

**CIRCULAR TO THE SHAREHOLDERS OF
VALUE PARTNERS CHINA GREENCHIP FUND LIMITED
(the "Company")**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should seek independent professional financial and/or legal advice.

If you have sold or transferred all of your Shares in the Company, you should pass this document, together with the relevant accompanying documents, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was made for transmission to the purchaser or transferee.

The directors of the Company ("**Directors**") and Value Partners Limited ("**Manager**") accept full responsibility for the accuracy of the information contained in this Circular as at the date of issue and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Unless otherwise stated herein, capitalised terms in this Circular shall have the same meanings as defined in the explanatory memorandum of the Company dated December 2017, as amended by the addenda dated 16 November 2018 and 20 July 2019 ("**Explanatory Memorandum**").

28 October 2019

Dear Shareholders,

Notice of Meetings of Shareholders and Amendments to the Articles of Association and Explanatory Memorandum

We are writing to inform you of certain proposed changes to the Company.

1. Proposed Amendments to the Articles of Association and Explanatory Memorandum

It is proposed that the following amendments be made to the Articles of Association and/or the Explanatory Memorandum (collectively, the "**Changes**"):

A. Amendments pursuant to the revised Code

The Company is subject to the Code on Unit Trusts and Mutual Funds ("**Code**") issued by the Securities and Futures Commission in Hong Kong ("**SFC**"). The Code has been revised. The articles of association of the Company ("**Articles of Association**") and the Explanatory Memorandum will need to be amended to reflect the requirements under the revised Code.

It is proposed that the following amendments be made to the Articles of Association and/or the Explanatory Memorandum to reflect the requirements and/or flexibility accorded under the revised Code:-

- (a) Investment Restrictions: Core Requirements - amendments to the core requirements of the investment limitations and prohibitions under Chapter 7 of the revised Code, including but not limited to amendments in relation to the following: spread of investments, restriction on investment in commodities, restrictions on making loans, limitations on borrowing, restrictions

on financial derivative instruments, restrictions on securities financing transactions and requirements for collateral etc.

A summary of the key revised investment restrictions/requirements pursuant to the revised Code and information on the net derivative exposure of the Company are set out in Annexure A enclosed with this Circular.

- (b) Maximum rate of the Initial Charge and Redemption Charge - removal of the maximum rate of the initial charge and redemption charge from the Articles of Association as set out in Article 8(h) and Article 9.A(c) respectively of the Articles of Association;
- (c) Removal of Requirement to Call an Extraordinary General Meeting (“EGM”) for the following purposes:-
 - (i) to increase the maximum fee level including the maximum fees paid to the Manager, Custodian or Directors as provided in the existing Article 78(c) of the Articles of Association; and
 - (ii) to impose any other type of fees not otherwise authorised to be paid out of the Company pursuant to the terms of the Articles of Association as provided in the existing Article 78(d) of the Articles of Association;
- (d) Votes of the Manager - amendment to allow the Manager and its Connected Persons to vote their beneficially owned Shares on any resolution(s) to appoint or dismiss the Manager and be counted in the quorum for the purpose of passing such resolution(s) at such meeting of members;
- (e) Redemption gate - amendment to allow the redemption gate in respect of the Company to be imposed by reference to either the total Net Asset Value or the total number of Shares in issue as determined by the Board, instead of only by reference to the total number of Shares in issue. It is intended that after such proposed amendment to the Articles of Association is effected, the redemption gate may be imposed by reference to the total Net Asset Value (instead of by reference to total number of Shares in issue) with effect from the Effective Date (as defined below). In particular, the Manager may limit the total number of Redeemable Classes Shares redeemed and Non-redeemable Class N Shares repurchased during any Dealing Period to 10% in aggregate of the total Net Asset Value of the Company.
- (f) Other Code related Amendments - other amendments and enhancement of disclosures to reflect the requirements of the revised Code including but not limited to the following:
 - (i) enhanced disclosures relating to securities lending transactions;
 - (ii) enhanced disclosures relating to the collateral policy of the Company;
 - (iii) amendments to reflect the requirements under the revised Code on transactions with Connected Persons and soft dollars arrangements;

- (iv) enhanced disclosures on arrangements in handling unclaimed proceeds of Shareholders where the Company is terminated;
- (v) update on the circumstances in which the Investment Management Agreement, Administration Agreement and Custodian Agreement may be altered by the Board on behalf of the Company, without consulting the Shareholders; and
- (vi) enhanced disclosures on obligations of the Custodian and custody arrangements.

B. Amendments to the Investment Strategy of the Company

Currently, the Company may invest, on an ancillary basis, in commodities. Under the revised Code, the Company may not invest in physical commodities unless otherwise approved by the SFC. Consequently, it is proposed that the investment strategy of the Company be amended for compliance with the revised Code, such that with effect from the Effective Date (as defined below), the Company will no longer invest in physical commodities (unless otherwise approved by the SFC). The Explanatory Memorandum and Product Key Facts Statement of the Company will be amended to reflect this amendment.

C. Other Amendments

It is also proposed that:

- (a) notices on declaration of suspension and publication of Net Asset Value per Share be made available on the Manager's website instead of publishing the same in newspapers, and the Articles of Association and Explanatory Memorandum be amended to reflect the same;
- (b) clarificatory amendments be made to the valuation rules set out in the Articles of Association and Explanatory Memorandum. These clarificatory amendments will not result in any change to the manner in which assets of the Company are valued in practice;
- (c) the Directors be empowered under the Articles of Association to re-designate issued Shares and subject to Shareholders' approval for such amendment to the Articles of Association being obtained in the EGM, it is proposed that "Redeemable Class A Shares" in the Articles be re-designated as "Redeemable Classes Shares" for clarification;
- (d) the requirement to call an EGM to remove and appoint Directors and to determine the remuneration of the Directors is only applicable for so long as the Company is considered as a self-managed scheme for the purposes of the Code and to the extent required under the Code;
- (e) in addition to the existing power of the Board under the Articles of Association to appoint Directors, the Board will also be empowered to remove any Director;
- (f) the disclosures on PRC taxation (including PRC tax risk) in the Explanatory Memorandum be updated; and

- (g) other clarificatory and drafting amendments be made to the Articles of Association and the Explanatory Memorandum.

Details of the proposed amendments to the Articles of Association outlined in this paragraph 1 are set out in Part I of Annexure B to this Circular (“**Proposed Articles Amendments**”).

Please also refer to the revised Explanatory Memorandum which will be available on or around the Effective Date for further details on the Changes.

2. Proposed Creation of Administrative Shares and Variation of Class Right

The Company intends to create a new class of Shares, namely, the Administrative Shares. The creation of the Administrative Shares is from an administrative convenience perspective, in particular, to enable non-material changes to the memorandum and articles of association of the Company (“**M&A**”) to be made by the holder(s) of the Administrative Shares without the need for a sanction of the special resolution of the holders of Redeemable Class A Shares (as defined in the Articles of Association and proposed to be re-designated as Redeemable Classes Shares) and Non-redeemable Class N Shares (as defined in the Articles of Association) (collectively the “**Shareholders**”) provided that they and (for so long as the Company is authorised by the SFC) the Custodian of the Company certify in writing that in their opinion the proposed changes to the M&A (i) is necessary to make possible compliance with fiscal or other statutory, regulatory or official requirements; or (ii) does not materially prejudice members’ interests, does not to any material extent release the Custodian, the Manager or any other person from any liability to the members and does not increase the costs and charges payable from the property of the Company; or (iii) is necessary to correct a manifest error.

The holder(s) of the Administrative Shares will not participate in the profits and revenue of the Company and do not carry the right to dividend.

