Amundi
Investment Solutions

Amundi Vietnam Opportunities Fund

Explanatory Memorandum

September 2026

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AMUNDI HARVEST FUNDS

EXPLANATORY MEMORANDUM

AMUNDI VIETNAM OPPORTUNITIES FUND

IMPORTANT:

The Sub-Fund aims to achieve long-term capital growth by investing in a diversified portfolio of securities which includes equities and debt securities of issuers with actual or prospective business operations in Vietnam. Investments are mainly in Vietnam listed companies with existing operations, assets or investments in Vietnam.

The Sub-Fund may invest in securities or instruments connected to emerging markets, which involve substantial market, regulatory, liquidity and volatility risks.

Since the investments of the Sub-Fund are concentrated in a single market, volatility may be higher than more diversified funds.

Any Performance Fee charged to the Sub-Fund will not be calculated on a unit-by-unit basis and no equalisation or series of units provisions will apply. As such, the Performance Fee payable may not reflect the individual performance of the Units in question.

The units of this Fund cannot be offered or sold, directly or indirectly, in the United States of America (including its territories and possessions), to or for the benefit of a "U.S. Person", as defined in the U.S. "Regulation S" adopted by the Securities and Exchange Commission ("SEC").

Investors are required to certify in written, prior to the acquisition of the units, that they are not "U.S. Persons". Investors are required to notify immediately the Manager in the event that they become "U.S. Persons".

The Manager may impose restrictions on the unitholders by any “U.S. Person” and operate (i) compulsory redemption of units or (ii) transfer of units held by such “U.S. Person”.

Such power covers any person (a) who appears to be directly or indirectly in breach of the laws or regulations of any country or governmental authority, or (b) in the opinion of the Manager, might result in the Fund suffering any disadvantage which the Fund might not otherwise have incurred or suffered.

“U.S. Person” means: (a) any natural person resident in the U.S.; (b) any partnership or corporation organised or incorporated under the laws of the U.S.; (c) any estate of which any executor or administrator is a U.S. Person; (d) any trust of which any trustee is a U.S. Person; (e) any agency or branch of a non-U.S. entity located in the U.S.; (f) any non-discretionary or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the U.S.; and (h) any partnership or corporation if (i) organised or incorporated under the laws of any non-U.S. jurisdiction and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act of 1933, as amended, unless it is organised or incorporated, and owned, by accredited investors (as defined under Rule 501(a) under the U.S. Securities Act of 1933, as amended) who are not natural persons, estates or trusts.

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Important: If you are in any doubt about the contents of this Explanatory Memorandum, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. This Explanatory Memorandum has been written and authorised for distribution in Hong Kong only. It does not constitute a distribution of information or an offer in any other jurisdiction.

This Explanatory Memorandum comprises information relating to Amundi Harvest Funds which was a unit trust originally established as an umbrella fund under the laws of the Cayman Islands by a trust deed dated 27 January 2004 entered into between Société Générale Asset Management S.A., the former manager, and HSBC Trustee (Cayman) Limited as trustee, as amended from time to time, and the sub-fund known as Amundi Vietnam Opportunities Fund. Société Générale Gestion S.A. has been appointed as manager with effect from 31 December 2009 which was subsequently replaced by Amundi Hong Kong Limited (the "Manager") from 13 September 2010. Pursuant to a Deed of Removal of the Trust to Another Jurisdiction and Replacement of Trustee dated 12 May 2017, the Fund was removed from the jurisdiction of the Cayman Islands to the jurisdiction of Hong Kong and CACEIS Hong Kong Trust Company Limited was appointed as trustee in place of HSBC Trustee (Cayman) Limited with effect from 12 May 2017. Pursuant to a Deed of Retirement and Appointment of Trustee dated 18 June 2024, CACEIS Hong Kong Trust Company Limited retired as a trustee and HSBC Institutional Trust Services (Asia) Limited was appointed as a trustee with effect from 28 June 2024. The Trust Deed is currently governed by the laws of Hong Kong.

A product key facts statement which contains the key features and risks of the Sub-Fund is also issued and such product key facts statement shall form part of this Explanatory Memorandum, and shall be read, in conjunction with, this Explanatory Memorandum.

The Manager accepts responsibility for the information contained in this Explanatory Memorandum as being accurate at the date of publication. Distribution of this Explanatory Memorandum must be accompanied by a copy of the latest available annual financial report of the Fund and any subsequent semi-annual financial report.

Investors may access the website of the Manager at https://www.amundi.com.hk/retail (in English), and http://www.amundi.com.hk/zh_retail (in Chinese) for further information on

the Fund and the Sub-Fund, including this Explanatory Memorandum and the product key facts statement, annual and semi-annual financial reports and latest Net Asset Values. This website has not been reviewed or authorised by the Securities and Futures Commission ("SFC").

The Fund and the Sub-Fund have been authorised by the SFC in Hong Kong pursuant to section 104 of the Securities and Futures Ordinance and the Code on Unit Trusts and Mutual Funds. Although the Fund and the Sub-Fund have been authorised by the SFC, such authorisation does not imply official recommendation or endorsement of the Fund and the Sub-Fund nor does it guarantee the commercial merits of the Fund and/or the Sub-Fund or its performance. SFC authorization does not mean that the Fund and/or the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

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

Units are offered on the basis only of the information contained in this Explanatory Memorandum and (where applicable) the above mentioned annual financial reports and semi-annual financial reports.

Any information given or representations made by any dealer, salesman or other person and (in either case) not contained herein should be regarded as unauthorised and accordingly must not be relied upon. Neither the delivery of this Explanatory Memorandum nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum is correct as of any time subsequent to the date hereof. This Explanatory Memorandum may from time to time be updated and intending applicants of Units should enquire of the Manager as to the issue of any later Explanatory Memoranda.

Units have not been registered under the United States Securities Act of 1933 (as amended)

(the "Securities Act") and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a United States person. For this purpose, "United States person" shall have the meaning ascribed to such term in Regulation S under the Securities Act.

The Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended. The Manager has not been and will not be registered under the United States Investment Advisors Act of 1940.

Potential applicants for Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units.

Hong Kong Unitholders may contact Amundi Hong Kong Limited, the Manager, for any queries or complaints in relation to the Sub-Fund. To contact the Manager, Unitholders may either;

- write to the Manager (address at Suites 04-06, 32nd Floor, Two Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong); or

- call the Manager's Customer Service Hotline: 2521 4231.

The Manager will respond to any enquiry or complaint in writing or otherwise within one month.

Personal Information Collection Statement pertaining to Provision of Services

Personal Information Collection Statement relating to the Personal Data (Privacy) Ordinance, as amended (the "Ordinance")

Amundi Hong Kong Limited ("Amundi HK") is committed to maintaining your personal

data in accordance with the requirements of the Ordinance and will take all reasonable steps to ensure that your personal data is kept secure against unauthorized access, loss, disclosure and destruction.

This statement clearly stipulates (I) Amundi HK's purposes of data collection and maintenance of data, (II) the classes of persons Amundi HK can transfer personal data to, (III) your rights to access and correct your data and (IV) the framework under which Amundi HK may use your personal data for direct marketing, in compliance with the Ordinance and all other applicable regulations and rules governing personal data use in Hong Kong from time to time.

Nothing in this statement shall limit your rights as a data subject under the Ordinance and all other applicable regulations and rules governing personal data use in Hong Kong from time to time.

I. Purposes of data collection and maintenance of data

(a) From time to time, it is necessary for clients and various other individuals ("Data Subject(s)") to supply Amundi HK with data in connection with (i) various matters such as account opening or continuation of relationship, (ii) provision of services to Data Subject(s) and/or (iii) compliance with any applicable law, regulation or guideline issued by any regulatory body or authority.

(b) Failure to supply such data may result in Amundi HK being unable to open an account or continue with the provision of services to clients.

(c) The purposes for which data related to Data Subject(s) may be used will vary depending on the nature of the Data Subject(s)' relationship with Amundi HK. Information provided shall be held by Amundi HK or any of its affiliates and/or their delegates or sub-delegates as data processors, as appropriate, and used for any of the following purposes:

(i) processing applications for accounts and services;
(ii) provision of asset management, dealing and advisory services and daily operation of the accounts and services;

(iii) investments in other funds managed by Amundi HK or any of its affiliates;

(iv) designing financial services or related products for Amundi HK clients' use;

(v) promotion and marketing of investment products and/or services as further contemplated under Section IV below;

(vi) meeting regulatory requirements of anti-money laundering and counter-terrorist financing binding on Amundi HK or any of its affiliates or their delegates or sub-delegates, or complying with any group policies, procedures or program in relation thereto;

(vii) complying with the disclosure obligations, requirements, arrangements binding on Amundi HK or any of its affiliates or their delegates or sub-delegates pursuant to:

(1) any law and/or regulation or according to any guideline or guidance given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers; within or outside Hong Kong existing currently or in the future;

(2) any present or future contractual or other commitment with local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities or self-regulatory or industry bodies or associations of financial services providers, that is assumed by or imposed on Amundi HK or any of its affiliates by reason of its financial, commercial, business or other interests or activities in or related to the jurisdiction of the relevant local or foreign legal, regulatory, governmental, tax, law enforcement or other authority, or self-regulatory or industry bodies or associations.

(viii) enabling an actual or proposed assignee of Amundi HK or any of its affiliates, or participant or sub-participant of the rights of Amundi HK or those of any of its affiliates in respect of the Data Subject(s), to evaluate the transaction intended to be the subject of the assignment, participation or sub-participation;

(ix) any other purpose directly related to the above.

(d) Data collected may be maintained for such period of time which may be required under applicable law and as otherwise needed to fulfill the purposes set out in sub-section (c) above.

II. Classes of persons Amundi HK can transfer personal data to

(e) Data held will be kept confidential but Amundi HK may provide such information to the following parties, whether inside or outside Hong Kong, for the purposes set out in sub-section (c) (i) to (ix) above:

(i) holding company, subsidiaries and/or affiliates of Amundi HK;

(ii) agents, contractors, intermediaries and / or service providers of Amundi HK or any of its affiliates providing administrative services, telecommunication services, mailing services, data processing services, data storage services, information technology services, clearing and settlement services, registrar services, custodian services, share distribution services, securities and investment services and/or audit services or other services to Amundi HK in connection with the operation of its business;

(iii) any person under a duty of confidentiality to Amundi HK including any of its affiliates which has undertaken to keep such information confidential;

(iv) any person to whom Amundi HK or any of its affiliates is under an obligation or otherwise required to make disclosure under the requirements of any law binding on or applying to Amundi HK or any of its affiliates, or any disclosure under and for the purpose of any guidelines or guidance given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers with which Amundi HK or any of its affiliates is expected to comply, or any disclosure pursuant to any contractual or other commitment of Amundi HK or any of its affiliates with local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities , or self-regulatory or industry bodies or associations of financial services providers, all of which may be within or outside Hong Kong and may be existing currently and in the future;

(v) any actual or proposed assignee of Amundi HK or any of its affiliates, or participant or sub-participant or transferee of the rights of Amundi HK or those of any of its affiliates in respect of the Data Subject(s);

(vi) charitable or non-profit making organizations; and

(vii) any person or party to whom Amundi HK or its affiliates is under an obligation to make disclosure under the requirements of any law binding on Amundi HK or any of its affiliates.

