Hong Kong on 29 November 2004. It is an indirect wholly owned subsidiary China Construction Bank Corporation. The Manager is licensed with the SFC to carry on Type 9 (asset management) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). The Manager was appointed the manager of the Trust pursuant to the Trust Deed.

The appointment of the Manager may be terminated in the circumstances set out in the Trust Deed.

#### **Trustee and Registrar**

HSBC Institutional Trust Services (Asia) Limited, a company incorporated with limited liability in Hong Kong, has been appointed as trustee and registrar to the Trust.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets and administration of the Trust.

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 and is an Approved Trustee under the Mandatory Provident Fund Schemes Ordinance. Being registered as the Approved Trustee, it is subject to statutory regulation of the Mandatory Provident Fund Schemes Authority.

HSBC Institutional Trust Services (Asia) Limited is an indirect wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited and its ultimate holding company is 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 US Dollars, 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.

HSBC Institutional Trust Services (Asia) Limited is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Trust. In addition, HSBC Institutional Trust Services (Asia) Limited is not responsible for the preparation of this Trust Prospectus and the Fund Specific Prospectus and therefore accept no responsibility for any information contained in this Trust Prospectus and the Fund Specific Prospectus.

## **ISSUE OF UNITS**

### **Form of Units**

Units will be in registered form. Unit certificates will not be issued. A contract note will be issued upon issue of Units as a result of an investor's application and will be forwarded by ordinary post (at the risk of the investor) to the investor's address of record.

Fractions of not less than one-thousandth of a Unit will be issued. Application moneys representing smaller fractions of a Unit (i.e. less than one-thousandth of a Unit) will be retained by the relevant Fund.

Upon issue, and subject to the provisions of this Trust Prospectus, the Fund Specific Prospectus and the Trust Deed, Units are entitled to participate equally in the profits of the relevant Fund.

Units do not carry any preferential or pre-emptive rights. At any meeting of Unitholders, every Unitholder who (being an individual) is present in person or (being a partnership or corporation) is present by an authorized representative or by proxy shall have one vote in respect of each whole Unit it holds. Unitholders are not entitled to any vote in respect of fractions of Units but are entitled to participate in the liquidation proceeds.

Upon the death of a Unitholder, the Registrar reserves the right to require the provision of appropriate legal documentation in order to verify the rights of all and any successors in title to Units.

## **SUBSCRIPTION FOR UNITS**

### **Issue Price**

Units are available for issue on each Dealing Day at the Net Asset Value per Unit (for further details, see "Calculation of Net Asset Value" on page 13 below of this Trust Prospectus) calculated as at the Valuation Point subject to an initial charge as set out in the relevant Fund Specific Prospectus and any fiscal and purchase charges.

Fiscal and purchase charges may be imposed by the Manager in its discretion to compensate the Fund for any dilution in a Fund's Net Asset Value as a result of a large volume of applications from investors, or a large application request by an investor, on any Dealing Day. The Manager will only charge fiscal and purchase charges if, in its opinion, the existing Unitholders might otherwise materially be adversely affected. A Fund shall be entitled to retain the benefit of any rounding adjustment arising on calculation of subscription.

### **Minimum subscription and minimum holding**

Applicants should refer to the Fund Specific Prospectus for the minimum subscription amount that must be subscribed for the Units and the minimum holding of Units of the relevant Fund.

The Manager may, at its absolute discretion, waive or modify these minimum limits.

### **Application procedure**

Applications for Units should be made by completing an application form available from the Manager and sending it to the Trustee in the manner described on the application form. The signed originals of any application form sent by facsimile must be mailed or sent to the Trustee by hand, together with the supporting documentation described on the application form.

Where subscription of Units is made through an authorised distributor, Units may be registered in the name of a nominee company of such distributor through whom the applicant subscribes for Units. As a result of this arrangement, the applicant will be dependent on the person in whose name the applicant's Units are registered to take action on his/her behalf.

Application for Units received by the Trustee before the application deadline on any Dealing Day will usually be effected at the Net Asset Value per Unit of the relevant Fund (for further details, see “Calculation of Net Asset Value” on page 13 below of this Trust Prospectus) calculated as at the relevant Valuation Point plus the initial charge and each amount, if any, per Unit as the Manager may determine represents fiscal and purchase charges. An application for Units received by the Trustee after the application deadline on any Dealing Day, or on any day that is not a Dealing Day, will usually be processed on the next Dealing Day.

Notwithstanding the immediately preceding paragraph, the Manager may, at its absolute discretion, and upon consultation with the Trustee, accept applications for Units after the application deadline on any Dealing Day. Such applications for Units may be processed on the same Dealing Day if the Manager agrees in consultation with the Trustee.

Unless the Manager at its absolute discretion has agreed otherwise, applications for Units will only be accepted on receipt by or on behalf of the Trustee of cleared funds in the full amount of the application moneys within three Business Days after the Dealing Day on which Units are issued. Third party payments of application moneys are not allowed.

Investors should confirm the relevant cut-off time with the authorised distributors if they choose to submit the application form through such a distributor.

The Manager and the Trustee shall not be responsible or liable to any applicant, Unitholder or any relevant parties for any loss resulting from the non-receipt of any application form or applications received after the application deadline on any Dealing Day, by whichever method it is sent (including non-receipt of facsimile application forms).