The creation of the Administrative Shares which allow the holder(s) of the Administrative Shares to amend the M&A in the manner described above to the exclusion of the Shareholders constitutes a variation of right of attaching to the Redeemable Class A Shares and Non-redeemable Class N Shares. Consequently, the consent of the Shareholders is required for the variation of the rights attaching to the Redeemable Class A Shares and Non-redeemable Class N Shares as a result of the creation of the Administrative Shares (“**Variation of Class Right**”).

Subject to the Variation of Class Right being consented by the Shareholders, the Articles of Association will be amended to reflect or provide for the creation of the Administrative Shares (“**Proposed Administrative Shares Articles Amendments**”). The details of the Proposed Administrative Shares Articles Amendments are set out in Part II of Annexure B enclosed with this Circular.

It is proposed that after the Variation of Class Right and the Proposed Administrative Shares Articles Amendments are effected, 100 Administrative Shares of a nominal or par value of HK\$0.10 each will be issued to the Manager.

Subject to the Variation of Class Right and the Proposed Administrative Shares Articles Amendments being consented / approved by the Shareholders at the EGM, the Explanatory Memorandum will be updated to reflect the Proposed Administrative Shares Articles Amendments.

3. Class Meeting and Extraordinary General Meeting

3.1 Special Resolution – Variation of Class Right

Pursuant to Article 6 of the Articles of Association, if at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided for in the terms of issue of the Shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of Shares of that class.

Special Resolution – Proposed Articles Amendments and Proposed Administrative Shares Articles Amendments

Pursuant to Article 191 of the Articles of Association, subject to the Companies Law (as amended) of the Cayman Islands, the Company may at any time and from time to time by special resolution alter or amend the M&A in whole or in part.

3.2 Notice of Class Meeting and EGM

In order to obtain Shareholders' approval for the Proposed Articles Amendments and the Proposed Administrative Shares Articles Amendments, an EGM of the Company will be convened.

Under Article 6 of the Articles of Association, a separate meeting for each class of Redeemable Class A Shares and Non-redeemable Class N Shares ("**Class Meeting**") is required to be convened to seek the consent of the Shareholders of each of these classes for the Variation of Class Right. The Directors treat all the classes (currently comprise of the Redeemable Class A Shares, Class A2 QDis Shares, Class A USD Shares, Class A AUD Hedged Shares, Class A CAD Hedged Shares, Class A EUR Hedged Shares, Class A NZD Hedged Shares, Class A SGD Hedged Shares, Class A GBP Hedged Shares, Class X USD Shares and Class Z Shares) of Redeemable Class A Shares (as defined in the Articles of Association) and Non-redeemable Class N Shares (as defined in the Articles of Association) as forming one class as they consider that all such classes of Redeemable Class A Shares and Non-redeemable Class N Shares would be affected in the same way by the Variation of Class Right. As such, only one Class Meeting will be held. The Class Meeting will be held before the EGM.

Only those Shareholders whose names appear on the register of members of the Company at the close of business on 21 October 2019 are entitled to attend and vote at the Class Meeting and the EGM.

You will find enclosed a notice of the Class Meeting and the EGM ("**Notice of Meetings**"). The Class Meeting will be held at 9:30 a.m. (Hong Kong time) on 26 November 2019 immediately prior to the EGM which will be held at 10:00 a.m. (Hong Kong time) or immediately after the Class Meeting, if earlier or later, on 26 November 2019. The Class

Meeting and the EGM will be held at 43rd Floor, The Center, 99 Queen's Road Central, Hong Kong.

If you are not able to attend in person, you may appoint a proxy to attend and vote on your behalf at the Class Meeting and the EGM and at any adjourned meeting to be held thereafter by completing the enclosed proxy form ("**Proxy Form**") in accordance with the instructions thereon and returning it to *17/F, Tower 2, HSBC Centre, 1 Sham Mong Road, Kowloon, Hong Kong. Attention: Transfer Agency* as soon as possible and, in any event not later than 9:30 a.m. (Hong Kong time) on 24 November 2019 (i.e. not less than 48 hours before the time appointed for holding the meeting). A proxy is not required to be a Shareholder.

3.3 Quorum

The Class Meeting and the EGM can only proceed where there is a quorum.

EGM

A quorum for the EGM will be met if Shareholders present in person or by proxy hold in aggregate at least 25% of all Shares in issue. In order to meet the quorum requirement, Shareholders are strongly encouraged to submit a duly completed and signed Proxy Form.

If a quorum is not present within 30 minutes from the time appointed for the EGM, the EGM will be adjourned to such other day (being not less than 15 days thereafter) and at such time or place as shall be decided by the Board of the Directors (the "**Adjourned Meeting**") and at such Adjourned Meeting, the Shareholder or Shareholders present in person or by proxy (whatever the number of Shares held by him) shall be a quorum. Notice of the Adjourned Meeting shall be given in the same manner as for an original meeting provided that such notice shall state that the Shareholders present at the Adjourned Meeting whatever their number and the number of Shares held by them, will form a quorum.

Class Meeting

All the provisions of the Articles of Association relating to general meetings shall mutatis mutandis apply to the Class Meeting, but the quorum for the purposes of the Class Meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy) at the date of the Class Meeting not less than one-third in nominal value of the issued Shares of the relevant class, and that any holder of Shares of the class present in person or by proxy may demand a poll. For such purposes, the Directors treat the Redeemable Class A Shares and Non-redeemable Class N Shares as forming one class as mentioned above.

3.4 Voting Arrangements

The resolutions for the Proposed Articles Amendments and the Proposed Administrative Shares Articles Amendments as set out in the enclosed Notice of Meetings will need to be duly passed as special resolutions by the Shareholders. The resolution for the Variation of Class Right as set out in the enclosed Notice of Meetings will need to be duly passed as a special resolution by the Shareholders of Redeemable Class A Shares and Non-redeemable Class N Shares voting as one class.

A special resolution means a resolution passed by not less than three-fourths of the votes of those Shareholders as, being entitled to do so, vote in person or, in the case of corporations by their duly authorised representatives, or where proxies are allowed, by proxy at a duly convened meeting of the Company.

According to Article 87 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on poll. According to Article 92(a) of the Articles of Association, at any general meeting every Shareholder who is present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for each Share registered in his name in the register of members of the Company. A Shareholder entitled to more than one vote is under no obligation to cast all his votes in the same way.

3.5 Effective Date

Unless otherwise notified to Shareholders, the Proposed Articles Amendments and the Proposed Administrative Shares Articles Amendments will take effect on 1 January 2020 (“**Effective Date**”), after the requisite approvals have been obtained at the EGM and/or the Class Meeting, as applicable.

In the unlikely event that the proposed special resolution for the Variation of Class Right is not passed at the Class Meeting, no Administrative Share may be issued and the Proposed Administrative Shares Articles Amendments will not take effect or be implemented, even if the Proposed Administrative Shares Articles Amendments are approved at the EGM.

In the unlikely event that the proposed special resolutions for the Proposed Articles Amendments and Proposed Administrative Shares Articles Amendments are not passed at the EGM, the Proposed Articles Amendments and Proposed Administrative Shares Articles Amendments cannot be implemented.

3.6 Directors’ Recommendation

The Directors consider that the Proposed Articles Amendments, the Variation of Class Right and the Proposed Administrative Shares Articles Amendments are in the best interests of the Shareholders of the Company as a whole as it would enable the Company to comply with the requirements under the Code and provide administrative convenience respectively and recommend that you either attend the EGM and Class Meeting and vote in favour of the resolutions to be proposed at the EGM and the Class Meeting, or appoint a proxy or, in the absence of appointment of a proxy, the chairman of the EGM and the Class Meeting to vote on your behalf in favour of the resolutions to be proposed at the EGM and the Class Meeting.