(f) Protecting your privacy is a priority to us. Your information will be held in confidence and not passed to any third party, other than as already indicated above, without your permission or unless required by law.

(g) Within Amundi HK, access to non-public information about a client is restricted to employees who need to know the information to provide products or services to the client. Amundi HK maintains physical, electronic and procedural safeguards that protect client information.

III. Right to access and correct personal data

(h) Under the Ordinance, you have the right:

(i) to check whether Amundi HK holds data about you, and have access to such data;
(ii) to require Amundi HK to correct any data relating to you which is inaccurate;
(iii) to ascertain Amundi HK's policies and practices in relation to data and to be informed of the kind of personal data held by Amundi HK.

(i) In accordance with the terms of the Ordinance, Amundi HK has the right to charge a reasonable fee for the processing of any data access request.

(j) Requests for access to data or correction of data or for information regarding policies and practices and kind of data held shall be sent to the following address:

Data Protection Officer
Amundi Hong Kong Limited
Suites 04-06, 32nd Floor, Two Taikoo Place, Taikoo Place
979 King's Road, Quarry Bay, Hong Kong

Please remember to identify yourself when writing to the Data Protection Officer.

IV. Use of personal data by Amundi HK in direct marketing

(k) Amundi HK intends to use Data Subject(s) name(s), job title(s), mailing address(es), email address(es), phone number(s), fax number(s), products and services portfolio information, transaction pattern and behavior and/or financial background in marketing communication such as direct-mails, emails, and/or telephone calls in relation to the promotion and the marketing of investment products managed by and/or investment strategies or services developed by Amundi HK, its holding company, subsidiaries and/or affiliates, markets updates and invitations to events, as well as donations and contributions for charitable and/or non-profit making purposes, and Amundi HK requires the Data Subject(s)' written consent for that purpose.

(l) In addition to marketing itself investment products managed by and/or investment strategies or services developed by Amundi HK, its holding company, subsidiaries and/or affiliates, markets updates and invitations to events, as well as donations and contributions for charitable and/or non-profit making purposes (together hereinafter referred to as the "Services and Products"), Amundi HK also intends to provide the personal data described in sub-section (k) above to the holding company, the subsidiaries and/or the affiliates of Amundi HK for the use by them in marketing those Services and Products, and Amundi HK requires the Data Subject(s)' written consent for that purpose.

(m) Amundi HK may receive money or other property in return for providing the personal data to the other parties described in sub-section (l) above and, when requesting the Data Subject(s)' written consent, Amundi HK will inform the relevant Data Subject(s) if Amundi HK will receive any money or other property in return for providing the data to such other parties.

(n) Amundi HK may not use personal data in direct marketing as described in sub-section (k) or provide personal data for use in direct marketing as described in sub-section (l) above, unless it has received the Data Subject(s)' relevant written consent. You may provide your consent for Amundi HK to use your personal data in direct marketing as described in sub-section (k) and/or provide your personal data to other parties for use in direct marketing as described in sub-section (l) by notifying the Marketing Department of Amundi HK, free of charge, to the following address:

Amundi Hong Kong Limited
Marketing Department
Suites 04-06, 32nd Floor, Two Taikoo Place, Taikoo Place
979 King's Road, Quarry Bay, Hong Kong

(o) Please note that, should you decide to give your consent with respect to the use by Amundi HK of your personal data in direct marketing as described in sub-section (k) or the provision by Amundi HK of personal data for use in direct marketing as described in sub-section (l) above, you may subsequently, at any time and free of charge, request Amundi HK to cease using your personal data in direct marketing or providing your personal data for use in direct marketing, by sending such a request in writing to the Marketing Department of Amundi HK, to the address mentioned in sub-section (n) above.

ADMINISTRATION

Manager:	Amundi Hong Kong Limited Suites 04-06, 32nd Floor, Two Taikoo Place, Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Trustee and Registrar:	HSBC Institutional Trust Services (Asia) Limited 1 Queen's Road Central Hong Kong
Custodian	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Auditor:	PricewaterhouseCoopers 21/F Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong
Directors of the Manager:	FAUCHER Julien, Armand O'TOOLE John Patrick WONG Tai Che, Eddy WURTZ Sarah, Fannie, Jennifer, Marthe, Denise, Tatiana ZHONG Xiaofeng c/o Amundi Hong Kong Limited Suites 04-06, 32nd Floor, Two Taikoo Place, Taikoo Place 979 King's Road Quarry Bay, Hong Kong

SUMMARY OF KEY TERMS

Please refer to the relevant provisions of this Explanatory Memorandum for a complete discussion of the terms summarised below:

Legal Structure	an umbrella unit trust governed by the laws of Hong Kong. This Explanatory Memorandum relates to the Amundi Vietnam Opportunities Fund
Manager	Amundi Hong Kong Limited
Trustee	HSBC Institutional Trust Services (Asia) Limited
Custodian	The Hongkong and Shanghai Banking Corporation Limited
Currency Base	US$
Initial Offer Price	US$10 per Unit
Minimum Investment	the higher of US$1,000 or 100 Units
Management Fee	currently 1.8% per annum of the Net Asset Value
Performance Fee	currently 15% of the difference between the Net Asset Value per Unit of the Sub-Fund on a Dealing Day (net of all other fees and expenses) and the High Water Mark provided that on such Dealing Day the Net Asset Value per Unit is above the High Water Mark
Performance period	a performance period shall commence each calendar year
High Water Mark	for each performance period, the higher of the issue price and the highest Net Asset Value per Unit as at the end of any previous performance period, adjusted by deducting

	performance fees and distributions. For the avoidance of doubt, the High Water Mark for the first performance period equals the Initial Offer Price
Preliminary Charge	5%
Switching / Conversion fee	1% between existing and future sub-funds of Amundi Harvest Funds
Dealing Day	a Business Day in Hong Kong, New York and Vietnam
Dealing Deadline	in relation to any Dealing Day, 5:00 p.m. Hong Kong time on the Business Day preceding that Dealing Day

DEFINITIONS

In addition to the Summary of Key Terms, the defined terms used in this Explanatory Memorandum have the following meanings:

"Business Day"	means a day (other than a Saturday or Sunday) on which (i) the Stock Exchange of Hong Kong is open for trading and (ii) banks in New York and Vietnam are open for normal banking business or such other day or days as the Manager may determine from time to time
"connected person"	means in relation to the Manager: (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of the Manager or being able to exercise, directly or indirectly, 20% or more of the total votes in the Manager; or (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or

(c) any member of the group of which the Manager forms part; or

(d) any director or officer of the Manager or of any of its connected persons as defined in (a), (b) or (c) above

"FATF"	means the Financial Action Task Force
"Fund"	means Amundi Harvest Funds, an umbrella Hong Kong unit trust
"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;
"Net Asset Value" or "NAV"	means the net asset value of the Fund or the Sub-Fund or of a Unit, as the context may require, calculated in accordance with the provisions of the Trust Deed as summarised below under the sections titled "Calculation and Publication of Net Asset Value" and "Swing Pricing"
"Qualified Exchange Traded Funds"	means exchange traded funds that are: (a) authorised by the Commission under 8.6 or 8.10 of the SFC's Code on Unit Trusts and Mutual Funds; or (b) listed and regularly traded on internationally recognized stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under 8.6 of the SFC's Code on Unit Trusts and Mutual Funds; or (ii) the investment objective, policy,

	underlying investments and product features of which are substantially in line with or comparable with those set out under 8.10 of the SFC's Code on Unit Trusts and Mutual Funds
"Realisation Price"	means the price at which Units will be realised as more fully described in the section titled "Realisation of Units"
"REITs"	means real estate investment trusts
"reverse repurchase transactions"	means transactions whereby the Sub-Fund 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"	means transactions whereby the Sub-Fund 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"	means collectively securities lending transactions, sale and repurchase transactions and reverse repurchase transactions
"securities lending transactions"	means transactions whereby the Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee
"SSC"	means the State Securities Commission of Vietnam
"SFC"	means the Securities and Futures Commission of Hong Kong
"SFO"	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

"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$2 billion or its equivalent in foreign currency or such other definition as provided in the SFC's Code on Unit Trusts and Mutual Funds;
"Sub-Fund"	means Amundi Vietnam Opportunities Fund
"Trust Deed"	means the trust deed establishing the Fund entered into by Société Générale Asset Management S.A., the former manager, and HSBC Trustee (Cayman) Limited, the former trustee dated 27 January 2004, as amended from time to time
"Unit"	means a unit in the Sub-Fund
"Unitholder"	means a person registered as a holder of a Unit
"US$"	means the currency of the United States of America
"Valuation Day"	means the following Business Day after the relevant Dealing Day
"Valuation Time"	means the close of business in the last relevant market to close on each Valuation Day or such other time on such Business Day as the Manager may from time to time determine
"Vietnam Stock Exchange"	means stock exchanges established in Vietnam under the jurisdiction of the SSC (or successor body) from time to time

GENERAL DETAILS OF THE FUND

AMUNDI HARVEST FUNDS (the "Fund") was originally constituted as a Cayman Islands unit trust by a trust deed dated 27 January 2004 entered into between Société Générale Asset Management S.A., the former manager, and HSBC Trustee (Cayman) Limited as trustee. Société Générale Gestion S.A. has been appointed as Manager with effect from 31 December 2009 which was subsequently replaced by Amundi Hong Kong Limited from 13 September 2010. Pursuant to a Deed of Removal of the Trust to Another Jurisdiction and Replacement of Trustee dated 12 May 2017, the Fund was removed from the jurisdiction of the Cayman Islands to the jurisdiction of Hong Kong and CACEIS Hong Kong Trust Company Limited was appointed as trustee in place of HSBC Trustee (Cayman) Limited with effect from 12 May 2017. Pursuant to a Deed of Retirement and Appointment of Trustee dated 18 June 2024, CACEIS Hong Kong Trust Company Limited retired as a trustee and HSBC Institutional Trust Services (Asia) Limited was appointed as a trustee with effect from 28 June 2024. The Trust Deed is currently governed by the laws of Hong Kong. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Fund is an umbrella fund and offers Units in separate pools of assets. Each sub-fund has its own separate and distinct investment policy. This Explanatory Memorandum relates solely to the Amundi Vietnam Opportunities Fund.

Amundi Vietnam Opportunities Fund is denominated in US$.

The Trust Deed effectively places the Manager and the Trustee under an obligation to segregate the assets and liabilities between each sub-fund of the Fund. Such measures if complied with should prevent the cross-over of liabilities of sub-funds. A failure by the Manager and/or the Trustee to comply with such obligations would amount to a breach of the terms and conditions of the Trust Deed.

The Manager and the Trustee may create additional classes of Units and additional sub-funds in the future.

INVESTMENT OBJECTIVES AND POLICIES

Investment Objectives and Policies

Amundi Vietnam Opportunities Fund is a collective investment scheme which seeks to provide investors with long-term capital growth by investing directly or indirectly in a diversified portfolio of securities including equities, debt securities of issuers with actual or prospective business operations in Vietnam and provide economic exposure to the Vietnam market. The Sub-Fund intends to invest mainly in Vietnam listed companies with existing operations, assets or investments in Vietnam. The Sub-Fund may also invest in other Vietnam related companies such as:

- Companies that have publicly announced or made public their plans to expand existing and/or acquire similar or complimentary operations in Vietnam, with earnings enhancement potentials.