The Manager, and the Trustee in consultation with the Manager, reserve the right to reject, in whole or in part, any application without giving any reason. In the event that an application is rejected, application moneys will be returned without interest by HK dollar cheque through the post at the risk of the person(s) entitled to payment. In addition, the Manager may, at any time and from time to time and in its absolute discretion, without liability and without notice, discontinue the issue and sale of Units.

No later than the end of the second following Business Day after being registered as the holder in respect of any Units applied for, the Registrar shall send written confirmation to the applicant (or the first named in the case of joint applicants) of its or their entry on the register of Unitholders.

As the Trust is not registered under the United States Securities Act of 1933, as amended, nor has the Trust been registered under the United States Investment Company Act of 1940, as amended, its Units may not be offered or sold, directly or indirectly, in the United States of America or its territories or possessions or areas subject to its jurisdiction, or to its citizens or residents (hereinafter referred to as “**US Persons**”). Accordingly, the Trust may require any subscriber to provide it with any information that it may consider necessary for the purpose of deciding whether or not he is, or will be, a US Person.

Subject to the matters referred to in this section (and the section entitled “Anti-Money Laundering Regulations” on page 19 below of this Trust Prospectus), applications for Units will normally be processed immediately upon receipt by the Trustee, or its agents.

#### **Payment procedure**

Payments in HK dollars can be made for Units by telegraphic transfer or by cheque. Payment by HK dollar cheque, or bank draft in other freely convertible currencies, may be accepted at the discretion of the Manager. Purchase made by HK dollar cheques, or bank drafts in any freely convertible currency, will only be effected upon receipt of cleared funds within three Business Days after the Dealing Day on which Units are issued. No post-dated cheques will be accepted. Cleared moneys are invested net of any bank charges.

The Trustee will not process applications if subscription moneys are remitted from an account not in the applicant’s name or from an account in a country which is not a member of the Financial Action Task Force on Money Laundering (“**FATF country**”) unless the Manager has obtained sufficient evidence to satisfy itself of the provenance and legitimacy of such subscription moneys and instructs the Trustee accordingly. This means that if subscription moneys do not come from an account in the applicant’s name in a FATF country, the application is likely to be delayed and the Trustee is likely to require in those circumstances further verification of the applicant’s identity and source of funds.

If there is no timely receipt of cleared funds by or on behalf of the Trustee on or before the third Business Day after the Dealing Day on which Units are issued, an application may lapse and be cancelled. In such circumstances, the Manager or the Trustee may charge a cancellation fee to represent administrative costs incurred in processing an application and may require the defaulting applicant to pay compensation for any loss directly or indirectly resulting from the failure by the applicant to make good settlement by the settlement date.

If payment is made by telegraphic transfer, in order to avoid possible delays a copy of the remittance instruction should be enclosed with the application and the relevant remitting bank should be instructed to advise the Trustee of the remittance of the funds and the full name of the investor on whose behalf the payment is made should be indicated. The Trustee and the Manager reserve the right to delay the acceptance of any such application pending receipt of such information. Third party payment of application moneys is not allowed.

Investors should carefully note the payment instructions set out on the application form.

Where payments are made by telegraphic transfer, neither the Trustee nor the Manager shall be responsible for reconciling remittances where problems occur in the transmission, or as a result of inadequate or incorrect details on the transfer instructions. Bank charges in connection with a telegraphic transfer may be deducted from the proceeds of the transfer by the remitting bank, correspondents, agents or sub-agents, and the receiving bank may also deduct bank charges from the remittance. The amount invested will therefore be the net amount of money actually received into the Trust's account, following the deduction of all relevant charges.

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Where amounts are received in any currency other than HK dollars, they will be converted into HK dollars and the proceeds of conversion (after deducting the costs of conversion and other reasonable costs and expenses) will be applied in the subscription of Units. Conversion of currencies may involve some delay, and will be made at the then prevailing market rate obtained by the Trustee. Any residual cash caused by conversion of currencies will be retained for the benefit of the relevant Fund.

## **REDEMPTION OF UNITS**

### **Redemption of Units**

A Unitholder may redeem all or some of its Units in whole on any Dealing Day, subject to the minimum redemption amount as set out in the Fund Specific Prospectus. Partial redemptions may be made, as long as the minimum holding as set out in the Fund Specific Prospectus remains in the Unitholder's account after the redemption is completed. If, after redemption, a Unitholder would be left with a balance of Units having a value of less than the minimum holding, the Manager may decide that this request be treated as a request for redemption for the full balance of the Unitholder's holding of Units. A Unitholder wishing to redeem its Units should complete a redemption form and send it to the Trustee.

### **Redemption amount**

Units redeemed on a Dealing Day will be redeemed at the redemption price based on the Net Asset Value per Unit applicable to that Dealing Day less the redemption charge and each amount, if any, per Unit as the Manager may determine represents fiscal and sales charges. Fiscal and sales charges may be imposed by the Manager in its discretion to compensate the Fund for any dilution in the Fund's Net Asset Value as a result of a large volume of redemptions by Unitholders, or a large redemption request from any Unitholder, on any Dealing Day. The Manager will only charge fiscal and sales charges if, in its opinion, the continuing Unitholders might otherwise materially be adversely affected. A Fund shall be entitled to retain the benefit of any rounding adjustments arising from the calculation of redemption prices.

On the Dealing Day on which the redemption is effected, the corresponding Units will be cancelled in the Trust's Unit register. Any taxes, commissions and other fees incurred in the respective countries in which Units are redeemed and, where so specified in the relevant Fund Specific Prospectus, a redemption charge will be charged out of the redemption proceeds payable. The redemption charge will be for the account of the Manager.