4. **Costs and Expenses**

The expenses, costs, fees and charges incurred in connection with the Changes, the Variation of Class Right and the Proposed Administrative Shares Articles Amendments (including the holding of the Class Meeting, the EGM and any Adjourned Meeting in relation to the Variation of Class Right, the Proposed Articles Amendments and the Proposed Administrative Shares Articles Amendments) will be borne by the Company.

5. Implication of Changes

Save as disclosed in this Circular, the Changes, the Variation of Class Right and the Proposed Administrative Shares Articles Amendments will not result in (i) any material change to the investment objective and risk profile of the Company; (ii) any increase in the fees payable out of the assets of the Company; and (iii) any change in the manner in which the Company currently operates or is being managed.

6. Documents Available

Copies of the M&A are available for inspection at the offices of the Manager at 43rd Floor, The Center, 99 Queen's Road Central, Hong Kong during normal business hours on any week day (Saturdays and public holidays excepted).

Copies of the latest Explanatory Memorandum, Product Key Facts Statement and latest annual report and accounts of the Company may be obtained from the Manager free of charge.

7. Enquiry

If you have any questions relating to the above, please contact our Fund Investor Services Team at (852) 2143 0688 or email us at FIS@vp.com.hk. We would like to take this opportunity to thank you for your valuable support and we look forward to be of continued service to you.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

Annexure A

Summary of Key Revised Investment Restrictions and Information on Net Derivative Exposure

The key amendments to the investment and borrowing restrictions of the Company are as follows:

- (a) the aggregate value of the Company's investments in, or exposure to, any single entity (other than government and other public securities) through the following may not exceed 10% of its latest available Net Asset Value:
 - (i) investments in securities issued by that entity;
 - (ii) exposure to that entity through underlying assets of financial derivative instruments; and
 - (iii) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments.
- (b) subject to the requirements under the revised Code, and unless otherwise approved by the SFC, the aggregate value of the Company's investments in, or exposure to, entities within the same group (i.e. generally, entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards) through the following may not exceed 20% of its latest available Net Asset Value:
 - (i) investments in securities issued by those entities;
 - (ii) exposure to those entities through underlying assets of financial derivative instruments; and
 - (iii) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments.
- (c) unless otherwise approved by the SFC, the value of the Company's cash deposits made with the same entity or entities within the same group may not exceed 20% of its latest available Net Asset Value provided that the 20% limit may be exceeded in certain circumstances specified in the revised Code.
- (d) the Company may not invest in physical commodities 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.
- (e) subject to the requirements under the revised Code, the Company may not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. For the avoidance of doubt, reverse repurchase transactions in compliance with the requirements under the revised Code are not subject to the limitations in this paragraph.
- (f) the maximum borrowing of the Company will be reduced from 25% to 10% of its latest available Net Asset Value. For the avoidance of doubt, reverse repurchase transactions in

compliance with the requirements under the revised Code are not subject to the limitations in this paragraph.

- (g) the Company may acquire financial derivative instruments for non-hedging purposes (“**investment purposes**”) in accordance with its investment objective and policy subject to the limit that the Company’s net exposure relating to these financial derivative instruments (“**net derivative exposure**”) does not exceed 50% of its latest available Net Asset Value.

The Company’s net derivative exposure may be up to 50% of its latest available Net Asset Value. The net derivative limit set out above may be exceeded in such circumstances as permitted under the Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time.

The following shall apply in respect of calculation of net derivative exposure:

- (i) for the purpose of calculating net derivative exposure, the positions of financial derivative instruments acquired by the Company for investment purposes shall be converted into the equivalent position in the underlying assets of the financial derivative instruments, 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;
- (ii) the net derivative exposure shall be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time.

For the avoidance of doubt, financial derivative instruments acquired for hedging purposes will not be counted towards the 50% limit so long as there is no residual derivative exposure arising from such hedging arrangement.

- (h) to limit the exposure to each counterparty the Company may receive collateral, provided that the collateral complies with the requirements in the revised Code.

Annexure B

Proposed Amendments to the Articles of Association

Please find below the relevant extracts from the Articles of Association highlighting the proposed amendments thereto.

Legend:
<u>Insertion</u>
Deletion

Part I - Proposed Articles Amendments

1. Amendment to the definition of “Explanatory Memorandum”, “Initial Charge”, “Redemption Charge” and “Redeemable Class A Shares” (to be re-designated as “Redeemable Classes Shares”) under the section headed “Interpretation” of the Articles of Association:

“Explanatory Memorandum”

“Explanatory Memorandum” shall mean the explanatory memorandum ~~dated on or around 26 March 2007~~ issued by the Company as amended and supplemented from time to time in connection with the offer of shares;

“Initial Charge”

“Initial Charge” shall mean such initial charge (if any) determined by the Directors as being payable by a subscriber on a subscription for Redeemable Classes ~~A~~ Shares;

“Redemption Charge”

“Redemption Charge” shall mean such fee (if any) determined by the Directors as being payable by a member to the Company on a redemption of Redeemable Classes ~~A~~ Shares;

“Redeemable Classes ~~A~~ Shares”

“Redeemable Classes ~~A~~ Shares” means shares which are redeemable at the option of the shareholder in accordance with these Articles. Redeemable Classes Shares may be divided into classes in the discretion of the Directors and shall be designated in accordance with the provisions of the Articles and, except where otherwise expressly stated, the term “Redeemable Classes Shares” shall include all such classes of Redeemable Classes Shares;

2. Insertion of the following new Article 4(ba) immediately after Article 4(b) of the Articles of Association

“4.(ba) The Board may re-designate any issued shares or any class or classes of issued shares in such manner as may be determined by the Board from time to time.”

3. Amendment to Article 7 of the Articles of Association:

“7 Subject to the Law, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of shares, the Company shall have the power to purchase or otherwise acquire all or any of its own shares (which expression as used in this Article includes Redeemable Classes ~~A~~ Shares) in accordance with the provisions set out in these Articles. The Company may make a payment in respect of the purchase of its own shares in any manner permitted by the Law, including out of capital PROVIDED THAT no share shall be purchased during any period when the determination of the Net Asset Value is suspended pursuant to Article 62.”

4. Amendment to Article 8(h) of the Articles of Association:

“8(h) An Initial Charge of such amount as disclosed in the offering document of the Company ~~of up to 5.0 per cent. of the subscription price per share~~ may be imposed and retained by the Investment Manager for its own use and benefit. The Investment Manager may in its absolute discretion reduce the amount of the Initial Charge payable by an applicant in addition to the relevant subscription price per share on any Valuation Day.”

5. Amendment to Articles 9.A(c) and (m) of the Articles of Association:

“9.A(c) A Redemption Charge of such amount as disclosed in the offering document of the Company ~~of up to 5.0 per cent. of the redemption price per share~~ may be imposed and retained by the Investment Manager for its own use and benefit. The Investment Manager may in its absolute discretion reduce the amount of the Redemption Charge payable by a shareholder on any Valuation Day.

9.A(m) For the purposes of this Article 9.A references to “shares” shall be construed as references to “Redeemable Classes ~~A~~ Shares.”