- Companies that have entered and/or announced to enter into joint venture projects with local Vietnamese companies, with minimum 25% stake in the joint venture company.

To the extent permitted under the SFC's Code on Unit Trusts and Mutual Funds and subject to the investment restrictions set out in the Schedule to this Explanatory Memorandum and any restrictions imposed by Vietnamese law from time to time, the Manager may on behalf of the Sub-Fund:

(1) invest in securities of listed and unlisted entities, including companies domiciled or listed on a stock exchange in Vietnam as well as companies domiciled in, or listed on a stock exchange in, Asia with actual or prospective operations in, exposure to, or revenue derived from Vietnam. The Sub-Fund may also invest in securities issued by government entities;

(2) invest in collective investment schemes to the extent permitted by the SFC's Code on Unit Trusts and Mutual Funds;

(3) invest in any money market instruments (which may include but are not limited to money market instruments issued in Vietnam).

All transactions and dealings carried out by or on behalf of the Sub-Fund will be dealt with on an "arms length" basis in accordance with the Trust Deed and in compliance with relevant regulatory codes to which such entities are subject.

Roles of the Manager

The Manager has overall responsibility for ensuring that the investment guidelines and restrictions of the Sub-Fund are observed.

The Manager may delegate any of its management functions in relation to all or part of the Sub-Fund's assets and/or investment portfolios to one or more sub-investment managers from time to time subject to the Trustee's consent and prior SFC approval. In addition, the Manager may at its discretion, with or without giving any notice, appoint sub-adviser(s) or terminate any appointment of such sub-adviser(s) from time to time.

Investment Restrictions

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments and borrowing by the Manager for Amundi Vietnam Opportunities Fund. A summary of these restrictions is set out in the Schedule to this Explanatory Memorandum.

The Manager does not intend to enter into any securities financing transactions on behalf of the Sub-Fund and accordingly, as at the date of this Explanatory Memorandum, the Sub-Fund does not hold any collateral in connection with such transactions.

If any of the investment and borrowing restrictions set out in the Schedule to this Explanatory Memorandum is breached, the Manager shall as a priority objective take all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of Unitholders.

Use of derivatives

The Sub-Fund will not use financial derivative instruments for any purposes.

LIQUIDITY RISK MANAGEMENT

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Sub-Fund and to ensure that the liquidity profile of the investments of the Sub-Fund will facilitate compliance with the Sub-Fund's obligation to meet realisation requests.

The Manager would regularly assess the liquidity of the Sub-Fund's assets under the current and likely future market conditions. In particular, for high yield or unrated debt securities and emerging market assets, the Manager intends to maintain a more diversified investment portfolio with different levels of liquidity and avoid concentrating investment in any one investment, particularly investments which are less liquid. The Manager may also set an internal limit as to each individual investment that may be held by the Sub-Fund.

The Manager may use a range of quantitative metrics and qualitative factors in assessing the liquidity of the Sub-Fund's assets including the following:

- the volume and turnover in the security;
- (Where the price is determined by the market) the size of the issue and the portion of the issue that the Manager plans to invest in;
- the cost and timeframe to acquire or sell the securities;
- an independent analysis of historic bid and offer prices may indicate the relative liquidity and marketability of the instrument; and
- the quality and number of intermediaries and market makers dealing in the security concerned.

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

- the Manager may limit the number of Units of any Sub-Fund realised on any Dealing Day (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total number of Units of the relevant Sub-Fund in issue (subject to the conditions under the heading "Realisation of Units" in the section headed "Issue and Realisation of Units"). If such limitation is imposed, this would restrict the ability of a Unitholder to realise in full the Units he intends to realise on a particular Dealing Day;

- if the Manager considers it is in the interests of all Unitholders, the Manager may make adjustment to the Net Asset Value per Unit of the Sub-Fund as set out in the section headed "Swing Pricing";

- the Manager may suspend realisation under exceptional circumstances as set out in the first paragraph under the section headed "Miscellaneous". During such period of suspension, Unitholders would not be able to realise their Units in the relevant Sub-Fund; and

- the Manager may borrow up to 10% of the latest available Net Asset value of the Sub-Fund to acquire investments, to realise Units or to pay expenses relating to the relevant Sub-Fund.

In practice, the Manager will consult the Trustee before the use of these mechanisms. Investors should note that there is a risk that these mechanisms may be ineffective to manage liquidity and realisation risks.

RISK FACTORS

The Sub-Fund is subject to market fluctuations and to the risks inherent in all investments, and the price of Units may go down as well as up. The discussion below is of a general nature and is intended to describe various risk factors associated with an investment in the Sub-Fund. To the best knowledge and belief of the Manager, the following statements are intended to summarise the risks

involved in investment in the Sub-Fund having regard to the current market and economic environment. Investors should be aware, at the very least, of the following risk factors (set out solely for their assistance) before deciding whether or not to invest in it. Investors should consult their own advisers before considering an investment in the Sub-Fund.

An investment in the Sub-Fund involves risks. These risks may include or relate to, amongst other things, equity market, debt securities market, foreign exchange, interest rate, credit, market volatility and political risks and any combination of these and other risks. Investors are also reminded that risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of the Units. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Units.

Some of these risk factors are briefly discussed below. Investors should be experienced with respect to transactions in instruments such as the Units, equities and money market instruments. Investors should also understand the risks associated with an investment in the Sub-Fund and should only reach an investment decision after careful consideration with their legal, tax, accounting, financial and other advisers among other things of the suitability of an investment in the Sub-Fund in the light of their own particular financial, fiscal and other circumstances and the information set out in this Explanatory Memorandum.

Credit risk: Investment in the Sub-Fund is subject to the credit risk of the issuer of instruments or securities held directly or indirectly by the Sub-Fund, which may be evidenced by the issuer's credit rating. In the event that any issuer of instruments or securities experiences financial or economic difficulties, this may affect the value of the relevant securities and any amounts paid on such securities. This may in turn affect the Net Asset Value per Unit.

Counterparty risk: The Sub-Fund may enter into transaction(s) with one or more counterparties which may expose the Sub-Fund to the credit risk of the counterparties.

In the event of a bankruptcy or insolvency of the counterparties, the Sub-Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Sub-Fund seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights.

The Manager believes that the counterparties with which the Sub-Fund deals must have reasonable financial soundness at the time of entering into the relevant transaction.

There is also a possibility that the above transactions will be terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated.

Market volatility: Market volatility reflects the degree of instability and expected instability of the performance of the Units. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for the underlying investments. The prices of such investments are determined by forces of supply and demand. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro economic factors and speculation. The prices of certain securities listed on stock markets may be subject to sharp fluctuations and sudden declines and no assurance can be given as to the future performance of listed securities in general. Prospective investors should therefore be aware that the value of listed securities and the income derived from them is likely to fluctuate.

Vietnam market risk: All financial markets may at times be adversely affected by changes in political, economic and social conditions. The Sub-Fund's investments are subject to the risks inherent in all securities i.e. the value of holdings may fall as well as rise. Since emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risks. Please refer to the risks relating to emerging markets described below. In addition, investments in Vietnam are also currently exposed to risks pertaining to the Vietnamese market. These include risks brought about by current investment ceiling limits where foreign investors are subject to certain holding limits, currently 49 %. of the total tradable shares of a company listed on the Vietnam Stock Exchange; and constraints currently imposed on

the trading of listed securities where a registered foreign investor may only maintain a trading account with one licensed securities company in Vietnam. These may contribute to the illiquidity of the Vietnamese securities market, create inflexibility and uncertainty on the trading environment. To avoid misapplication of investors' money, the current regulations do not permit securities companies to directly receive and manage the investment capital from their investors and require delegation of that task to commercial banks in Vietnam. However, not all securities companies have complied with such regulations, resulting in some monetary risks for investors.

The Sub-Fund may invest in shares of unlisted companies in Vietnam. However, reliance on the financial statements of those companies may not be high, as not all of those companies are legally required to audit their annual financial statements. The only companies in Vietnam the financial statements of which must be audited on an annual basis are foreign invested companies and companies in the financial and banking sector, including credit institutions, development assistance funds, financial institutions and insurance companies. Nevertheless, disclosure supervision is rather weak and pursuant to the Securities Law of 2006, only public companies are obligated to report (ordinarily on a quarterly / semi-annually / annually basis, and extra-ordinarily 24 hours / 72 hours / on specific request) to the SSC.

Recently, the official market mechanism has experienced material changes with the conversion of the former Securities Trading Centres and Securities Depository Centres, which tended to operate as State administrative authorities, into State-owned legal entities under the form of single-member limited liability companies (i.e. Ho Chi Minh Stock Exchange - "HOSE", Hanoi Stock Exchange - "HNX", and Vietnam Securities Depository Center - "VSD"), the organization, management and operations of which (like other legal entities) are now being governed by the Law on Enterprises, Law on Securities and other applicable laws, which promises a clearer market-orientation of the securities market.

With respect to the trading of listed securities in Vietnam, on-line selling / buying order placing mechanism is now in place, but it is just on a trial basis and only permissible and applicable to a limited number of technically qualified securities companies.

Any changes (increase or decrease) from the rates of 5%, 10%, 15% and 20% of the total shareholding in respect of shareholders of listed companies must be reported to the SSC. Registration with the local Department of Planning and Investment is now required from unlisted companies when a holder holds unlisted shares exceeding 5% of the total shares. While in the former case, the report is mainly for the purpose of market monitoring, the latter is more likely for the purpose of recognition of ownership. As the registration must be made by the company itself, risk may arise to the shareholder if the company fails to register or the authorities refuse to register the changes in shareholding. Currently, many authorities are not registering changes mentioned above when they relate to acquisitions by foreign parties, resulting in uncertainty of their ownership status.

Liquidity risk: The smallness in size of some of the Vietnam stock markets through which the Sub-Fund will invest may result in significant price volatility and a potential lack of liquidity. Daily trading volumes may be extremely small in relation to the size of those stock markets resulting in difficulty in acquiring and disposing of securities in any quantity at the price and time it so desires. Certain types of assets or securities may be difficult to buy or sell, particularly during adverse market conditions. This may affect the ability to obtain prices for the components of the underlying asset of the Sub-Fund and may therefore affect the value of the underlying asset of the Sub-Fund and the ability of investors to realise their Units. In addition, as the Vietnamese market is in its initial stage of development, market liquidity can be affected by the actions of unprofessional investors or traders.

Currency risk: The base currency of the Sub-Fund and the Units of the Sub-Fund are denominated in US Dollars, whereas the assets in which the Sub-Fund may invest and the income derived therefrom may be quoted in other currencies. The performance of the Sub-Fund's assets will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the base currency.

Since the Manager aims to maximise returns in US dollars terms, investors whose base currency is **not** US dollars may be exposed to additional currency risk.

The performance of the Sub-Fund's holdings may also be affected by changes in exchange control regulations.

Concentration risk: The Sub-Fund is highly specialised. Investors should be aware that this Sub-Fund is likely to be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the countries in which it invests.

Emerging markets risk: Accounting, auditing and financial reporting standards in some of the emerging markets in which the Sub-Fund's assets will be invested may be less rigorous than international standards. As a result, certain material disclosures may not be made by some companies.