## **Redemption procedure**

A redemption request must be given by completing a redemption form available from the Manager and sending it to the Trustee by mail or by hand specifying the number of Units to be redeemed, the name of the Unitholder(s) and payment instructions for the redemption proceeds. Failure to provide any of the required information may result in delay of such application for redemption whilst verification is being sought from the Unitholder.

A redemption request given by facsimile may be accepted by prior arrangement with the Manager and on the terms and conditions required by the Manager and the Trustee. Where facsimile redemption requests are accepted, Unitholders will be required to indemnify the Manager and Trustee against any loss, cost, proceeding, action, claim or other liability of any nature whatsoever arising directly or indirectly as a result of reliance upon such instructions. The Manager and Trustee may rely conclusively upon, and shall incur no liability, in respect of any action taken as a consequence of such instructions believed in good faith to be signed by properly authorized persons.

Subject to the provisions under “Suspension of dealing” below, applications for redemption will be considered as binding and irrevocable by the Manager and the Trustee.

Redemption requests for Units received by the Trustee prior to redemption deadline as specified on the Fund Specific Prospectus on a Dealing Day will be processed using the Net Asset Value per Unit (for further details, see “Calculation of Net Asset Value” on page 13 below of this Trust Prospectus) calculated as at the Valuation Point in respect of that Dealing Day less the redemption charge and each amount, if any, per Unit as the Manager may determine represents fiscal and sales charges. Redemption requests received by the Trustee after the redemption deadline on a Dealing Day, or on a day which is not a Dealing Day, will be processed on the next Dealing Day.

Notwithstanding the immediately preceding paragraph, the Manager, may at its absolute discretion, and upon consultation with the Trustee, accept redemption requests after the redemption deadline on any Dealing Day. Such redemption requests may be processed on the same Dealing Day if the Manager agrees in consultation with the Trustee.

Investors should confirm the relevant cut-off time with the authorised distributors if they choose to submit the redemption request through such a distributor.

The Manager and the Trustee shall not be responsible or liable to a Unitholder or any relevant parties for any loss resulting from non-receipt of any redemption request or redemption request received after the redemption deadline on any Dealing Day, by whichever method it is sent (including non-receipt of facsimile redemption forms).

## **Payment of redemption proceeds**

Redemption proceeds will not be paid to any redeeming Unitholder until:

- (a) a valid redemption request (including the original written redemption request duly signed by the Unitholder where the redemption request was sent by facsimile) has been received by the Trustee; and
- (b) the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee.

Third party payment is not allowed.

Where no account details have been provided or in the absence of instructions to the contrary, redemption proceeds will be paid by HK dollar cheque. Payment will normally be made within seven Business Days after the Dealing Day on which Units were redeemed or, if later, after the day original redemption documentation is received, and in any event within four weeks of that Dealing Day. Payments made by cheque will be sent at the redeeming Unitholder’s risk. Bank charges (if any) incurred in making payment will be borne by the redeeming Unitholder and accordingly will be deducted from the redemption proceeds. If a Unitholder requests payment in any freely convertible currency acceptable to the Manager other than HK dollars, the conversion will be made at the then prevailing market rate obtained by the Trustee and any conversion costs will be borne by the Unitholder. Any request to redeem Units may not be executed until any previous transaction involving the Units to be redeemed has been completed and full settlement in respect of such Units completed.

## **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 per Unit is suspended (for further details see “Suspension of dealing” on page 14 below of this Trust Prospectus).

With a view to protecting the interests of Unitholders, the Manager is entitled to limit the aggregate number of Units relating to any Funds redeemed on any Dealing Day to 10% of the total value of Units in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units on that Dealing Day will redeem the same proportion by value of those 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 Trustee will inform the Unitholders concerned.

## **CONVERSION OF UNITS FROM ONE FUND TO ANOTHER**

Unitholders may apply to convert Units of one Fund (the “**original fund**”) for Units of another Fund (the “**new fund**”) subject to Units of the new fund being in issue and being offered for sale, subject to the creation, issue or sale thereof not being suspended and subject to the right of Unitholders of the original fund not being suspended, provided that no such conversion shall be effected if it would result in the Unitholder being a Unitholder of the new fund or Units of the original fund less in number than the minimum investment limits for a relevant Fund (see “Subscription for Units” on page 9 above of the Trust Prospectus), by giving notice to the Trustee before 5:30 p.m. (Hong Kong time) on any Dealing Day.

The general provisions applying to redemption of Units will apply equally to conversion. The rate at which the original fund will be converted on any common Dealing Day (which is both a Dealing Day in relation to Units of the original fund and a Dealing Day in relation to Units of the new fund) will be determined by reference to the prevailing Unit prices applicable to redemptions and subscriptions for Units of the relevant Funds (see “Subscription for Units” and “Redemption of Units” on pages 9 and 11 above of the Trust Prospectus) on that relevant common Dealing Day on which the conversion is to be effected.

There is no conversion fee payable on a conversion exchange of Units.