6. Amendment to Article 9.C of the Articles of Association:

“9.C The Board may limit the total number of Redeemable Classes ~~A~~ Shares redeemed and Non-redeemable Class N Shares repurchased during any Dealing Period to 10 per cent. (or such other percentage as the Board may determine either generally or in respect of any particular Dealing Period and as permitted by the SFC) in aggregate of the total Net Asset Value of the Company or the total number of Redeemable Classes ~~A~~ Shares and Non-redeemable Class N Shares in issue of the Company, as determined by the Board. Such limitation will be applied pro rata to all shareholders who have requested such redemption or repurchase. If the total redemption and repurchase requests received during any Dealing Period are in excess of this limit, the Board will be entitled (but not obliged) to carry out only sufficient redemptions and/or repurchase which, in aggregate, amount to 10 per cent. (or such other percentage as the Board

may determine either generally or in respect of any particular Dealing Period and as permitted by the SFC) of the total Net Asset Value of the Company or the total number of Redeemable Classes A Shares and Non-redeemable Class N Shares in issue at the relevant time. Redemption requests for shares which are not redeemed and repurchase requests for Non-redeemable Class N Shares which are not repurchased but which would otherwise have been redeemed or repurchased will be deferred until the next Dealing Period and will be dealt with (subject to further deferral if the deferred requests themselves exceed 10 per cent. (or such other percentage as the Board may determine either generally or in respect of any particular Dealing Period and as permitted by the SFC) of the total Net Asset Value of the Company or the total number of Redeemable Classes Shares and Non-redeemable Class N Shares shares in issue) in priority to later redemption and repurchase requests.”

7. Amendment to Article 61 of the Articles of Association:

Article 61 is deleted in its entirety and replaced by the following:-

“61. Except when the determination of the Net Asset Value has been suspended pursuant to Article 62, the Board or such other person as determined by the Board shall procure the calculation of, in accordance with the provisions of these Articles:

(a) the Net Asset Value per share of each class as at each relevant Valuation Day;

(b) the subscription price of a share of each class as at each relevant Business Day in respect of which an application for the issue of shares of the relevant class has been received;

(c) the redemption price of a share of each class as at each relevant Business Day in respect of which an application for the redemption of shares of the relevant class has been received.”

8. Amendment to the first paragraph of Article 62 of the Articles of Association of the Company:

“62. The Board after consultation with the Custodian, having regard to the best interest of shareholders, may suspend the determination of the Net Asset Value on any Business Day (and hence the Net Asset Value per share) and the issue and redemption and purchase of the shares or delay the payment of redemption and purchase proceeds during any period when:”

9. Amendment to Article 63 of the Articles of Association:

Article 63 is deleted in its entirety and replaced by the following:-

“63. Each declaration by the Board pursuant to Article 61 shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Company and as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations the determination of the Board shall be conclusive. Whenever the Board shall declare a suspension of the determination of the Net Asset Value, then as soon as may be practicable

after any such declaration, the Board shall notify the SFC and use its best endeavours to cause a notice to the effect that such declaration has been made to be published in such appropriate manner as required under the Code~~the newspapers~~, and at least once a month during the period of such suspension. At the end of any period of suspension as aforementioned the Board shall notify the SFC and cause another notice to the effect that the period of suspension has ended to be published in such appropriate manner as required under the Code~~the newspapers~~.”

10. Amendment to Article 65 of the Articles of Association:

Article 65 is deleted in its entirety and replaced by the following:-

“65.(a) (i) The Value of any Investment (other than a Commodity, Futures Contract or an interest in an unlisted collective investment scheme) quoted, listed, traded or dealt in on a Market shall be valued by reference to the price appearing to the Investment Manager to be the last traded price or the “exchange close” price as calculated and published by the relevant exchange of that Market in accordance with its local rules and customs, provided that:-

- (1) if an Investment is quoted, listed, traded or dealt in on more than one Market, the price adopted shall be the last traded price or the exchange close price as published by the Market in accordance with its local rules and customs which, in the opinion of the Investment Manager, provides the principal market for such Investment, Provided that if the Investment Manager considers that the prices published on a Market other than the principal market for such Investment provides, in all circumstances, a fairer criterion of value in relation to any such Investment, such prices may be adopted;
- (2) in the case of any Investment which is quoted, listed, traded or dealt in on a Market but in respect of which, for any reason, prices on that Market may not be available at any relevant time, the Value thereof shall be certified by such firm or institution making a market in such Investment or, if the Custodian so requires, by the Investment Manager after consultation with the Custodian;
- (3) there shall be taken into account interest accrued on interest-bearing Investments up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price; and
- (4) for the purpose of the foregoing provisions, the Investment Manager and any person appointed by the Company or the Investment Manager shall be entitled to use and rely upon electronically transmitted data from such source or sources or pricing systems as they may from time to time think fit with regard to the valuation of Investments and the prices provided by any such source or pricing system shall be deemed to be the last traded prices for the purposes of valuation.

(ii) The Value of any Investment (other than a Commodity or Futures Contract or an interest in a collective investment scheme) which is not quoted, listed, traded or ordinarily dealt in on a Market (an “Unquoted Investment”) shall be valued in accordance with the following provisions:-

(1) the initial value of an Unquoted Investment shall be the amount expended out of the assets of the Company in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Custodian or any correspondent for the purposes of these Articles); and

(2) thereafter the Custodian shall at such times or at such intervals as it shall determine, cause a revaluation to be made of any Unquoted Investment by reference to the latest bid price, asked price or mean thereof, as the Investment Manager and any person appointed by the Company or the Investment Manager consider appropriate, quoted by a person, firm or institution making a market in the Unquoted Investment or otherwise approved by the Custodian as qualified to value such Unquoted Investment (which may, if the Custodian agrees, be the Investment Manager).

(iii) Cash, deposits and similar Investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Investment Manager in consultation with the Custodian, any adjustment should be made to reflect the value thereof.

(iv) The Value of any Commodity or Futures Contract shall be ascertained in such manner as the Investment Manager, in consultation with the Custodian, shall think fit, but so that:-

(1) if a Commodity or Futures Contract is dealt in on any Recognised Commodities Market, then the Investment Manager shall, in ascertaining the Value of such Commodity or Futures Contract, have regard to the latest ascertainable price ruling or price officially fixed in respect of such Investment on such Recognised Commodities Market or (if there shall be more than one such Recognised Commodities Market) on such Recognised Commodities Market as the Investment Manager, in consultation with the Custodian, shall consider appropriate;

(2) if any such price as referred to in (1) above is not, in the opinion of the Investment Manager, reasonably up-to-date or is not ascertainable at any relevant time, then the Investment Manager shall, in ascertaining the Value of the relevant Commodity or Futures Contract, have regard to any certificate as to such Value provided by a firm or institution making a market in such Commodity or Futures Contract;

(3) the Value of any Futures Contract, to the extent that it is not determined in accordance with (1) or (2) above, shall be:-

(A) in the case of a Futures Contract for the sale of a Commodity including a financial futures contract, the positive or negative amount produced by applying the following formula:-

$$\underline{a - (b + c)}$$

(B) in the case of a Futures Contract for the purchase of a Commodity including a financial futures contract, the positive or negative amount produced by applying the following formula:-

$$\underline{b - (a + c)}$$

where

“a” is the contract value of the relevant Futures Contract (“the relevant Contract”)

“b” is the amount determined by the Investment Manager to be the contract value of such Futures Contract as would be required to be entered into by the Company or the Investment Manager for the account of the Company in order to close the relevant Futures Contract, such determination to be based on the latest available price; and

“c” is the amount expended out of the assets of the Company entering into the relevant Futures Contract, including the amount of all stamp duties, commissions and other expenses but excluding any deposit or margin provided in connection therewith.

(4) if the provisions set out in (1) and (2) above do not apply to the relevant Commodity or Futures Contract, then the Investment Manager shall, in ascertaining the Value of such Commodity or Futures Contract, have regard to the same factors which would have determined the Value of such Commodity or Futures Contract pursuant to Article 65(a)(ii) above, as if such Commodity or Futures Contract were an Unquoted Investment.