Investment in emerging markets involves special considerations and risks. Many emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. There is a possibility of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of emerging markets or the value of the Sub-Fund's investments, and the risks of investing in countries with smaller capital markets, such as limited liquidity, limited market information, price volatility, restrictions on foreign investment and repatriation of capital, and the risks associated with emerging economies, including high inflation and interest rates and political and social uncertainties.

Investments in products relating to emerging markets may also become illiquid which may constrain the Manager's ability to realise some or all of the portfolio. Small market size and limited trading volume of securities markets may mean that the investments are less liquid and more volatile than investments in more established markets, and that market prices can be more easily manipulated by large individual investors. The marketability of quoted shares may be limited due to the restricted opening hours of stock exchanges, a narrow range of investors and a relatively high proportion of market value being concentrated in the hands of a relatively small number of shareholders. Infrastructure for clearing, settlement, registration and custodian services is in some cases less developed than those in more mature world markets, which may result in delays and other material difficulties in settling trades and in registering transfers of securities. It may result in delays

in settling and / or registering transactions. Problems of settlement in these markets may affect the value and liquidity of the Sub-Fund.

In Vietnam, the mechanism for identifying money laundering may not be effective, and although a regulation on anti-money laundering exists, there is no further detailed guidance.

Custodial risk: Custodial risk is the risk arising from the possibility that, to the detriment of the Sub-Fund, the Sub-Fund could be denied access, in whole or in part, to investments held in custody in case of bankruptcy, negligence, willful misconduct or fraudulent activity on the part of the custodian and sub-custodian.

Legal risk: The economy of Vietnam is substantially less developed than those of other geographic regions such as the United States and Europe. The laws and regulatory apparatus affecting the economy are also in a relatively early stage of development and are not as well established as the laws and the regulatory apparatus of regions such as the United States and Europe. Vietnamese securities laws and regulations are still in their development stage and not drafted in a very concise manner which may be subject to interpretation. In the event of a securities related dispute involving a foreign party, the laws of Vietnam shall apply (unless an applicable international treaty provides otherwise). The Vietnamese court system is not as transparent and effective as court systems in more developed countries and there can be no assurance of obtaining effective enforcement of rights through legal proceedings in Vietnam and generally the judgements of foreign courts are not recognized.

Regulatory risk: Foreign investment in Vietnam's primary and secondary securities markets is still relatively new and many of Vietnam's existing securities laws are ambiguous and/or have been developed to regulate direct investment by foreigners rather than portfolio investment. Investors should note that because of a lack of precedent, securities market laws and the regulatory environment for primary and secondary market investments by foreign investors are in the early stages of development, and remain untested.

The regulatory framework of the Vietnam primary and secondary securities markets is

still in the development stage compared to many of the world's leading stock markets, and accordingly there may be a lower level of regulatory monitoring of the activities of the Vietnam primary and secondary securities markets. The absence of detailed regulations means a lower level of protection afforded to investors in the Vietnam market. Future regulatory changes, while impossible to predict, may also be substantial and adverse.

Although a number of detailed regulations / guidelines have been issued recently by the Ministry of Finance (the "MoF") and the SSC to implement the Securities Law of 2006 (including the regulations on the establishment and operations of funds, fund management companies and investment companies, regulations on operation of foreign investors in the Vietnamese stock market, etc.), many others are still in the drafting stage and it is difficult to predict when these regulations / guidelines will be issued. With respect to the ones recently issued including the two Government decrees (i.e. Decree 14 and Decree 36), many of them (including Decree 36, the regulations on the establishment and operations of funds, fund management companies and investment companies) are in need of amendment/ revision, to provide for sustainable development and effective supervision of the market, while others are just being recently put into practice and require more time to test (including the new regulations on operation of foreign investors in the Vietnamese stock market).

For example, the mentioned new regulations on operation of foreign investors in the Vietnamese stock market were recently issued and attached to Decision 121/2008/QD-BTC, dated 24 December 2008, of the MoF for the purpose of providing a unified management mechanism over the investment of foreign investor in Vietnamese stock market. Though being newly issued, these regulations tend to deal only with listed and public companies and leave open all indirect investment by foreign investors, while the implementation of its provision on the investment capital account opened by foreign investors for securities investment in Vietnam (both in listed and unlisted securities) shall be further subject to the regulations which are pending issue by the State Bank of Vietnam (the "SBV") on the management of the foreign exchanges issues.

In addition to that, there is an inconsistency in interpretation by the government agencies of the provisions of the laws and lower-level regulations in relation to indirect investment by foreign investors in Vietnam, particularly investment in unlisted shares of Vietnamese

companies. This results in discrepancies in some circumstances in the approval, registration or recognition of the validity of the unlisted shares acquisitions by foreign investors.

Tax risk: Regarding investment in listed securities, there are various tax issues which remain unclear and might be the subject of clarification by the Vietnam government (see section entitled "TAXATION" below for a more detailed discussion on the current tax position of the Sub-Fund).

Foreign exchange risk: The Vietnamese Dong ("VND") is a controlled currency, with an official US$/VND reference inter-bank exchange rate set by the SBV on a daily basis and banks are allowed to raise their daily trading band for the US$/VND exchange rate to ± 5 % against such inter-bank rate. Investors should note the risks of limited liquidity in the Vietnam foreign exchange market.

In addition, all market transactions in Vietnam are required (by the Ordinance on Foreign Exchange of 2005, which took effect from 1 June 2006) to be denominated in VND unless expressly permitted by the SBV. Specifically, for securities activities, Decision 1550 of 2004 issued by the SBV requires that all securities transactions in Vietnam must be made in VND. Pursuant to these regulations, upon completion of all financial obligations in Vietnam, foreign investors (or their agents) are permitted to convert their VND income in Vietnam to foreign currencies for the purpose of remittance abroad (after withholding of the taxes mentioned below).

Valuation of securities: Investors in the Sub-Fund should be aware that the fixed income and other securities invested by the Sub-Fund may vary over time and may increase or decrease by reference to a variety of factors which may include, amongst other things, corporate actions, macro economic factors, speculation and market activity. Prices of listed securities in Asian stock markets have, in the past, been subject to sudden and substantial price movement and this is likely to continue. This may result in substantial changes in the Net Asset Value of the Sub-Fund.

Interest rate risk: Investors in the Sub-Fund should be aware that their investments may involve interest rate risk. Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro economic factors.

Fluctuations in short term and/or long term interest rates may affect the value of the Units. Fluctuations in interest rates of the currency in which the Units are denominated and/or fluctuations in interest rates of the currency or currencies in which the Sub-Fund's investments are denominated may affect the value of the Units.

Changes in Applicable Law: The Fund and the Sub-Fund must comply with various legal requirements, including securities laws and tax laws as imposed by the jurisdictions under which it operates. Should any of those laws change over the life of the Fund and the Sub-Fund, the legal requirements to which the Fund, the Sub-Fund and the Unitholders may be subject, could differ materially from current requirements. Amongst others are the amendment of the banking law system proposed by the SBV which aims at first converting the SBV into a central bank, and then enabling commercial banks to focus more on a wider range of commercial activities, and the upcoming amendments of a series of laws relating to the areas of investment, construction and tendering, including Law on Construction, Law on Investments, Law on Enterprises, Law on Tendering, which will be considered and discussed in 2009 Session of the National Assembly.

US Foreign Account Tax Compliance Act ("FATCA") risk: In the event an Unitholder does not provide the requested information and/or documentation in order for the Fund and Sub-Fund to fulfill the FATCA obligation, whether or not that actually leads to compliance failures by the Fund and the Sub-Fund, or a risk of the Fund or the Sub-Fund being subject to a 30% withholding tax on certain payments received under FATCA, the Manager on behalf of the Fund and Sub-Fund reserves the right to take any action and/or pursue all remedies to the extent permitted by applicable laws and regulations at its disposal including, without limitation, (i) reporting the relevant information of such Unitholder to the U.S. Internal Revenue Service ("IRS") to the extent permitted by applicable laws and regulations; (ii) withholding or deducting from such Unitholder's account to the extent permitted by applicable laws and regulations, as provided under clause 17.4 of the Trust Deed dated 27 January 2004 and/or (iii) giving such Unitholder notice to transfer or realise all his Units in the Fund and Sub-Fund pursuant to clause 10.9 of the Trust Deed dated 27 January 2004. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds. In any event, the Manager shall comply with personal data protection principles, and requirements as set out in the Personal Data (Privacy) Ordinance (Chapter 486 of the

Laws of Hong Kong) and all other applicable regulations and rules governing personal data use in Hong Kong from time to time.

Although the Fund and Sub-Fund will attempt to satisfy any obligations imposed on them to avoid the imposition of this withholding tax, no assurance can be given that the Fund and Sub-Fund will be able to satisfy these obligations. There is also no assurance that a foreign financial institution ("FFI") not complying with FATCA that invests in the Fund and Sub-Fund could indirectly affect the Fund and Sub-Fund, even if the Fund and Sub-Fund satisfy their FATCA obligations. If the Fund and Sub-Fund become subject to a 30% withholding tax on certain types of income from their U.S. investments (further described under the sub-heading "U.S. FATCA" in the section of "Taxation" of this Explanatory Memorandum) as a result of FATCA, the value of the units held by Unitholders may suffer material loss.

Severe Weather Conditions: From 23 September 2024, on any day on which severe weather conditions persist (i.e. Typhoon Signal No. 8 or above is hoisted, or Black Rainstorm Warning is issued by the Hong Kong Observatory, or a situation of "Extreme Conditions" is announced by the Hong Kong Government), trading, clearing and settlement services and operations will continue in both the securities and derivatives markets in Hong Kong, and the Stock Exchange of Hong Kong will maintain normal operations to the furthest extent possible.

Accordingly, on each such day which is a Dealing Day, it is intended that the dealing of the Sub-Fund will be conducted, pursuant to the terms and procedures set out in this Explanatory Memorandum.

The implementation of trading and dealing of Units of the Sub-Fund under such conditions will depend on the operational support of its service providers. Although system testing has been performed, and contingency plans have been developed, there is a possibility of extreme events (e.g. temporary power outages or the suspension of electronic money transfer channels) that may impact the operations of the service providers of the Sub-Fund and they may not be able to operate, or to operate at the normal level.

While the Manager, the Trustee and other service providers of the Sub-Fund will take

appropriate measures to ensure normal operations as far as possible to facilitate dealing in the Sub-Fund, investors should note that their ability to deal will also depend on the availability of the services of their own service providers. Investors should check with their authorised distributors whether dealing is offered through them, on a day on which severe weather conditions persist. These service providers are independent of the Manager, and it cannot be guaranteed that their services will not be disrupted under such conditions.

Swing Pricing Risk: Investors should note that the application of swing pricing may result in the Net Asset Value per Unit being higher or lower than it would otherwise have been without the application of such mechanism. As a result, investors subscribing for, or realising Units from, or switching Units into / out of the Sub-Fund on a Dealing Day on which swing pricing is applied may receive a less favourable price than would otherwise be the case. Accordingly, investors may bear a greater portion of the transaction costs associated with their own trading activity.