## **CALCULATION OF NET ASSET VALUE**

### **Calculation of Net Asset Value**

The Manager and the Trustee have agreed that the Net Asset Value per Unit will be determined by the Trustee as at the Valuation Point in accordance with the terms of the Trust Deed. The Trust Deed provides (*inter alia*) that:

- a) the Net Asset Value per Unit shall be determined in respect of any relevant Dealing Day by (i) calculating as at the relevant Valuation Point therefor the Net Asset Value of the Fund; (ii) dividing the resulting amounts by the number of Units then outstanding; and (iii) rounding up to the nearest HK cent, unless determined otherwise by the Manager, with the relevant Fund retaining the benefit of any such rounding;
- b) except in the case of any interest in a collective investment scheme to which paragraph (c) applies and subject as provided in paragraph (f) below, all calculations based on the value of investments quoted, listed, traded or dealt in on any securities market shall be made by reference to the last traded price available (or if none is available the previous traded price quoted) on the principal stock exchange for such investments as at the last close of business in the relevant market unless determined otherwise by the Manager. In determining such prices the Trustee, Manager or their respective agents shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine;
- c) subject as provided in paragraph (f) below, the value of each interest in any collective investment scheme shall be the last published net asset value per unit or share in such collective investment scheme (where available) or (if the same is not available) the last published bid prices for such unit or share. If such net asset value, bid prices or price quotations are not available, the value of the relevant investment shall be determined from time to time in such manner as the Manager shall determine;
- d) the value of any investment which is not listed or ordinarily dealt in on a market shall be the initial value thereof which is equal to the amount expended out of the relevant Fund in the

acquisition of such investment (including in each case the amount of fiscal and purchase charges) provided that the Manager may with the consent of the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investment;

- e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof;
- f) notwithstanding the foregoing, the Manager may with the consent of the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment or use of such other method is required or desirable to reflect the fair value of the investment; and
- g) the value of any investment (whether of a security or cash) otherwise than in the currency of a Fund shall be converted into the currency of the relevant Fund at the rate (whether official or otherwise) obtained by the Trustee in the circumstances having regard to any premium or discount which may be relevant and to the costs of exchange.

#### **Publication of Net Asset Value**

Subject as otherwise provided in the relevant Fund Specific Prospectus, the Net Asset Value per Unit of each Fund will be published daily in The Standard and the Hong Kong Economic Times.

#### **Suspension of dealing**

The Manager may at any time with the approval of the Trustee temporarily suspend the right of the Unitholders to require the redemption of Units under this paragraph and may accordingly temporarily delay the payment of any moneys in respect of any such realisation so suspended during any of the following periods:

- a) any period when any market on which a substantial part of the investments or other property for the time being comprised in the Fund is quoted, listed or dealt in is closed otherwise than for ordinary holidays;
- b) any period when dealings on any such market are restricted or suspended;
- c) during the existence of any state of affairs as a result of which disposal of some or all investments or other property for the time being comprised in the Fund cannot, in the opinion of the Manager, be effected normally or without seriously prejudicing the interests of Unitholders;
- d) during any breakdown in the means of communications normally employed in determining the Net Asset Value or redemption price or when for any other reason the value of any investment or other property for the time being comprised in the Fund or redemption price cannot be promptly and fairly ascertained;
- e) any period when the realisation of investments or other property for the time being comprised in the Fund or the transfer of funds involved in such realisation cannot, in the opinion of the Manager, be effected at normal prices or normal rates of exchange; or
- f) any period when the payment or receipt of the proceeds of the realisation of any of the investments or other property comprised in the Fund is the subject of delay.

Whenever the Manager declares a suspension, as soon as practicable after any declaration and at least once a month during the period of the suspension, it shall publish a notice in The Standard and the Hong Kong Economic Times and/or cause a notice to be given to Unitholders and to all those (whether Unitholders or not) whose applications to redeem Units are affected by the suspension, stating that the suspension declaration has been made.

Application for Units made or pending during a suspension period may be withdrawn by notice in writing received by the Trustee prior to the end of the suspension period. Applications not withdrawn will be processed on the first Dealing Day following the end of the suspension period, on the basis of the Net Asset Value per Unit determined as at the Valuation Point in respect of such Dealing Day.

Any Unitholder or potential Unitholder may at any time after such a suspension has been declared and before termination of such suspension withdraw any application for the redemption of Units of the relevant Fund (but

only if the realisation of those Units has not been effected on a Dealing Day prior to that suspension) or any application for the issue of Units or any conversion notice in respect of the conversion of Units of that Fund or of Units of another Fund into Units of that Fund by notice in writing to the Manager or, if the Manager and the Trustee have so agreed, the Trustee.

No Units will be issued or redeemed by the Trust during any period in which the determination of the Net Asset Value per Unit is suspended.

No Units may be redeemed during a period of suspension.

## **DISTRIBUTION POLICY**

The distribution policy of each of the Funds will be set out in the relevant Fund Specific Prospectus.

## **CHARGES AND EXPENSES**

### **Management Fee**

The Manager is entitled to receive a management fee from the Trust in relation to a Fund at a rate as set out in the Fund Specific Prospectus.

The management fee is payable monthly in arrears.

The Manager may increase the rate of management fee payable in respect of the Fund (up to a maximum rate of 2.5% per annum) on giving not less than three months' notice to Unitholders.

### **Performance Fee**

The Manager may be entitled to receive a performance fee from the Trust in relation to a Fund at a rate as set out in the Fund Specific Prospectus.

### **Trustee Fee**

The current fees payable to the Trustee in relation to a Fund are set out in the relevant Fund Specific Prospectus.