For the purpose of this Article 65, “Recognised Commodities Market” means any Commodities Market of repute in any country in the world for the time being approved by Investment Manager with the consent of the Board.

(v) The Value of each unit, share or other interest in any collective investment scheme (other than an interest in a listed collective investment scheme) which is valued as at the same day as the Company shall be the net asset value per unit, share or other interest in such collective investment scheme calculated as at that day or, if the Investment Manager so determines, if such collective investment scheme is not valued

as at the same day as the Company, shall be the last published net asset value per unit, share or other interest in such collective investment scheme, provided that if no net asset value is available, the Value thereof shall be determined from time to time in such manner as the Investment Manager shall determine in consultation with the Custodian.

(vi) Notwithstanding Articles 65(a)(i) to (v) (inclusive) above, the Investment Manager may, in consultation with the Custodian, adjust the Value of any Investment or permit some other method of valuation to be used if, having regard to currency, applicable rate of interest, maturity, marketability and other considerations the Investment Manager deems relevant, it considers that such adjustment is required to reflect the fair value thereof.

(vii) Property other than Investments and cash shall be valued in such manner and at such time or times as the Investment Manager and the Custodian shall from time to time agree.

(b) The Board shall procure that the Investment Manager adhere to the valuation policies set out in this Article 65.”

11. Amendment to Article 69 of the Articles of Association:

“69. The Net Asset Value per share shall be published in an appropriate manner and ~~the newspapers~~ at such times as required under the Code and as the Board may determine.”

12. Amendment to Article 71 of the Articles of Association:

“71. Subject to the limitations set out in Article 128.C and in the Explanatory Memorandum, the~~The~~ Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof which powers may be limited from time to time by resolution of the Directors. ~~Notwithstanding the foregoing, the Company will limit borrowing against the assets of the Company to a maximum of 25 per cent. of the latest available Net Asset Value at the time the borrowing is made except that back-to-back loans will not be taken into account when determining whether or nor such limit has been breached by the Company.~~”

13. Amendment to Articles 76A.(a) and (b) of the Articles of Association:

“76A. (a) Cash forming part of the property of the Company may be placed as deposits with the Custodian, Investment Manager, any investment delegate or ~~with any~~ of their Connected Persons ~~of these companies~~ (being an institution licensed to accept deposits), so long as such cash deposit shall be maintained in a manner that is in the best interests of the shareholders, having regard to the prevailing ~~so long as that institution pays interest thereon at no lower rate than is, in accordance with normal banking practice, the~~ commercial rate for a deposits of similar type, ~~the~~ size and

term ~~of the deposit in question~~ negotiated at arm's length in accordance with ordinary and normal course of business.

- (b) Money may be borrowed from the Custodian, Investment Manager, any investment delegate or any of their Connected Persons (being a bank) so long as that bank charges interest at no higher rate, and any fee for arranging or terminating the loan is of no greater amount than is in accordance with its normal banking practice, the commercial rate for a loan of the size and nature of the loan in question negotiated at arm's length.”

14. Amendment to Article 78 of the Articles of Association:

“78. All general meetings other than annual general meetings shall be called extraordinary general meetings. An extraordinary general meeting shall be called, inter alia, for the following purposes:

- (a) to modify, alter or add to these Articles to the extent required under Article 191; or
- (b) to terminate the Company under the circumstances as set out in Article 193; or
- ~~(c) to increase the maximum fees paid to the Investment Manager, Custodian or Directors; or~~
- ~~(d) to impose other types of fees; or~~
- ~~(e)~~ (for so long as the Company is considered as a self-managed scheme for the purposes of the Code and to the extent required under the Code) to remove and appoint Directors and to determine the remuneration of the Directors.”

15. Amendment to Article 92(a) of the Articles of Association:

“92(a). Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register. A member entitled to more than one vote is under no obligation to cast all his votes in the same way. Notwithstanding any other provision of these Articles, no relevant person (as defined below) (nor any Connected Person of that relevant person) shall be entitled to cast any vote in respect of shares beneficially owned by him or it in relation to any resolution in which he or it (or any of his or its associates (as defined below)) has a material interest and in relation to such a resolution all shares beneficially owned by that relevant person or his or its Connected Persons shall be ignored for all purposes in establishing whether or not a quorum is present as if such shares were not then in issue. For such purpose (but not otherwise), the relevant person or any Connected Person of that relevant person (as the case may be) shall be deemed not to be a member of the relevant share(s) provided that (a) the relevant person and any of its Connected Person shall be counted in the quorum of any meeting of members in relation to any resolution in respect

of which such party does not have a material interest and shall be entitled to vote thereat, and (b) the Investment Manager and its Connected Persons shall be entitled to vote their beneficially owned shares on any resolution(s) to appoint or dismiss the Investment Manager and be counted in the quorum for the purpose of passing such resolution(s) at such meeting of members. For the purposes of this Article, a “relevant person” is any Director, the Custodian, the Investment Manager or any investment adviser appointed by the Investment Manager and every director of any such Custodian, Investment Manager or investment adviser. For the purposes of this Article, the term "associate" shall have the meaning ascribed to it, as the context requires, in the SFO.”

16. Amendment to Article 106(a) of the Articles of Association:

“106(a) The Board shall have power from time to time and at any time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not exceed any maximum number fixed by or in accordance with these Articles and to remove or terminate the appointment of any Director.”

17. Amendment to Article 109 of the Articles of Association:

Article 109 is deleted in its entirety and replaced by the following:-

“109. The Directors shall be entitled to receive by way of remuneration for their services, not exceeding in aggregate such sum as shall from time to time be determined by the ~~shareholders at a general meeting~~ Directors and disclosed in the Explanatory Memorandum provided that for so long as the Company is considered as a self-managed scheme for the purposes of the Code and to the extent required under the Code, such sum shall be determined by the shareholders at a general meeting. Such, ~~such~~ sum (unless otherwise determined by the Directors or where applicable, directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.”

18. Amendment to Article 128.A of the Articles of Association:

Article 128.A is deleted in its entirety and replaced by the following:-

“128.A(a) The Board shall, in dealing with the assets of the Company, have regard to any applicable Investment Restrictions set out in these Articles unless any approval, permission or waiver in respect of any of the below Investment Restrictions has been obtained from the SFC or otherwise provided under the Code, handbook, code and/or guideline issued by the SFC from time to time.

- (b) For so long as the Company is Authorised, the Investment Restrictions shall, save to the extent that any approval, permission or waiver in respect of any of the above restrictions has been obtained from the SFC, include the restrictions and limitations set out as follows:
- (i) the aggregate value of the Company's investments in, or exposure to, any single entity (other than Government and other Public Securities) through the following may not exceed 10% of the latest available Net Asset Value of the Company:
- (1) investments in Securities issued by such entity;
 - (2) exposure to such entity through underlying assets of FDIs; and
 - (3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;
- (ii) subject to Article 128.A(b)(i) and Article 128.A(h)(iv) and unless otherwise approved by the SFC, the aggregate value of the Company's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the latest available Net Asset Value of the Company:
- (1) investments in Securities issued by such entities;
 - (2) exposure to such entities through underlying assets of FDIs; and
 - (3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;
- (iii) unless otherwise approved by the SFC, the value of the Company's cash deposits made with the same entity or entities within the same group may not exceed 20% of the latest available Net Asset Value of the Company, unless:
- (1) the cash is held before the launch of the Company and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or
 - (2) the cash is proceeds from liquidation of investments prior to the merger or termination of the Company, whereby the placing of cash deposits with various financial institutions would not be in the best interest of investors; or
 - (3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption 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 purposes of this paragraph, "cash deposits" generally refers to those that are repayable on demand or have the right to be withdrawn by the Company and not referable to provision of property or services.
- (iv) ordinary shares issued by a single entity held for the account of the Company may not exceed 10% of the nominal amount of the ordinary shares issued by the entity;