Investors should note that the application of the swing pricing mechanism may cause the volatility of the Sub-Fund's Net Asset Value to differ from the Sub-Fund's underlying portfolio performance. In general, the Net Asset Value per Unit will be increased where the Sub-Fund experiences net inflows and decreased where the Sub-Fund experiences net outflows.

The decision to apply swing pricing, and the level of any adjustment, will generally be made at the discretion of the Manager in accordance with the applicable swing pricing policy. There can be no assurance that swing pricing will fully eliminate dilution or prevent all adverse effects on the Sub-Fund or its investors. The estimation of transaction costs and the application of any adjustment may also involve judgment and may not always accurately reflect actual market conditions or dealing costs.

It should be remembered that the Net Asset Value per Unit can go down as well as up. An investor may not get back the amount he has invested, particularly if Units are realised soon after they are issued and the Units have been subject to charges. Changes in exchange rates may also cause the Net Asset Value per Unit in the investor's base currency to go up or down.

MANAGER

Amundi Hong Kong Limited (formerly known as Crédit Agricole Asset Management Hong Kong Limited) is a limited liability company incorporated under the laws of Hong Kong and regulated by the SFC. The Manager is licensed to carry out the following activities in Hong Kong: Dealing in Securities, Advising on Securities and Asset Management (Type 1, 4 and 9 Regulated Activities).

The Manager is an indirect wholly-owned subsidiary of Amundi. Amundi was formed by combining the asset management expertise of two major banking groups: Crédit Agricole S.A. and Société Générale S.A. on 31 December 2009. The Manager's operations in Asia were established in 1982 as the Asian investment specialist for Amundi (formerly known as Crédit Agricole Group). Assets under management of the Manager exceeded USD10.6 billion as of November 2010. The primary commercial responsibility for North Asia lies with Amundi HK, while South East Asia is covered by its other affiliates. The coverage of Asia has been further enhanced recently with the opening of the representative office in Beijing in autumn 2006 and the establishment of a presence in Sydney in January 2007.

TRUSTEE AND CUSTODIANS

HSBC Institutional Trust Services (Asia) Limited is trustee of the Fund. The Trustee is incorporated with limited liability in Hong Kong on 27 September 1974. It is an indirect wholly-owned subsidiary of HSBC Holdings plc. It is registered as a trust company under Section 78(1) of the Hong Kong Trustee Ordinance (Cap.29) and is an approved trustee under the Mandatory Provident Fund Schemes Ordinance (Cap. 485). It is also registered with the Hong Kong Monetary Authority under a statutory guideline to comply with the Supervisory Policy Manual ("SPM") module on "Regulation and Supervision of Trust Business "(TB-1) under section 7(3) of the Banking Ordinance. The Trustee is licensed by the SFC to carry out the Type 13 regulated activity (providing depositary services for relevant collective investment schemes) under the Securities and Futures Ordinance (Cap. 571) and has a Trust or Company Service Provider ("TCSP") License under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).

Under the Trust Deed, the Trustee shall take into custody or under its control all the investments, cash and other assets forming part of the assets of the Sub-Fund and hold them in trust for the Unitholders of the Sub-Fund in accordance with the provisions of the Trust Deed and, to the extent permitted by law, shall register cash and registrable assets in the name of or to the order of the Trustee and be dealt with as Trustee may think proper for the purpose of providing for the safe keeping thereof. The Trustee may, however, appoint any person or persons as it thinks fit (including, without limitation, any of its connected persons) to hold as custodian, co-custodian, nominee or agent, all or any of the investments comprised in the Sub-Fund and may empower any such custodian or co-custodian to appoint, with the prior consent in writing of the Trustee, sub-custodians in accordance with the applicable laws or regulations.

The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of its agent, nominee, custodian, co-custodian or sub-custodian to hold any of the investments of the Sub-Fund (each a "**Correspondent**") and (b) be satisfied during the term of appointment of each Correspondents that such persons retained remains suitably qualified and competent on an ongoing basis to provide the relevant custodial services to the Sub-Fund. The Trustee shall remain liable for any act or omission of any Correspondent which is a connected person of the Trustee as if the same were the acts or omissions of the Trustee but provided that if the Trustee has discharged its obligations as set out in (a) and (b) as set out in this paragraph, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent which is not a connected person of the Trustee.

The Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of Euroclear Bank S.A./N.V., Clearstream Banking, S.A. or any other such central depositary or clearing and settlement system in relation to any investment deposited with such central depositary or clearing and settlement system.

As at the date of the Explanatory Memorandum, the Trustee has appointed The Hongkong and Shanghai Banking Corporation Limited as custodian of the assets of the Sub-Fund.

The Trustee also acts as the registrar of the Fund.

ISSUE AND REALISATION OF UNITS

Initial offer

The Initial Offer Price per Unit is US$10 (exclusive of any preliminary charge). The initial offer period ended on 8 June 2007.

Subsequent issue of Units

In relation to an application for the subsequent issue of Units in the Sub-Fund, the issue price will be the Net Asset Value per Unit of the Sub-Fund on the relevant Dealing Day. The Net Asset Value per Unit of the Sub-Fund is subject to the swing pricing adjustment as described in the section headed "Swing Pricing". Dealing Days for the Sub-Fund are generally days on which (i) the Stock Exchange of Hong Kong is open for trading and (ii) banks in New York and Vietnam are open for normal banking business (except Saturdays or Sundays).

Applications for the issue of Units in the Sub-Fund will, if accepted by the Manager prior to 5:00 p.m. (Hong Kong time) on the Business Day preceding a Dealing Day and, provided that the relevant application monies have been received in cleared funds on behalf of the Sub-Fund prior to the relevant Dealing Deadline (or such other time as specified by the Manager in consultation with the Trustee), be dealt with on that Dealing Day.

Applications or application monies received after the Dealing Deadline for a particular Dealing Day will be dealt with on the next following Dealing Day. Notwithstanding the above, the Trustee may rely upon application orders received, even prior to receipt of application monies, and may issue Units to investors according to such orders and invest the expected application monies. If payment is not cleared within 4 Business Days of receipt of the application, the Manager reserves the right to cancel the transaction at any time thereafter. In such circumstances, an investor may be required to settle the difference between the offer price and the bid price of the Units concerned.

Subject to the suspension of the determination of the Net Asset Value of the Sub-Fund (for details see the section titled "Miscellaneous"), the prices at which Units in the Sub-Fund will

be issued on a Dealing Day will be the Net Asset Value per Unit of the Sub-Fund calculated by the Trustee at the Valuation Time.

The Manager is entitled to a preliminary charge of up to 5% of the subscription proceeds, which will be deducted from the subscription proceeds. Please refer to the section titled "CHARGES AND EXPENSES" below for further information on the preliminary charge. The issue price will be calculated in accordance with the Trust Deed by reference to the Net Asset Value of the Units of the Sub-Fund, rounded down to three decimal places.

The following is an illustration of the number of Units that an investor would ordinarily receive based on an investment of US$100,000 at a notional issue price of US$10.00 per Unit.

Numerical Example:

Subscription proceeds	US$100,000
Issue price	US$10.00 per Unit
Preliminary charge (%)	5%
Preliminary charge	(Subscription proceeds x Preliminary charge (%)) US$100,000x 5 % = US$5,000
Net subscription proceeds	(Subscription proceeds – Preliminary charge (US$)) US$100,000- US$5,000= US$95,000
Number of Units that will be issued	(Net subscription proceeds / Issue price (US$)) US$95,000 / US$10.00= 9,500 units

Note: The above numerical example is purely illustrative and is not a forecast or indication of any expectation of the performance of the Sub-Fund.

Application Procedure

Applications for Units may be made by completing the application form (the "Application Form") (available from the Manager, the Trustee and/or the distributor) and sending it to the Trustee together with payment for the Units and the preliminary charge. Investors shall notify the Manager or the Trustee as soon as practicable if there is any change in the information provided by the investor in the Application Form. **No money should be paid to**

any intermediary in Hong Kong who is not licensed or registered to carry on the Type 1 (dealing in securities) regulated activity under Part V of the SFO or who does not fall within the statutory exemption from the requirement to be licensed or registered to carry on Type 1 regulated activities under Part V of the SFO. Receipts for subscription monies will be issued upon request.

Payment may be made in any of the following ways:

(A) in US$ or in Hong Kong dollars by telegraphic transfer to the bank account shown on the Application Form.

Quoting as reference in either case the name of the applicant and the name of the Sub-Fund. Bank charges may be deducted by the remitting bank and such charges will be borne by the investor.

(B) In Hong Kong dollars by cheque or bank draft made payable to Amundi Harvest Funds, crossed “A/C Payee only, not negotiable”. Clearance of cheques may involve some delay.

Where application monies are paid in Hong Kong dollars, they will be converted into US$ before being applied in the purchase of Units. No third party payment will be accepted.

The Manager has an absolute discretion to accept or reject in whole or in part any application for Units. In the event that an application is rejected, application monies will be returned without interest, net of transactional costs (if any), by cheque through the post or by telegraphic transfer at the risk of the person(s) entitled thereto.

Payment in other freely convertible currencies may be accepted. As foreign currencies may fluctuate, payments in any currencies other than US$ will be converted into US$ at the applicable spot rate at the risk and expense of the investor. The proceeds of conversion will be applied towards payment of the application monies. Conversion of currencies other than Hong Kong dollars may involve some delay. The cost of currency conversion and other expenses will be borne by the investor.

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

The minimum value of Units that a Unitholder may apply for and hold is US$1,000 and minimum holdings should be in the same amounts. The Manager may waive such minimum amounts. Fractions of a Unit rounded down to two decimal places may be issued. Subscription monies representing smaller fractions of a Unit will be retained by the Sub-Fund.

Realisation of Units

Subject to any suspension of the determination of the Net Asset Value of the Sub-Fund (for details see the section titled "Miscellaneous") and subject as mentioned below, any Unitholder may realise his Units on any Dealing Day in whole, or in part.

A realisation request must be given in writing and must specify the number of Units in the Sub-Fund to be realised, the name(s) of the registered holder(s), and give payment instructions for the realisation proceeds. In order for realisation to take effect on a particular Dealing Day, the realisation request must be received by the Trustee not later than the Dealing Deadline.

If the request is received after the Dealing Deadline it will be dealt with on the next Dealing Day.

The minimum number of Units for a partial realisation request is 100 Units. The Manager may waive this minimum amount.

Realisation will take place at the realisation price, being the Net Asset Value per Unit of the Sub-Fund relative to the Dealing Day on which Units are realised, rounded down to three decimal places. The Net Asset Value per Unit of the Sub-Fund is subject to the swing pricing adjustment as described in the section headed "Swing Pricing". Realisation proceeds will not be paid to any realising Unitholder until the written realisation request duly signed by the Unitholder has been received by the Trustee. No third party payment requests will be

accepted. All bank charges incurred in making the realisation payment will be borne by the realising Unitholder.

Subject as mentioned above and except where the realising Unitholder gives alternative payment instructions, such amount will be paid to the realising Unitholder at his risk by cheque or by telegraphic transfer in US$ not later than one calendar month after receipt of a properly documented request for realisation of Units.

The following is an illustration of the amount of realisation proceeds that an investor would ordinarily receive based on a realisation request of 1,000 Units.

Number of Units realised		Realisation price		Realisation proceeds
1,000 Units	x	US$12.00 per Unit	=	US$12,000

Note: The above numerical example is purely illustrative and is not a forecast or indication of any expectation of the performance of the Sub-Fund.