### **Registrar's Fees**

The current fees payable to the Registrar in relation to a Fund are set out in the relevant Fund Specific Prospectus.

### **Other Charges and Expenses**

Each Fund will bear the costs set out in the Trust Deed which are directly attributable to it. Where those costs are not directly attributable to a Fund each Fund will bear the costs in proportion to its respective Net Asset Value or in any manner that the Manager considers fair. These include, but are not limited to, all stamp and other duties, taxes, governmental charges, bank charges, brokerage, exchange costs and commissions, transfer fees and expenses, registration fees and expenses, valuation fees and expenses; the fees and expenses of sub-custodians, the fees and expenses of the auditors and legal advisers; the expenses of or incidental to the preparation of amendments to the constitutive documents of the Trust and the expenses of holding meetings of Unitholders and of giving notices to Unitholders; the costs and expenses of obtaining and maintaining any regulatory approval or authorisation of the Trust or in complying with any undertaking given, or agreement entered into in connection with any rules governing such approval or authorisation; and any costs incurred in publishing the redemption prices of Units, all costs of preparing, printing and distributing all statements, all costs of preparing accounts and reports, the expenses of preparing and printing any prospectus, and any other operating and out of pocket expenses.

Save as those costs and expenses referred to above no promotional and advertising expenses may be charged to the Trust's assets. No commission will be payable to sales agents out of the Trust's assets.

The preliminary establishment expenses of the Trust have been fully amortised. In the event that further Funds are established, the Manager may reallocate the preliminary establishment expenses of the Trust to such additional sub-funds, as it deems appropriate. The preliminary establishment expenses of the additional sub-funds shall also be borne by the relevant sub-fund and shall be amortised over such period as the Manager may determine.

The Manager may share any fees it receives with authorised distributors or agents procuring subscriptions to Units. The Manager and its associates may, with the consent of the Trustee, deal with any investment fund, both as principal and agent, and, subject as provided below, may retain any benefit which they receive as a result.

#### **Fees payable by investors**

Subject as otherwise provided in the Fund Specific Prospectus, investors may be subject to initial charge and redemption charge of up to 5% of the issue price and redemption price of each Unit, respectively.

#### **Cash Rebates and Soft Commissions**

Neither the Manager nor any of its connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions to them.

The Manager and any of its connected persons may effect transactions by or through the agency of another person with whom the Manager or any of its connected persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its connected persons, goods, services or other benefits: for example, research and advisory services, computer hardware associated with specialised software or research services and performance measures etc., the nature of which is such that their provision can reasonably be expected to benefit the Trust as a whole and may contribute to an improvement in the Trust's performance and that of the Manager or any of its connected persons in providing services to the Trust and for which no direct payment is made but in consideration of which the Manager or any of its connected persons will direct transactions to that party. Such transactions would only be executed on a basis which is consistent with best-execution standards and where the brokerage rates are not in excess of customary institutional full service brokerage rates. Those goods and services do not include travel accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employee salaries or direct money payments. Details of soft commission arrangements will be disclosed in the Trust's accounts.

### **TAXATION**

*The following statements regarding taxation are by way of a general guide to potential investors in respect of the Trust regarding the law and practice in force in Hong Kong at the date of this Trust Prospectus.*

#### **Hong Kong**

For so long as the Trust maintains its authorisation with the SFC under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), the Trust will be a specified investment scheme under section 26A(1A) of the Inland Revenue Ordinance. Any sums received or accrued to a specified investment scheme (whether they are sourced from Hong Kong or not) will not be subject to Hong Kong profits tax.

Unitholders resident in Hong Kong will not be subject to any Hong Kong tax on distributions from any of the sub-funds or on capital gains realised on the disposal or redemption of any Units unless the acquisition and realisation of Units is or forms part of a trade, profession or business carried on in Hong Kong. Hong Kong stamp duty will not be payable on the issue or redemption of Units.

The above information relating to taxation is based on the enacted laws and current practice of Hong Kong. It is not comprehensive and is subject to change. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Units and to the provision of the laws of the jurisdiction in which they are subject to tax.

#### **General**

Investors should consult their professional advisers on the consequences to them of acquiring, holding, redeeming, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements. 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.

## **GENERAL INFORMATION**

### **Accounts and Reports**

The financial year end of the Trust is 31 December in each year. Audited annual reports will be sent to Unitholders within four months of the end of each financial year and unaudited interim reports (made up to the last Dealing Day in June) will be sent to Unitholders within two months of the end of the period which they cover. The audited annual reports and the unaudited semi-annual reports of the Fund will be issued in English only.

The accounts of the Fund will be prepared in accordance with International Financial Reporting Standards.

### **Trust Deed**

The Trust was established under Hong Kong law by a trust deed made between the Manager and the Trustee. All Unitholders 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 the duties and responsibilities of the Trustee and the Manager. The Trust Deed requires that (subject as provided in the Trust Deed) the Trustee and the Manager exercise their respective powers and authorities in the exclusive interests of the Unitholders.

The Trust Deed also contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

### **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 Trustee 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 cost of preparing and executing the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Trust or (ii) is necessary in order to comply with any fiscal, statutory or official requirement or (iii) is made to correct a manifest or technical error. In all other cases modifications require the sanction of an extraordinary resolution of the Unitholders affected.