- (v) not more than 15% of the latest available Net Asset Value of the Company 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;
- (vi) notwithstanding Articles 128.A(b)(i), (ii), (iv) and (v), where direct investment by the Company in a market is not in the best interests of investors, the Company may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:
 - (1) the underlying investments of the subsidiary, together with the direct investments made by the Company, must in aggregate comply with the requirements of Chapter 7 of the Code;
 - (2) any increase in the overall fees and charges directly or indirectly borne by the members or the Company as a result must be clearly disclosed in the Explanatory Memorandum; and
 - (3) the Company must produce the reports required by Chapter 5.10(b) of 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 Company.
- (vii) notwithstanding Articles 128.A(b)(i), (ii) and (iv), not more than 30% of the latest available Net Asset Value of the Company may be invested in Government and other Public Securities of the same issue;
- (viii) subject to Article 128.A(b)(vii) above, the Company 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, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise;
- (ix) 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, the Company may not invest in physical Commodities;
- (x) unless otherwise provided under the Code, the spread requirements under Articles 128.A(b)(i), (ii), (iv) and (v) do not apply to investments in other collective investment schemes by the Company and for the avoidance of doubt, exchange traded funds that are:
 - (1) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or
 - (2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (a) 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 (b) 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 Articles 128.A(b)(i), (ii) and (iv); or (ii) collective investment schemes for the purposes of and subject to the requirements in Articles 128.A(b)(xi)(1), (xi)(2), provisos of a. to c. of (xi). However, the investments in exchange traded funds shall be subject to Article 128.A(b)(v) and the relevant investment limits in exchange traded funds by the Company should be consistently applied and clearly disclosed in the Explanatory Memorandum of the Company;

(xi) where the Company invests in shares or units of other collective investment schemes (“underlying schemes”),

(1) the value of the Company’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 latest available Net Asset Value of the Company; and

(2) such Company may invest in one or more underlying schemes which are either authorised by the SFC or eligible schemes (as determined by the SFC), but the value of the Company’s investment in units or shares in each such underlying scheme may not exceed 30% of the latest available Net Asset Value of the Company, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the Explanatory Memorandum of the Company,

provided that in respect of (1) and (2) above:

a. 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, the Company 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 Article 128.A(g)) does not exceed 100% of its latest available Net Asset Value, and exchange traded funds satisfying the requirements in Article 128.A(b)(x) in compliance with Articles 128.A(b)(xi)(1) and (2);

b. where the underlying schemes are managed by the same management company as that of the Company that invests in them, or by other companies within the same group that the Investment Manager belongs to, then Articles

- 128.A(b)(i), (ii), (iv) and (v) are also applicable to the investments of the underlying schemes;
- c. the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s);
 - d. where an investment is made in any underlying scheme(s) managed by the Directors, Investment Manager or any of its Connected Persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and
 - e. the Board or any person acting on behalf of the Company or the Investment Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the management company of a underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;
- (xii) in the case of investments in shares in real estate companies and interests in real estate investment trusts (REITs), the Company shall comply with the requirements under Articles 128.A(b)(i), (ii), (iv), (v) and (xi)(1) above where applicable. Where investments are made in listed REITs, the requirements under Articles 128.A(b)(i), (ii) and (iv) apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under Articles 128.A(b)(v) and (xi)(1) above apply respectively.
- (xiii) if the name of the Company indicates a particular objective, investment strategy, geographic region or market, the Company should, under normal market circumstances, invest at least 70% of its latest available Net Asset Value in Securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Company represents.
- (c) It shall not be necessary for the Board to effect changes of Investments merely because, owing to appreciations or depreciations in the Value of the Investments held or made for the account of the Company, any Investment Restrictions shall be exceeded, nor by reason of any of those Investment Restrictions being exceeded as a result of the Board, in respect of the Company receiving, taking up or participating in any rights, bonuses or benefits in the nature of capital, or any scheme or arrangement for amalgamation, reconstruction, conversion or exchange, or as a result of any realisation caused by a redemption of shares or any payment out of the Company, provided that, in respect of, and for so long as the Company is Authorised, if any Investment Restrictions are breached, then the Board shall not acquire any further Investments which would result in such Investment Restrictions being further exceeded (unless otherwise agreed by the SFC), and the Board shall, as a priority objective, take all steps as are necessary within a reasonable period of time to remedy such breach, taking due account of the interests of members of the Company.
- (d) The Board shall not, unless otherwise specifically provided for in this Articles, on behalf of the Company:

- (i) invest in a security of any class in any company or body if any director or officer of the Investment 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 Investment 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 REITs);
- (iii) make short sales if as a result the Company would be required to deliver Securities exceeding 10% of the latest available Net Asset Value of the Company (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) lend or make a loan out of the assets of the Company except to the extent, in either case, that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;
- (vi) subject to Article 128.A(b)(v), 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;
- (vii) enter into any obligation in respect of the Company or acquire any asset or engage in any transaction for the account of the Company which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of members is limited to their investments in the Company; or
- (viii) apply any part of the Company in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of the Company whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in FDIs for the purposes of Articles 128.A(m) and (n).
- (e) Subject to the Code and the provisions of this Articles, the Board shall have the power on behalf of the Company to agree and to enter into any swap or any FDI, which power shall include but not limited to the power to:
 - (i) negotiate and execute such agreement or document relating to such transactions including but not limited to any FDI agreement as the Board deems necessary or appropriate;
 - (ii) negotiate and agree resets and adjustment to any swap or any FDI; and
 - (iii) pay the relevant swap or FDI counterparty out of the assets of the Company,

provided that the exposure to the underlying assets of the FDIs, together with other investments of the Company, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets as set out in Articles 128.A(b)(i), (ii), (iii), (vii), (viii), (xi)(1), (xi)(2), provisos of a. to c. of (xi) and Article 128.A(d)(ii).

(f) The Company may acquire FDIs for hedging purposes provided that such FDIs shall meet all of the following criteria:

- (i) they are not aimed at generating any investment return;
- (ii) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss of risks arising from the investments being hedged;
- (iii) 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
- (iv) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

The Board, where it deems necessary, shall cause hedging arrangement to be adjusted or re-positioned with due consideration on the fees, expenses and costs, to enable the Company to meet its hedging objective in stressed or extreme market conditions.

(g) The Company may acquire FDIs for non-hedging purposes (“**investment purposes**”), subject to the limit that the Company’s net exposure relating to these FDIs (“**net derivative exposure**”) does not exceed 50% of its latest available Net Asset Value, except this limit may be exceeded if the Company is approved by the SFC under Chapters 8.8 (structured funds) or 8.9 (funds that invest extensively in financial derivative instruments) of the Code, or in such circumstances as permitted under the Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time. In this regard:

- (i) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by the Company 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;
- (ii) 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
- (iii) for the avoidance of doubt, FDIs acquired for hedging purposes under Article 128.A(f) will not be counted towards the 50% limit referred to in this Article 128.A(g) so long as there is no residual derivative exposure arising from such hedging arrangement.