With a view to protecting the interests of Unitholders, the Manager is entitled at its discretion and with the approval of the Trustee to limit the number of Units in the Sub-Fund realised on any Dealing Day (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total number of Units of the Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to realise Units of the Sub-Fund on that Dealing Day will realise the same proportion of such Units, and Units not realised (but which would otherwise have been realised) will be carried forward for realisation, subject to the same limitation, on the next Dealing Day. If requests for realisation are so carried forward, the Manager will inform the Unitholders concerned. Where the Manager postpones realisations in exercise of this power, the Manager may make exceptions (with the approval of the Trustee) in cases of hardship or otherwise to allow particular realisation requests to be processed.

Switching

Unitholders have the right (subject to any suspension in the determination of the Net Asset

Value of any relevant sub-fund) to switch all or part of their units in any sub-fund of the Fund into units of the any other sub-fund of the Fund (provided that such sub-fund is open for subscription) by giving notice in writing to the Manager.

In order for switching to take effect on a particular Dealing Day, the switching notice signed by the Unitholder must be received by the Manager not later than the Dealing Deadline of such Dealing Day.

The rate at which the whole or any part of a holding of units in any sub-fund (the "Existing Sub-Fund") will be switched on any Dealing Day into units of another sub-fund (the "New Sub-Fund") will be determined in accordance with the following formula:

$$N = \frac{(E \times R \times F)}{(S)}$$

where:

N = the number of units of the relevant class of the New Sub-Fund to be issued;

E = the number of units of the relevant class of the Existing Sub-Fund to be switched;

F = the currency conversion factor determined by the Manager for the relevant Dealing Day as representing the effective rate of exchange between the base currency of units of the Existing Sub-Fund and the base currency of units of the New Sub-Fund;

R = the realisation price per unit of the relevant class of the Existing Sub-Fund on the relevant Dealing Day less any realisation charge (if any) and/or conversion fee imposed by the Manager; and

S = the net asset value per Unit of the relevant class of the New Sub-Fund on the Dealing Day on which switching is to take effect.

The Net Asset Value per Unit of the Sub-Fund is subject to the swing pricing adjustment as described in the section headed "Swing Pricing".

The conversion fee referred to above may be retained by the Sub-Fund and charged at the rate of up to 2% of the realisation price per Unit. The current rate for the Sub-Fund is 1%.

Fractions of a unit of the New Sub-Fund rounded down to two decimal places may be issued and monies representing any smaller fractions will be retained by the Existing Sub-Fund.

No switching will be made if as a result thereof a Unitholder would hold less than the minimum holding of units of the Existing Sub-Fund and the New Sub-Fund.

Investors should note that in switching, subject to the Valuation Time of the Sub-Fund and the time required to remit the switching money between different sub-funds, the day on which the investments are switched into the New Sub-Fund may be later than the day on which the investments in the Existing Sub-Fund are switched out or the day on which the switching instructions are given.

Minimum Initial and Subsequent Investments and Holdings

The minimum initial subscription will be the higher of US$1,000 or 100 Units multiplied by the Net Asset Value per Unit of the Sub-Fund.

For existing Unitholders who are already investing in the Sub-Fund, the minimum subsequent subscription and holdings will be US$1,000. The Manager may at its sole discretion waive any such minimum amounts.

Calculation and Publication of Net Asset Value

The Trust Deed provides for the Net Asset Value per Unit to be determined on each Dealing Day or such other Business Day as the Manager may determine. The Net Asset Value per Unit in the Sub-Fund is calculated by valuing the assets of the Sub-Fund, deducting the liabilities attributable to the Sub-Fund and dividing the resultant by the number of Units in the Sub-Fund in issue and rounding down the resulting figure to three decimal places.

The Net Asset Value per Unit of the Sub-Fund will be published at http://www.amundi.com.hk/retail (in English), and http://www.amundi.com.hk/zh_retail (in Chinese). This website has not been reviewed by the SFC.

Swing Pricing

On any Dealing Day, if trading in the Units of the Sub-Fund would require the purchase or sale of portfolio investments in such size that the associated transaction costs are significant, the Sub-Fund may be exposed to dilution.

In order to reduce the dilution impact and to protect existing investors interest, if the Manager considers it is in the interests of all Unitholders, in calculating the Net Asset Value per Unit, the Manager may, when the net capital flow of the Sub-Fund exceeds the threshold pre-determined by the Manager from time to time, make adjustment to the Net Asset Value per Unit upwards (for net capital inflows into the Sub-Fund) or downwards (for net capital outflows out of the Sub-Fund) in order to mitigate the anticipated dilution effects caused by purchasing/selling underlying investments, including but not limited to bid-offer spreads and transaction costs such as brokerage, taxes and government charges. Examples of circumstances which may cause net capital flow include net unit dealing due to subscription/realisation/switching requests, fund mergers where there are asset flows into/out of the Sub-Fund, etc.

Those adjustments follow the objective to protect the long term Unitholders from cost associated with ongoing subscription, realisation and switching activity and are not meant to address specific circumstances of each individual investor. Therefore, orders in opposite direction of the Sub-Fund's net transaction activity may executed at the expense of the other orders.

Under normal market conditions, such swing pricing adjustment will not exceed 2% of the Net Asset Value per Unit of the Sub-Fund. However, it may be significantly higher during extreme market conditions such as periods of high volatility, reduced asset liquidity and market stress. In any event, swing pricing adjustment rate exceeding 2% will only be applied on a temporary basis and will not exceed 5% unless with the approval of the Trustee and (if required) the SFC.

VALUATION

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

(a) except in the case of any interest in a collective investment scheme to which paragraph (b) applies or a commodity, and subject as provided in paragraph (f) below, all calculations based on the value of investments quoted, listed or dealt in on any stock exchange, over-the-counter market or securities market shall be made by reference to the last traded price on the principal securities market for such investments, at or immediately preceding the Valuation Point, provided that if the Manager considers that the prices ruling on a securities market other than the principal securities market provide in all the circumstances a fairer criterion of value in relation to any such investment, it may adopt such prices with the approval of the Trustee; and in determining such prices the Manager and the Trustee shall be entitled to use and rely on without verification electronic price feeds from such source or sources as they may from time to time determine notwithstanding the prices used are not the last traded prices;

(b) subject as provided in paragraphs (c) and (g) below, the value of each interest in any collective investment scheme shall be the net asset value per unit or share as at the same day, or if such collective investment scheme is not valued as at the same day, the last published net asset value per unit or share in such collective investment scheme (where available) or (if the same is not available) the last published redemption or bid price for such Unit or share at or immediately preceding the Valuation Point;

(c) if no net asset value, bid and offer prices or price quotations are available as provided in paragraph (b) above, the value of the relevant investment shall be determined from time to time in such manner as the Manager shall determine with the approval of the Trustee;

(d) the value of any investment which is not quoted, listed or normally dealt in on a market shall be the initial value thereof equal to the amount expended out of the Sub-Fund in the acquisition of such investment (including in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may with the approval of the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investment;

(e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager and subject to the approval of the Trustee, any adjustment should be made to reflect the value thereof;

(f) the value of futures contracts will be determined with reference to the contract value of the relevant futures contract, the amount required to close the relevant contract and the amount expended out of the Sub-Fund in entering into the relevant contract;

(g) notwithstanding the foregoing, the Manager may with the prior consent in writing of the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment or use of such other method is required to reflect the fair value of the investment; and

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

Where a third party is engaged in the valuation of the assets of the Sub-Fund, the Manager shall exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of such third party in ensuring such entity possesses the appropriate level of knowledge, experience and resources is commensurate with the valuation policies and procedures for the Sub-Fund. The valuation activities of such third party shall be subject to ongoing supervision and periodic review by the Manager.

DIVIDENDS

The Manager does not intend to declare any dividend for the Sub-Fund. Income earned will be reinvested and reflected in the net asset value of the Sub-Fund.

CHARGES AND EXPENSES

As stated above, the Manager is entitled to receive a preliminary charge on the issue of Units in the Sub-Fund of up to 5% of the subscription proceeds. Please refer to the section titled "ISSUE AND REALISATION OF UNITS – Issue of Units" for an illustrative example regarding the preliminary charge, its calculation method and an illustrative example.

The Manager is entitled to receive a monthly management fee accrued on and calculated as at each Valuation Day. The Manager will initially charge 1.8% per annum of the Net Asset Value of the Sub-Fund.

Investors should note that the Manager may retain the benefit of the preliminary charge (and any other fees received) or may share the preliminary charge (and any other fees received) with intermediaries, including but not limited to authorized distributors, banks, brokers, securities dealers, other investment advisers, and such other persons (including its affiliates) as the Manager may at its absolute discretion determine. The Manager may in its absolute discretion discount or waive any charges or fees in relation to dealings via the Manager.

Any increase of management fee from the current level to the maximum level of 2.5% per annum as permitted under the Trust Deed will only be implemented after giving 3 months' notice to affected Unitholders and any increase beyond the maximum level will require Unitholders' extraordinary resolution. The Manager will be responsible for the fees payable to the sub adviser (if any).

The Manager is entitled to receive a Performance Fee, payable annually in arrears after the end of the relevant "performance period", which shall be the end of each period ending on 31 December each year. In respect of the Sub-Fund, the performance period shall commence each calendar year. Any performance fee payable in respect of a performance period shall be paid within 20 days after that performance period.

As at each Valuation Day, the Performance Fee accrual is currently calculated as 15% of the difference between the Net Asset Value per Unit of the Sub-Fund on a Dealing Day (net of all other fees and expenses) and the High Water Mark.

At the end of a performance period the positive balance (if any) of the performance fee accrual will become payable to the Manager and the performance fee accrual in the Net Asset Value per Unit will be reset to zero.

For the avoidance of doubt, the High Water Mark as defined above means the higher of the issue price and the highest Net Asset Value per Unit as at the end of any previous performance period, adjusted by deducting performance fees and distributions. For the avoidance of doubt, the High Water Mark for the first performance period equals the Initial Offer Price. For the purposes of calculating the issue price and the realisation price of Units on any Valuation Day, the Performance Fee as at that Valuation Day will be accrued but in calculating the Net Asset Value per Unit as at the end of the relevant performance period for determining the Performance Fee, such accrual will be ignored (except for any Crystallised Performance Fee (as defined below). Any Performance Fee is accrued on a daily basis. A new accrual of the Performance Fee will be made afresh on each Valuation Day and any accruals on a previous day will be reversed.

When there is a positive performance fee accrual during a period of significant new subscriptions into the Sub-Fund, followed by a period of negative performance, all Unit holders will participate (in proportion with their Unit holding) in the reduction in the cumulative performance fee accrual, regardless of their actual contribution to the cumulative performance fee accrual. Also, if the Net Asset Value per Unit is rising but is still below the High Water Mark, the Manager will not benefit from any performance fee accruals on the relevant Units, including Units that are newly issued and which only experience positive performance.

If any Units are realised or converted to Units in another fund on a Dealing Day during a performance period, the cumulative performance fee accrued during such performance period in respect of those Units shall be crystallised and become payable to the Manager ("**Crystallised Performance Fee**").