Any modifications to the Trust Deed, unless they are sanctioned by an extraordinary resolution of the Unitholders affected or in the opinion of the Trustee are not of material significance or are made to correct a manifest error or the SFC agrees that no notice is required, will be notified to the Unitholders as soon as practicable after they are made. The Trustee shall give such period of notice as required by the SFC to the Unitholders before any modifications to the Trust Deed are to take effect.

### **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 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 ordinary resolution may be passed by a simple majority of the votes of those present and entitled to vote in person or by proxy at a duly convened meeting.

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 cast.

The Trust Deed provides that at any meeting of Unitholders, every Unitholder who (being an individual) is present in person or (being a partnership or corporation) is present by an authorized representative or by proxy shall have one vote. On a poll every Unitholder who is present or by representative or by proxy will have one vote for every whole Unit of which he is the holder.

### **Compulsory Redemption or Transfer of Units**

The Manager or the Trustee may require a Unitholder to transfer his Units or, failing a transfer, may redeem his Units in accordance with the Trust Deed if it comes to the notice of the Manager or the Trustee that the Unitholder holds his Units (a) as a US Person; (b) in breach of the law or requirements of any country, any governmental authority or any stock exchange on which Units are listed; or (c) in circumstances (whether directly or indirectly affecting the Unitholder and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager or Trustee to be relevant) which, in the opinion of the Manager or the Trustee, may result in the Trust incurring any liability to taxation or suffering any other pecuniary disadvantage which the Trust may not otherwise have incurred or suffered.

### **Conflicts of Interest**

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, manager, custodian, investment manager or investment adviser 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 the Trust or any Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Trust or any Fund. Each will, at all times, have regard in such event to its obligations to the Trust and to Unitholders 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.

### **Material Contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into in relation to the Trust and are, or may be, material:

- the Trust Deed dated as of 12 January 2009 between the Trustee and the Manager pursuant to which the Manager was appointed, subject to the overall supervision of the Trustee, to manage the Trust's affairs;
- any agreements between the Manager and third parties referred to in the Fund specific Prospectus.

### **Documents available for inspection**

For as long as each Fund remains authorised by the SFC, copies of the agreements referred to under "Material Contracts" above are available for inspection free of charge at any time during normal business hours on any day (excluding Saturday, Sundays and public holidays) at the offices of the Manager at 34/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong and copies thereof may be obtained from the Manager at that address on payment of a reasonable fee.

### **Termination of the Trust and/or Funds**

The Trust (or a Fund) may be terminated by the Trustee, with the approval of the Manager (except in the case of the liquidation of, or analogous proceedings in respect of, the Manager or the Manager's failure to appoint a new trustee in place of the Trustee following the receipt of a written notice of retirement from the Trustee) in the following circumstances:

- (a) it becomes illegal or in the opinion of the Manager impossible or impracticable to continue the Trust (or a Fund);
- (b) the Trust (or a Fund) becomes liable to taxation (whether in Hong Kong or elsewhere) in respect of income or capital gains at a rate considered by the Manager to be excessive in relation to the rate which would be borne by investors by investing directly in relevant portfolio securities;
- (c) the Trust (or a Fund) ceases to be authorized by the SFC pursuant to the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
- (d) the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or analogous proceedings where, after the expiration of a period of three months, the Trustee has not appointed a new manager;

- (e) if the net asset value of the Trust or a Fund is less than HK\$100 million; or
- (f) if the Manager shall fail to appoint a new trustee in place of the Trustee within such time as the Trustee considers to be reasonable after the date of the Trustee's written notice to retire in accordance with the Trust Deed.

Unitholders may at any time terminate the Trust by extraordinary resolution with effect from the date such extraordinary resolution is passed or such later date (if any) as such extraordinary resolution may provide.

At least three months' prior notice of the termination of the Trust (or a Fund) will be given to Unitholders (unless the Trust or a Fund is terminated by reason of illegality, in which case no prior notice need to be given to Unitholders but Unitholders will be notified as soon as reasonably practicable).

### **Creation of Funds**

The Manager can, at its discretion, decide to create further Funds with different investment objectives and in such cases, this Trust Prospectus will be updated accordingly. The Manager shall maintain for each Fund a separate pool of assets.

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

As part of the responsibility of the Trustee and the Manager for the prevention of money laundering, they may require a detailed verification of an investor's identity and the source of the payment of application moneys. Depending on the circumstances of each application, a detailed verification may not be required where:

- (a) the applicant makes the payment from an account held in the applicant's name at a recognized financial institution; or
- (b) the application is made through a recognized intermediary.

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

The Trustee and the Manager reserve the right to request any information that they consider necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and the related application moneys.

### **Enquiries and Complaints**

Investors may contact the Manager for any queries or complaints in relation to any Fund. To contact the Manager, investors may either:

- write to the Manager (address at 34/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong); or
- call the Manager's customer service hotline: +852 2532 6705.



## **FUND SPECIFIC PROSPECTUS**

### **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

This document relates to the CCB International - China Policy Driven Fund, a Hong Kong unit trust established by a trust deed. This Fund Specific Prospectus should be read in conjunction with the Trust Prospectus dated 12 January 2009 relating to the CCB International Fund Series. In case of discrepancies between the Trust Prospectus and this document in relation to the CCB International - China Policy Driven Fund, this document shall prevail.

## DEFINITIONS

Defined terms used in this Fund Specific Prospectus which are not defined below bear the same meanings as in the Trust Prospectus.