- (h) The FDIs invested by the Company shall be either listed or quoted on a stock exchange, or dealt in over-the-counter market and comply with the following provisions:
 - (i) 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 Company may invest according to its investment objectives and policies;
 - (ii) where the Company 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 Article 128.A(b)(i), (ii), (iii) and (vii), provided that the index is in compliance with the relevant requirements under Chapter 8.6(e) of the Code;
 - (iii) the counterparties to over-the-counter FDI transactions or their guarantors are Substantial Financial Institutions or such other entity acceptable to the SFC;
 - (iv) subject to Article 128.A(b)(i) and (ii), the Company's net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the latest available Net Asset Value of the Company provided that the exposure of the Company to a counterparty of over-the-counter FDIs may be lowered by the collateral received (if applicable) by the Company and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter FDIs with that counterparty, if applicable; and
 - (v) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Board, the Investment Manager or the Custodian or their nominees, agents or delegates 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 Company. Further, the administrator/calculation agent 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.
- (i) For the avoidance of doubt, the restrictions and limitations on counterparty as set out in Articles 128.A(b)(i) and (ii) and 128.A(h)(iv) above 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.
- (j) The Company may engage in securities financing transactions, provided that the provisions of this Article are complied with:
 - (i) Securities financing transactions shall be entered into provided that:

- (1) they are in the best interests of the members;
 - (2) the associated risks have been properly mitigated and addressed; and
 - (3) the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.
- (ii) The Company which engages in securities financing transactions 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.
- (iii) All the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions, shall be returned to the Company.
- (iv) The Company shall ensure that it is able at any time to recall the securities or the full amount of cash (as the case may be) subject to the securities financing transactions or terminate the securities financing transactions into which it has entered.
- (k) The Company may receive collateral from each counterparty set out in Article 128.A(h)(iv) and Article 128.A(j)(ii) provided that the collateral complies with the requirements set out below:
 - (i) Liquidity - collateral must be sufficiently liquid and tradable that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing;
 - (ii) Valuation – collateral should be marked-to-market daily by using independent pricing source.
 - (iii) Credit quality - asset used as collateral must be of high credit quality and should be replaced immediately as soon as the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral;
 - (iv) Haircut - collateral should be subject to prudent haircut policy, which should be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. The haircut policy takes into account the price volatility of the asset used as collateral and, where appropriate, other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions;
 - (v) Diversification - collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and the

Company's exposure to issuer(s) of the collateral should be taken into account in compliance with the corresponding investment restrictions and limitations set out in the Articles 128.A(b)(i), (ii), (iii), (vii), (viii), (xi)(1), (xi)(2), provisos of a. to c. of (xi), (xii) and Article 128.A(d)(ii);

(vi) Correlation - the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs, or the counterparty of securities financing transactions in such a way that it would undermine the effectiveness of the collateral. As such, Securities issued by the counterparty or the issuer of the FDIs, or the counterparty of securities financing transactions or any of their related entities should not be used as collateral;

(vii) Management of operational and legal risks - the Board shall have appropriate systems, operational capabilities and legal expertise for proper collateral management;

(viii) Independent custody - collateral must be held by the Custodian of the Company;

(ix) Enforceability - collateral must be readily accessible/enforceable by the Custodian without further recourse to the issuer of the FDIs, or the counterparty of the securities financing transactions;

(x) Re-investment of collateral - cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code and the following restrictions:

(1) non-cash collateral received may not be sold, re-invested or pledged;

(2) the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in Chapter 8.2 (f) and 8.2(n) of the Code;

(3) cash collateral received is not allowed to be further engaged in any securities financing transactions; and

(4) when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any securities financing transactions.

For the purposes of re-investment of cash collateral received, "money market instruments" refer to Securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account;

(xi) collateral should be free of prior encumbrances;

- (xii) collateral generally should not include (i) structured products whose payouts rely on embedded FDIs or synthetic instruments; (ii) Securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes; and
- (xiii) The requirements under Articles 128.A(b)(i) and (ii) above will also apply in the case of the requirements under Articles 128.A(k)(v) and (x).
- (l) The Company shall disclose:
- (i) the information relating to its collateral policy in the Explanatory Memorandum as required under Appendix C of the Code; and
- (ii) a description of its collateral holdings as required under Appendix E of the Code in its interim and annual reports.
- (m) The Company 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 Board 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 the Company'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.
- (n) Subject to Article 128.A(m) above, a transaction in FDIs which gives rise to a future commitment or contingent commitment of a scheme shall be covered as follows:
- (i) in the case of FDIs transactions which will, or may at the discretion of the Custodian or the Board, be cash settled, the Company should at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and
- (ii) in the case of FDIs transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Company should hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Board considers the underlying assets to be liquid and tradable, the Company 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, the Company 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.
- (o) Where a financial instrument embeds a FDI, Articles 128.A(e) to (h), (m) and (n) shall also apply to the embedded financial derivative.

For the purpose of Article 128.A and Article 128.C,

“Authorised”

“Authorised” means authorised pursuant to section 104 of the

SFO;

“entities within the same group”

“entities within the same group” means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards;

“FDI”

“FDI” means financial derivative instruments;

“Government and other Public Securities”

“Government and other Public Securities” means any investment issued by, or the payment of principal and interest on, which is guaranteed by a government, or any fixed-interest investment issued by its public or local authorities or other multilateral agencies.

“Investment Restrictions”

“Investment Restrictions” means, in relation to the Company, any restrictions and limitations on investment and/or borrowing set out in this Articles;

“reverse repurchase transactions”

“reverse repurchase transactions” means transactions whereby the Company purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an agreed price in the future;

“sale and repurchase transactions”

“sale and repurchase transactions” means transactions whereby the Company sells its securities to a counterparty of reverse repurchase transactions and agrees to buy such securities back at an agreed price with a financing cost in the future;

“securities financing transactions”

“securities financing transactions” means collectively securities lending transactions, sale and repurchase transactions and reverse repurchase transactions;

“securities lending transactions”

“securities lending transactions” means transactions whereby the Company lends its securities to a security-borrowing counterparty for an agreed fee; and

“Substantial Financial Institution”

“Substantial Financial Institution” means an authorised institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of Laws of Hong Kong) or a financial institution which is on an ongoing basis subject to prudential regulation and supervision, with a minimum net asset value of HK\$2 billion or its equivalent in foreign currency;”

19. Amendment to Article 128.B of the Articles of Association:

“128.B The Company may, at the request of the Investment Manager and subject to the restrictions as set out in Article 128.A, engage in security lending, in respect of any Securities through the agency of or directly with any person including the Investment Manager or the Custodian or any Connected Person of either of them, and such person shall be entitled to retain for its own use and benefit any fee it receives on a commercial basis in connection with such arrangement provided always that:

- (A) any security lending agreement is entered into only if (1) the relevant Securities lent are fully paid-up Securities listed or quoted on a Market; (2) the amount of the consideration (including the value of any collateral security) given for the relevant Securities exceeds the value of such Securities at any one time based on daily marked to market values; (3) the counterparts' financial standings, either based on reputable credit rating agencies, or, in the reasonable opinion of the Investment Manager, are equivalent to at least A2/P2; and (4) the Company is entitled at any time to terminate the agreement and demand the immediate return of all Securities lent;
- (B) any security lending agreement is entered into only if collateral in such amount and in such form as prescribed by the Investment Manager from time to time has been provided. Unless otherwise determined by the Investment Manager, collateral for Securities lent may take the form of government stock, government treasury bills, banker's acceptances, certificates of deposit, bonds, equities, letters of credit or cash collateral;
- (C) the Value of the Securities to be loaned, together with the Value of all other Securities which are the subject of a loan by the Company does not exceed 10 per cent. of the latest available Net Asset Value of the Company; and
- (D) no more than 50 per cent. of Securities of the same issue, or of the same kind (by Value), held in respect of the Company is the subject of security lending agreements at any one time.