Units will be subscribed or realised during a performance period based on the Net Asset Value per Unit (taking into account any positive balance of performance fee accruals as calculated in accordance with the above) and there is no adjustment on each Unit individually. The price at which investors subscribe or realise Units at different times

during a performance period will be affected by the performance of the Sub-Fund and its level of subscriptions and realisations, which could have a positive or negative effect on the performance fee borne by them.

For the avoidance of doubt, investors should note that the Performance Fee will not be calculated on a unit-by-unit basis and no equalisation or series of units provisions will apply. As such, the Performance Fee payable may not reflect the individual performance of the Units in question. In contrast, investors should note that the use of equalization payment or issue of series of units ensures that the Performance Fee payable by an investor is directly referable to the specific performance of such investor's shareholding in the Sub-Fund. As the Performance Fee is accrued on a daily basis, the issue price and realisation price per Unit would have reflected an accrual for the Performance Fee upon the issue and realisation of Units during the financial year. Investors may therefore be advantaged or disadvantaged as a result of this method of calculation, depending upon the Net Asset Value per Unit at the time an investor subscribes or realises relative to the overall performance of the Sub-Fund during the relevant financial year and the timing of subscriptions and realisations to the Sub-Fund during the course of such financial year.

Performance Fees are calculated based on the Net Asset Value per Unit prior to any adjustment to the Net Asset Value per Unit of the Sub-Fund as set out in the section headed "Swing Pricing".

Illustrative example for performance fee

The examples below are shown for illustration purposes only and may contain simplifications.

Assumptions:

- The initial subscription price for the relevant unit is USD10.00.
- The performance fee payable is 15% of the increase in the NAV per Unit during a performance period above the High Water Mark (i.e. outperformance of NAV per unit).

(I) First performance period (assume NAV per Unit above High Water Mark at the end of performance period – performance fee payable)

Investor A subscribes for one unit during the initial offer period at the initial subscription price. Thereafter, investor B subscribes for one unit within the first performance period at a subscription price of USD11.00. High Water Mark is the initial subscription price, which is USD10.00.

By the end of the first performance period, the NAV per Unit is USD10.60. The outperformance of NAV per Unit is thus USD0.60. The average number of units in issue on this valuation day is 2 units.

The total performance fee payable by the fund would be calculated as:

(USD10.60 – USD10.00) x 15% x 2 units = USD0.18.

At the end of the first performance period, the NAV per Unit will be reduced by USD0.09. In effect, each of Investors A and B will have borne the USD0.09 performance fee in respect of the first performance period.

(II) Second performance period (NAV per Unit below High Water Mark on a particular valuation day – no performance fee accrual; NAV below High Water Mark at the end of performance period – no performance fee payable):

At the start of the second performance period, the High Water Mark is USD10.51 (being the NAV per Unit at the end of the last performance period in respect of which a performance fee was paid (after deduction of performance fee)).

Mid-way through the second performance period, the NAV per Unit is USD9.90. Investor A redeems his unit. Investor C subscribes for one unit. On this valuation day, the NAV per Unit is below the High Water Mark. Therefore, no performance fee is accrued in respect of the unit redeemed by Investor A.

At the end of the second performance period, the NAV per Unit becomes USD10.25.

There has been no outperformance of NAV per unit. No performance fee is therefore payable in the second performance period.

Any increase in the rate of Performance Fee stated above as being payable will only be implemented after giving 3 months' notice to the Unitholders of the Sub-Fund and subject to the requirements of the SFC's Code on Unit Trusts and Mutual Funds.

Trustee

The maximum Trustee's fee is 1% per annum of the Net Asset Value of the Sub-Fund. Currently the Trustee is entitled to receive monthly in arrears a fee at the rate of up to 0.0875% per annum of the Net Asset Value of the Sub-Fund, accrued on and calculated as at each Valuation Day. The Trustee is also entitled to service fee in relation to its registrar, valuation services and other services at a rate from time to time agreed with the Manager.

Any increase of Trustee fee from the current level to the maximum level of 1% per annum as permitted under the Trust Deed will only be implemented after giving 1 month's notice to affected Unitholders and any increase beyond the maximum level will require Unitholders' extraordinary resolution.

Other Charges and Expenses

The Sub-Fund may invest in other collective investment schemes and the price of securities of these schemes will reflect fees and charges borne by such schemes or payable by investors in such schemes which may include, without limitation, management fees, other fees such as property management and lease management fees, acquisition fees, divestment fees, commissions.

The Sub-Fund will bear the cost of (a) all stamp and other duties, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, transaction fees of the Trustee or its connected persons, custodian or sub-custodian and proxy fees and expenses, collection fees and expenses, insurance and security costs, and any other costs, charges or expenses payable in respect of the acquisition, holding and realisation of any investment

or other property or any cash, deposit or loan (including the claiming or collection of income or other rights in respect thereof and including any fees or expenses charged or incurred by the Trustee or the Manager or any connected person in the event of the Trustee or the Manager or such connected person rendering services or effecting transactions giving rise to such fees or expenses), (b) the fees and expenses of the Auditors and the Registrar, (c) fees charged by the Trustee in connection with valuing the assets of the Sub-Fund or any part thereof, calculating the issue and realisation prices of Units of the Sub-Fund and preparing financial statements, (d) all legal charges incurred by the Manager or the Trustee in connection with the Sub-Fund, (e) out-of-pocket expenses incurred by the Trustee wholly and exclusively in the performance of its duties, (f) the expenses of or incidental to the preparation of deeds supplemental to the Trust Deed, (g) the expenses of holding meetings of Unitholders and of giving notices to Unitholders, (h) the costs and expenses of obtaining and maintaining a listing for the Units of the Sub-Fund on any stock exchange or exchanges selected by the Manager and approved by the Trustee and/or in obtaining and maintaining any approval or authorisation of the Sub-Fund or in complying with any undertaking given, or agreement entered into in connection with, or any rules governing such listing, approval or authorisation, and (i) without prejudice to the generality of the foregoing, all costs incurred in publishing the issue and realisation prices of Units of the Sub-Fund, all costs of preparing, printing and distributing all statements, accounts and reports pursuant to the provisions of the Trust Deed (including the Auditors' fees), the expenses of preparing and printing any explanatory memorandum, and any other expenses, deemed by the Manager to have been incurred in compliance with or in connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with the provisions of any code relating to unit trusts.

The costs and expenses incurred by the Manager and HSBC Trustee (Cayman) Limited, the former trustee of the Trust in establishing the Sub-Fund have been fully amortized.

Neither the Manager nor its connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions in scheme property to the broker or dealer save that goods and services (soft dollars) may be retained if: (i) such goods and services which are of demonstrable benefit to Unitholders; (ii) transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates; (iii) periodic disclosure is made in the

annual financial report of the Sub-Fund in the form of a statement describing the soft dollar policies and practices of the Manager including a description of goods and services received by them; and (iv) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer. Such goods and services may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

TAXATION AND REGULATORY REQUIREMENTS

Investors should consult their professional advisers on the consequences to them of acquiring, holding, realising, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances. The following statements regarding taxation are based on advice received by the Fund regarding the law and practice in force in Hong Kong and Vietnam at the date of this Explanatory Memorandum. Investors should be aware that levels and bases of taxation are subject to change and that the value of any relief from taxation depends upon the individual circumstances of the taxpayer.

Hong Kong

The Fund / Sub-Fund

(a) Profits Tax:

Under the current law and practice in Hong Kong, during such time as the Fund / the Sub-Fund remains authorised as a collective investment scheme by the SFC under

Section 104 of the SFO, the profits of the Fund / the Sub-Fund is exempt from Hong Kong Profits Tax.

(b) Stamp Duty:

Hong Kong Stamp Duty is ordinarily payable on the sale and purchase or other transfer of Hong Kong stock. "Hong Kong stock" is defined as "stock" the transfer of which is required to be registered in Hong Kong. If the Fund / Sub-Fund does not invest in Hong Kong stock, then the Fund / Sub-Fund should not be subject to Hong Kong Stamp Duty.

The Unitholders

(a) Profits Tax:

Unitholders should not be subject to any Hong Kong Profits Tax on distributions by the Fund / Sub-Fund in accordance with the current law and practice in Hong Kong.

Hong Kong Profits Tax, which is currently charged at the rate of 16.5% for corporations, and 15% for individuals or unincorporated business, will arise on any gains or profits made on the sale, redemption or other disposal of the Units where such transactions form part of a trade, profession or business carried on by Unitholders in Hong Kong and such Units are not capital assets to Unitholders. Unitholders should take advice from their own professional advisers as to their particular tax position.

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

(b) Stamp Duty:

Hong Kong Stamp Duty is ordinarily payable on the sale and purchase or other transfer of Hong Kong stock. "Hong Kong stock" is defined as "stock" the transfer of which is required to be registered in Hong Kong. Units are regarded as "Hong Kong stock" for these purposes.

No Hong Kong Stamp Duty is payable by Unitholders on the subscription for Units or on the redemption of Units when the Units are extinguished upon redemption.

In addition, no Hong Kong Stamp Duty is payable on the sale or other transfer of Units to the Manager who subsequently re-sells the Units within two months thereof.

Other types of sales or purchases or transfers of the units by Unitholders should be liable to Hong Kong Stamp Duty of 0.1% (borne by each of the buyer and seller) on the higher of the consideration amount or market value. In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of Units.

Vietnam

It is the intention of the Sub-Fund that its business activities will not be carried out in Vietnam through a Permanent Establishment (i.e. the Sub-Fund will not assign any employee to work in Vietnam for more than 6 months, or the Sub-Fund will not have any dependent agent in Vietnam, etc.), rather a securities investment account will be opened in Vietnam. Consequently, as a foreign investment fund established under the laws of a foreign country, the Sub-Fund should not be considered to be a resident of Vietnam for corporate income tax purpose and, therefore, the Sub-Fund should not be liable to Vietnamese corporate tax on income and gains derived from non-Vietnamese investments.

On the transfer of securities (including shares, investment fund certificates, bonds, except for tax-free-bonds in Vietnam), Corporate Income Tax ("CIT") is imposed on the gross value of securities sold on each transaction. This is a "deemed profits" tax, equivalent to 0.1 %. of the value of the sale transaction. No relief is allowed for transaction costs, and no allowance is taken for the cost of investments.

On interest earned from bonds (except for tax-free-bonds), deemed CIT is imposed and calculated at 5% of the interest received. The tax is payable on a payments basis.

Dividends received from tax-paid profits due to investment in shares and investment fund certificates are not subject to further CIT in the hands of the Sub-Fund.

In case where taxes are applicable, CIT is withheld, declared and paid by the relevant securities company or commercial bank which remits the legal remaining income, to foreign investors for remittance offshore. Interest paid to the Sub-Fund over any deposit at accounts opened in Vietnam (if any) may also be subject to a 5%. withholding tax under the Foreign Contractor Tax ("FCT") regulations. The Sub-Fund is not required to declare and pay Value Added Tax for securities dealing activities in Vietnam.

Unitholders who are resident outside Vietnam are not liable to Vietnamese tax on distributions received from the Sub-Fund, nor on gains derived from the disposal of their interests in the Sub-Fund.