<b>“Business Day”</b>	any day other than Saturday or Sunday, on which banks in Hong Kong are open for normal banking business, but excluding any day on which a tropical cyclone warning signal 8 or higher or a black rain storm warning signal or any warning or signal considered by the Manager to be similar in effect is in force in Hong Kong after 9:00 a.m. (Hong Kong time) and before 5:00 p.m. (Hong Kong time) on that day unless the Manager and the Trustee otherwise agree;
<b>“Dealing Day”</b>	every Business Day;
<b>“Fund”</b>	the CCB International - China Policy Driven Fund, being a sub-fund of the Trust offered pursuant to this Fund Specific Prospectus;
<b>“OECD”</b>	the Organization for Economic Co-operation and Development;
<b>“Trust Prospectus”</b>	the prospectus relating to CCB International Fund Series dated 12 January 2009, as amended or supplemented from time to time;
<b>“Valuation Point”</b>	means the close of business in the last relevant market to close on each relevant Dealing Day or such other time or times as the Manager may from time to time determine.

**This Fund Specific Prospectus comprises information in relation to the Fund, a sub-fund of the Trust. Units in the Fund are now being offered for subscription on the terms set out in the Trust Prospectus and the Trust Deed. It is envisaged that further Funds may be created in the future. The Trust is managed by CCB International Asset Management Limited.**

## **SUMMARY**

Set out below is a summary of the Fund. The summary information is derived from, and should be read in conjunction with, the full text of this Fund Specific Prospectus. Your attention is drawn to the section entitled “Risk Factors” in the Trust Prospectus.

Key Information in respect of the Fund:

Dealing Day	Every Business Day
Minimum Initial Subscription	HK\$1,000
Minimum Additional Subscription	HK\$1,000
Minimum Redemption Size	HK\$1,000 subject to a minimum holding of HK\$1,000
Manager	CCB International Asset Management Limited
Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited
Management Fee	Currently at a rate of 1.75% per annum of the Net Asset Value of the Fund (subject to a maximum rate of 2.5%)
Initial Charge	Up to 5% of the issue price of each Unit
Redemption Charge	Up to 5% of the redemption price of each Unit
Trustee Fee	Up to 0.125% per annum of the Net Asset Value of the Fund, and which is subject to an annual minimum fee of US\$40,000 per Fund

## **INVESTMENT OBJECTIVE AND POLICY**

### **Currency Denomination**

Units in the Fund are denominated in HK dollars.

### **Investment Objective**

The investment objective of the Fund is to achieve long-term appreciation of the Unit price through capital growth and income appreciation by investing in a diversified portfolio of equities and equity related securities, bonds that are listed primarily on the Hong Kong stock exchange and/or any international securities exchange and can benefit from the policy(ies) in place and/or to be made by the government and/or statutory bodies of mainland China, Hong Kong, Macau and Taiwan subject to the investment restrictions applicable to the Fund, as set out in the Trust Prospectus.

### **Investment Policy**

The Fund will invest in equities and equity related securities. These include, but are not limited to, fully-paid up shares listed on stock exchanges, over-the-counter markets or other organized securities markets that are open to the international public and on which such securities are regularly traded (“**Recognized Stock Exchanges**”),

convertible debt securities, and to a limited extent, Hong Kong authorized unit trusts and mutual funds, ADRs and GDRs listed on Recognized Stock Exchanges and warrants listed on Recognized Stock Exchanges.

From time to time, the Fund may also invest in bonds that are listed or quoted on any stock exchange, over-the-counter market or other organised securities markets that are open to the international public and on which the bonds are regularly traded.

For the purpose of hedging and risk management of the portfolio, the Fund may use options, futures or warrants which are economically appropriate to the reduction of relevant risks or costs or to improve investment performance subject to any such transactions complying with the overall investment restrictions of the Fund.

The Fund may enter into futures, options and warrants contracts relating to financial instruments, provided that these transactions are conducted on a regulated market that operates regularly and is recognised and is open to the public. The Fund may also enter into forward purchase settlement transactions for the purposes of hedging with broker-dealers who make markets in these transactions and who are first class financial institutions that specialise in these types of transactions and are participants in the over-the-counter markets.

Investors should refer to page 6 of the Trust Prospectus for the specific risk considerations applicable to the use of options, futures, warrants or forwards.

### **Securities Lending Arrangements**

The Manager may, with the consent of the Trustee, enter into securities lending transactions on behalf of the Fund provided that the following requirements are complied with:

- i. As part of its lending transactions, the Manager must in principle receive on behalf of the Fund collateral, the value of which at the conclusion of the contract shall be at least equal to the global valuation of the securities lent.

The collateral must be in the form of government bonds, highly rated AA corporate bonds (or above), bonds, cash and cash instruments.

- ii. The minimum financial standing of counterparties must be A-1+ (Standard and Poor's) or P1 (Moody's).
- iii. Securities lending transactions may not exceed 30% of their global valuation of the securities portfolio of the Fund.
- iv. All income arising from the securities lending transactions will be retained for the benefit of the Fund.

### **INVESTMENT RESTRICTIONS**

The Fund is subject to the investment restrictions described in the "Investment restrictions" section in the Trust Prospectus.

### **BORROWING RESTRICTIONS**

The maximum borrowings of the Fund may not exceed 25% of its total Net Asset Value. For the purposes of this restriction, back-to-back loans do not count as borrowing.

Borrowing may only be effected on a temporary basis for the purpose of meeting redemption requests or defraying fees, costs, charges, expenses and disbursements of the Fund or the Trust in accordance with the provisions of the Trust Deed.