~~Any incremental income earned from any security lending agreement may be split between the Company and any security lending agent in such proportion as the Investment Manager may determine in each case, provided that the amount payable to any security lending agent should not exceed 30 per cent. of such incremental income.~~

~~The amount of any securities lending fee arising from transactions with the Investment Manager or the Custodian or any Connected Person of either of them (if any) will be disclosed in the Company's annual report.”~~

20. Insertion of the following new Article 128.C immediately after Article 128.B of the Articles of Association:

“128.C For so long as the Company is Authorised, the maximum borrowing of the Company may not exceed 10% of its latest available Net Asset Value provided always that back-to-back loans do not count as borrowing. The assets of the Company may be charged or pledged as security for any such borrowings. The Custodian may at any time, at the request of the Board, make and/or vary arrangements for the borrowing for the account of the Company of any currency subject to any limitations set out in the Articles. For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements as set out in Articles 128.A(j)(i) to (iv) are not borrowings for the purpose of, and are not subject to the limitations in this Article 128.C.”

21. Insertion of the following new Article 187A immediately after Article 187 of the Articles of Association:

“ **Arrangement in handling unclaimed proceeds**

187A Any unclaimed proceeds or other cash held by the Custodian upon liquidation of the Company or the redemption by the Company of a class of shares, as the case may be, shall at the expiration of twelve months following dissolution of the Company be paid to the Cayman Islands Government, subject to the right of the Custodian to deduct therefrom any expenses it may incur in making such payment.”

22. Amendment to Article 191A of the Articles of Association:

“191A. The Investment Management Agreement, Administration Agreement and Custodian Agreement may be altered by the Board on behalf of the Company, without consulting the shareholders, provided that the Custodian certifies in writing that in its opinion the proposed alteration:

- (a) is necessary to make possible compliance with fiscal or other statutory, regulatory or official requirements; or
- (b) does not materially prejudice the shareholders' interests, does not to any material extent release the Custodian, Investment Manager or any other person from any liability to the shareholders and does not increase the costs and charges payable from the Company's property; or
- (c) is necessary to correct a manifest error.

In all other cases involving any material changes, no alteration may be made except by a special resolution of the shareholders or the approval of the SFC.”

Part II - Proposed Administrative Shares Articles Amendments

23. Addition of the definition of “Administrative Share” under the section headed “Interpretation” of the Articles of Association:

“Administrative Shares

“Administrative Shares” mean shares which are non-redeemable and having the rights as such provided for in these Articles;”

24. Amendment to the definition of “share” under the section headed “Interpretation” of the Articles of Association:

“share

means a share in the capital of the Company of a nominal or par value of HK\$0.10 and includes a fraction of any such share. Shares may be divided into classes in the discretion of the Directors and shall be designated as Redeemable Classes ~~A~~ Shares or Non- redeemable Class N Shares or Administrative Shares or such other class(es) or sub-class(es) as determined by the Directors in accordance with the provisions of these Articles and, except where otherwise expressly stated, the term “share” shall include all such classes of share;”

25. Amendment to Article 4(b) of the Articles of Association:

“4.(b) Shares may be divided into classes in the discretion of the Board and shall be designated as Redeemable Classes ~~A~~ Shares or Non-redeemable Class N Shares or Administrative Shares or such other classes or sub-classes as determined by the Board. The Board may re-designate any unissued shares so that such shares shall be available for allotment and issue as part of any other class.”

26. Amendment to Article 5 of the Articles of Association:

“Issue of Administrative Shares

5. ~~[Intentionally deleted]~~ (a) Administrative Shares shall only be issued at their nominal or par value and to the Investment Manager or such person or persons as the Directors may determine.

(b) The Directors may at any time direct that any Administrative Shares not held by the Investment Manager shall be compulsorily purchased from the holder thereof and the following shall apply:

(i) The Directors shall serve a notice (a “Purchase Notice”) upon the person appearing in the register as the holder of the Administrative Shares to be purchased or, as the case may be, that person’s executor, administrator, trustee, receiver or any other person having control over the disposal of all (or any portion which includes any Administrative Shares) of the registered holder’s assets (the “Vendor”) specifying the Administrative Shares to be purchased as aforesaid, the price to be paid for such Administrative Shares, the person in whose favour such holder must

execute a transfer of such Administrative Shares and the place at which the purchase price in respect of such Administrative Shares is payable. Any Purchase Notice may be served upon the Vendor by mailing the same in a pre-paid registered envelope addressed to the Vendor at his address shown in the register. The Vendor shall thereupon be obliged immediately to deliver to the Company within ten days from the date of the Purchase Notice any certificate or certificates representing the Administrative Shares specified in the Purchase Notice together with a duly executed transfer thereof in favour of the person specified in the Purchase Notice.

(ii) The price payable for Administrative Shares transferred pursuant to this Article shall be HK\$0.10 per Administrative Share.

(iii) In the event of the Vendor failing to carry out the sale of any Administrative Share which he shall have become bound to transfer as aforesaid, the Directors may authorise some person to execute a transfer of any such Administrative Share in accordance with the direction of the Directors and may give a good receipt for the purchase price of such Administrative Share, and may register the transferee or transferees as the holder or the holders thereof and thereupon the transferee or transferees shall become indefeasibly entitled thereto. The Vendor shall in such case be bound to deliver up his certificate (if any) for the said Administrative Share, and on such delivery shall be entitled to receive the purchase price without interest and where appropriate a balance certificate for any Administrative Shares not transferred as aforesaid.

(iv) No member may transfer any Administrative Share except with the consent of the Directors.

(c) The rights attaching to the Administrative Shares are as follows:

(i) Save as provided in Article 5(b), Administrative Shares shall not be redeemed or repurchased by the Company or the shareholders, and the shareholders of the Administrative Shares do not participate in the revenue and profits of the Company and do not carry any right to dividends.

(ii) In a winding up, Administrative Shares rank only for a return of paid up nominal capital pari passu out of the assets of the Company after the return of nominal capital paid up on the Redeemable Classes Shares and Non-redeemable Class N Shares.

(iii) Every holder of an Administrative Share shall be entitled to receive notice of, attend and speak at general meetings of the Company. Except where there are no shares of any other class in issue or except as otherwise provided in these Articles (including but, not limited to Article 191), the holder of an Administrative Share shall not be entitled to vote at general meetings of the Company and the Administrative

Shares shall be ignored for all purposes in establishing whether or not a quorum is present as if such Administrative Shares were not then in issue.

(d) The Administrative Shares are uncertificated and in registered form. No certificates will be issued in respect of any Administrative Shares held in the Company. A contract note will normally be issued upon the issuance of the Administrative Share.”

27. Amendment to Article 191 of the Articles of Association:

“191. Subject to the Law and for so long as the Company is authorised pursuant to section 104 of the SFO, the Company may at any time and from time to time by special resolution alter or amend its Memorandum of Association and Articles of Association in whole or in part, provided that the holder(s) of the Administrative Shares may alter or add to the Memorandum of Association and Articles of Association by special resolution (to the exclusion of the holders of the shares) if in their opinion the proposed alteration or addition: -

- (a) is necessary to make possible compliance with fiscal or other statutory, regulatory or official requirements; or
- (b) does not materially prejudice members’ interests, does not to any material extent release the Custodian, the Investment Manager or any other person from any liability to the members and does not increase the costs and charges payable from the property of the Company; or
- (c) is necessary to correct a manifest error,

provided further that so long as the Company is authorised pursuant to section 104 of the SFO, the certification in writing of the Custodian is required in respect of such proposed alteration or addition.”