### **SUBSCRIPTION FOR UNITS**

#### **Issue Price**

Each Unit will be offered at the issue price being the Net Asset Value per Unit calculated as at the Valuation Point subject to an initial charge of up to 5% of the issue price of the Unit by the investor or Unitholder and any fiscal and purchase charges.

### **Minimum subscription and minimum holding**

The initial minimum subscription amount that must be subscribed for the Units is HK\$1,000 and the minimum additional subscription amount is HK\$1,000. The minimum holding of Units is HK\$1,000.

The Manager may, at its discretion, waive or modify these minimum limits.

### **Application procedure**

Applications for Units received by the Trustee prior to 5:30 p.m. (Hong Kong time) on any Dealing Day will usually be effected at the Net Asset Value per Unit of the Fund calculated as at the relevant Valuation Point plus the initial charge of up to 5% of the issue price of the Unit and each amount, if any, per Unit as the Manager may determine represents fiscal and purchase charges. An application for Units received by the Trustee after the application deadline on any Dealing Day, or on any day that is not a Dealing Day, will usually be processed on the next Dealing Day.

Notwithstanding the immediately preceding paragraph, the Manager, may at its absolute discretion and upon consultation with the Trustee, accept applications for Units after 5:30 p.m. (Hong Kong time) on any Dealing Day. Such applications for Units may be processed on the same Dealing Day if the Manager agrees in consultation with the Trustee.

Investors should confirm the relevant cut-off time with the authorised distributors if they choose to submit the application form through such a distributor.

## **REDEMPTION OF UNITS**

### **Redemption of Units**

A Unitholder may redeem all or some of its Units in whole on any Dealing Day, provided that the minimum redemption amount is HK\$1,000. Partial redemptions may be made, as long as the minimum holding of HK\$1,000 remains in the Unitholder's account after the redemption is completed. If, after redemption, a Unitholder would be left with a balance of Units having a value of less than the minimum holding, the Manager may decide that this request be treated as a request for redemption for the full balance of the Unitholder's holding of Units. A Unitholder wishing to redeem its Units should complete a redemption form and send it to the Trustee.

### **Redemption procedure**

Redemption requests for Units received by the Trustee prior to 5:30 p.m. (Hong Kong time) on a Dealing Day will be processed using the Net Asset Value per Unit calculated as at the Valuation Point in respect of that Dealing Day less the redemption charge of up to 5% of the redemption price of the Unit and each amount, if any, per Unit as the Manager may determine represents fiscal and sales charges. Redemption requests received by the Trustee after 5:30 p.m. (Hong Kong time) on a Dealing Day, or on a day which is not a Dealing Day, will be processed on the next Dealing Day.

Notwithstanding the immediately preceding paragraph, the Manager, may at its absolute discretion and upon consultation with the Trustee, accept redemption requests for Units after 5:30 p.m. (Hong Kong time) on any Dealing Day. Such redemption requests may be processed on the same Dealing Day if the Manager agrees in consultation with the Trustee.

Investors should confirm the relevant cut-off time with the authorised distributors if they choose to submit the redemption request through such a distributor.

## **CALCULATION OF NET ASSET VALUE**

The Net Asset Value per Unit will be determined by the Trustee as at the Valuation Point in accordance with the terms of the Trust Deed. The details of the valuation rules are described in the Trust Prospectus under "Calculation of Net Asset Value".

## **DISTRIBUTION POLICY**

The Manager does not presently intend to make cash distributions in respect of the Fund. Income earned by the Fund will be reinvested in the Fund and reflected in the value of its Units.

## **CHARGES AND EXPENSES**

### **Management Fee**

The Manager is entitled to receive, on an annual basis, a management fee from the Trust, currently at a rate of 1.75% per annum with respect to the Units of the Net Asset Value of the Fund calculated and accrued as at each Dealing Day.

The management fee is payable monthly in arrears.

The Manager may increase the rate of management fee payable in respect of the Fund (up to a maximum rate of 2.5% per annum) on giving not less than three months' notice to Unitholders.

### **Initial Charge and Redemption Charge**

The Manager is entitled to receive an initial charge of up to 5% of the issue price of each Unit and a redemption charge of up to 5% of the redemption price of each Unit.

The Manager may pay the whole or a part of the initial charge and/or redemption charge to any intermediary.

### **Trustee Fee**

The Trustee is entitled to receive, on an annual basis, a trustee fee from the Trust at a sliding scale at a rate of up to 0.125% per annum of the aggregate Net Asset Value of this Fund calculated and accrued as at each Dealing Day, subject to an annual minimum fee of US\$40,000.

The trustee fee is payable monthly in arrears.

This fee payable to the Trustee includes the fees payable for the services rendered in its capacity as trustee of the Trust and custodian of the assets of the Fund.

The Trustee is also entitled to receive from the Trust valuation fees for each daily valuation of the Net Asset Value of the Fund and the Net Asset Value per Unit, processing fees for receiving and processing applications for and redemptions and conversions of Units, sub-custodian safe-keeping fees and transaction fees. The Trustee is also entitled to receive other fees and charges as agreed from time to time and relevant out-of-pocket expenses and disbursements.

### **Registrar's Fees**

The Registrar is entitled to receive, on an annual basis, a fixed fee of US\$5,000 from the Trust and other transaction costs to cover each subscription, redemption or transfer and distribution of dividend (if any).