U.S. FATCA:

The U.S. Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act aims to reinforce the fight against U.S. tax avoidance by the "U.S. Persons"[1] holding accounts in foreign countries. Pursuant to FATCA, any non-U.S. financial institution (foreign financial institution or "FFI"), e.g. banks, management companies, investment funds etc., either has certain reporting obligations with respect to certain incomes of U.S. Persons or is required to withhold tax at the rate of 30 per cent on (i) certain U.S. source income (including, among other types of income, dividends and interests), (ii) gross proceeds from the sale or disposition of assets of a type that produce U.S. sourced dividend or interest, (iii) foreign passthru payments made to certain FFIs, that do not comply with FATCA and to any investor (unless otherwise exempt from FATCA) that does not provide identification information with respect interests maintained by a participating FFI, subject to forthcoming clarification and additional guidance by the IRS. Otherwise the non-compliant FFIs will be subject to a 30% withholding tax on relevant US-sourced payments to them.

Hong Kong and the US signed a "Model 2" intergovernmental agreement ("**Model 2 IGA**") on 13 November 2014, and according to the terms of the Model 2 IGA, Hong-Kong FFIs are

[1] *"U.S. Person" under the U.S. Internal Revenue Code means* a U.S. citizen or resident individual, a partnership or corporation organized in the United States or under the laws of the United States or any State thereof; or a trust if one or more U.S. Persons have the authority to control all substantial decisions of the trust and a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding the administration of the trust, or an estate of a decedent that is a citizen or resident of the United States.

required to register with the IRS by July 1, 2014 at the latest, and agree to comply with the requirements of an FFI Agreement, including with respect to due diligence, reporting, and withholding to be qualified as a "Reporting Model 2 FFI". It is expected that Hong Kong FFIs will not, under certain circumstances, be subject to the above described withholding under FATCA. As of the date hereof, the Fund and/or Sub-Fund is registered with the FATCA status of Reporting Model 2 FFI.

Therefore, investors shall acknowledge that:

(i). the Fund and Sub-Fund (or any entity appointed by the Fund and Sub-Fund to proceed with the FATCA obligations on their behalf) is required to determine the FATCA status of each holder of an account maintained by them and to identify each account that is a U.S. account, non-U.S. account, account held by a recalcitrant account holder, or account held by a non-participating FFI ("NPFFI"). If the Fund and Sub-Fund (or any entity appointed by the Fund and Sub-Fund to proceed with the FATCA obligations on their behalf) are unable to reliably associate valid documentation with an account holder to determine the FATCA status of such account holder under such required procedures, they must apply the presumption rules of section 3.04 as provided under the FFI Agreement to treat the account holder as a non-consenting account or an NPFFI;

(ii). in subscribing to the units or holding units of the Fund and Sub-Fund, the investors recognize that their personal data can be requested, registered, kept, transferred, treated and analysed by the Fund and Sub-Fund (or by any entity appointed by the Fund and Sub-Fund to proceed with the FATCA obligations on their behalf) and exchanged for the purposes of the FATCA legislation and will provide the Fund and Sub-Fund (or any entity appointed by the Fund and Sub-Fund to proceed with the FATCA obligations on their behalf) an express consent for them to proceed with the FATCA obligations, to transfer the personal data required to be exchanged under the FATCA legislation and Model 2 IGA when the investor meets the conditions for being considered as having a US account in the Fund and/or Sub-Fund under the meaning of FATCA, or being an NPFFI;

(iii). with respect to a new account, to provide the Fund and Sub-Fund, the Manager, the

Trustee and Registrar, or any entity appointed by the Fund and Sub-Fund to proceed with the FATCA obligations on their behalf, as a condition of account opening, the consent required under Hong Kong legal principles (such as, for instance the Personal Data (Privacy) Ordinance) in order for the Fund and Sub-Fund (or any entity appointed by the Fund to proceed with the FATCA obligations on their behalf) to report the account as required under FATCA legislation and Model 2 IGA. If the consent is not provided by the investor, the Fund and Sub-Fund must refuse the opening;

(iv). If such a consent is not provided to the Fund and Sub-Fund, the Manager, the Trustee and Registrar, or any entity appointed by the Fund and Sub-Fund to proceed with the FATCA obligations on their behalf, the investor acknowledges that the Fund and Sub-Fund may treat the investor as a non-consenting U.S. account, report the account in an aggregated way (i.e. a report of certain aggregate information) and may have, under some circumstances, to withhold a 30% tax on withholdable payment made to this non-consenting U.S. account;

(v). the Fund and Sub-Fund (or any entity appointed by the Fund and Sub-Fund to proceed with the FATCA obligations on their behalf) might be required (in particular if and when withholding would apply on "Foreign Passthru Payments") to withhold on certain payments, to the extent permitted by applicable laws and regulations, made to the investor qualifying as NPFFI; the Fund, Sub-Fund and/ or the Manager in taking any such action shall act in good faith and on reasonable grounds; and

(vi). in order to avoid the potential future issue that could arise from the "Foreign Passthru payment" mechanism that could apply as from 2019, January 1st and prevent any withholding tax on such payments, the Fund, Sub-Fund, the Manager or their delegated entity reserves the right to prohibit for sale of the units or shares, as from this date, to any NPFFI, particularly whenever it is considered legitimate and justified by the protection of the general interests of the investors in the Fund and Sub-Fund.

The foregoing does not purport to be a complete analysis of all relevant tax rules and considerations, nor does it purport to be a complete listing of all potential tax risks inherent in purchasing or holding Units of the Fund and/or Sub-Fund or tax advice. Each investor should consult its own professional advisors on the possible tax and other consequences of

buying, holding, selling or redeeming Units under the laws of the jurisdictions to which it is subject, including with regard to the applicability of FATCA and any other reporting and withholding regime to their investments in the Fund and Sub-Fund.

Automatic Exchange of Financial Account Information ("AEOI"):

The Organisation for Economic Cooperation and Development ("OECD") released in July 2014 the AEOI, calling on governments to collect from financial institutions ("FIs") financial account information of overseas tax residents and exchange the information with jurisdictions of residence of the relevant account holders on an annual basis. Hong Kong indicated in the Global Forum on Transparency and Exchange of Information for Tax Purposes in September 2014 its commitment for implementing AEOI, with a view to commencing the first information exchanges by the end of 2018.

Under the OECD standard for AEOI (comprising among others, model Competent Authority Agreement ("CAA") and Common Reporting Standard ("CRS")), an FI is required to conduct due diligence procedures, so as to identify reportable accounts held by tax residents of reportable jurisdictions (i.e. in the context of Hong Kong, non-Hong Kong tax residents who are liable to tax by reason of residence in the AEOI partner jurisdictions with which Hong Kong has entered into an AEOI arrangement), and collect the reportable information in respect of these relevant accounts. FIs are also required to report such information to the tax authority in a specified format. Upon receipt of the information from FIs, the tax authority will exchange the relevant information with their counterparts in the reportable jurisdictions concerned on an annual basis.

To provide a legislative framework for the implementation of AEOI in Hong Kong, the Inland Revenue (Amendment) (No. 3) Ordinance 2016 was gazetted on 30 June 2016 to amend the Inland Revenue Ordinance (Cap. 112) ("IRO") to incorporate the essential requirements of the AEOI standard, namely key provisions of CAA and due diligence requirements as laid down in CRS. In addition, the Hong Kong Inland Revenue Department ("IRD") published guidance for FIs to assist them in complying with the CRS obligations on 9 September 2016.

On 1 March 2019, the Inland Revenue (Amendment) (No. 2) Ordinance 2019 was gazetted to refine the IRO with respect to the legislative framework of AEOI and expand Hong Kong's network for tax information exchange.

Under the IRO and the guidance published, details of the Unitholders (i.e. financial account holders), including but not limited to their name, date and place of birth, address, jurisdiction of tax residence, tax identification number, account details, account balance/value and income/sale or redemption proceeds may be reported to the IRD, which will as a matter of course exchange the same with the competent authority of the relevant reportable jurisdiction(s).

Unitholders and prospective investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the AEOI.

Anti-Money Laundering Regulations

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

(a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or

(b) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above has its head office or is organised within a country that is a member of the FATF or recognised as having sufficient anti-money laundering regulations.

Each of the Trustee and the Manager reserves the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and the application monies relating thereto.

The Trustee and the Manager also reserve the right to refuse to make any realisation payment to a Unitholder if the Trustee or the Manager suspects or are advised that the

payment of realisation proceeds to such Unitholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Sub-Fund or the Trustee or the Manager with any such laws or regulations in any applicable jurisdiction.

GENERAL INFORMATION

Financial Reports

The Fund's year-end is 31 December in each calendar year and audited annual financial reports (in English only) are sent to Unitholders of the sub-funds of the Fund within four months of the end of each financial year. The Manager also sends half-yearly unaudited semi-annual financial reports (in English only) to Unitholders of the sub-funds of the Fund within two months of the period which they cover.

Hong Kong Unitholders should note that starting from the annual audited annual financial report for the period ending on 31 December 2010, instead of distributing printed copies of the financial reports, the Fund will make available such reports to Unitholders (in printed and electronic forms). In the event of any changes to the mode of distributing the Fund's financial reports, not less than 1 month prior notice will be given to Hong Kong Unitholders.

Printed copies of the financial reports will also be available at the offices of the Manager upon request.

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

Meetings of Unitholders

The Trust Deed contains detailed provisions for meetings of Unitholders. Meetings may be convened by the Trustee, the Manager or the holders of at least 10% in value of the units in issue, on not less than 21 days' notice. Notice of meetings will be posted to Unitholders. Unitholders may appoint proxies, who need not themselves be Unitholders. The quorum for a meeting to pass an Extraordinary Resolution will be Unitholders present in person or by proxy and holding or representing not less than 25% of the units for the time being in issue or, for an adjourned meeting, Unitholders present in person or by proxy whatever their number or the number of units held by them.

An Extraordinary Resolution is a resolution proposed as such and passed by a majority of 75% of the total number of votes cast.

The Trust Deed contains provisions for the holding of separate meetings of holders of units in different sub-funds of the Fund and different classes where only the interests of holders in a particular sub-fund or class are affected.

Voting Rights

The Trust Deed provides that at any meeting of Unitholders, on a show of hands, every Unitholder who (being an individual) is present in person or (being a corporation) is present by a representative or one of its officers as its proxy shall be entitled to one vote for every unit of which he is a holder.

Valuation Day

Investors should note that the Valuation Day(s) for the Units will be the following Business Day after the relevant Dealing Day, or such other Business Day succeeding the relevant Dealing Day as the Manager with the consent of the Trustee may from time to time determine provided that not less than one calendar month's prior notice shall be given to Unitholders of the Sub-Fund.

TERMINATION OF FUND

The Fund shall continue until it is terminated in one of the following ways set out below provided that the Fund will automatically terminate on the date falling 80 years after 27 January 2004.

1. The Trustee may terminate the Fund if:

   (a) the Manager goes into forced liquidation; or

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

   (c) the Fund ceases to be authorised or otherwise officially approved pursuant to the SFO or if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Fund; or

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

   (e) the Trustee desires to retire and the Manager fails to find a new trustee qualified to act as trustee in the place of the retiring Trustee.

2. The Manager may terminate the Fund if:

   (a) the aggregate Net Asset Value of the Fund falls below US$10,000,000; or

   (b) the Fund ceases to be authorised or otherwise officially approved pursuant to the SFO or if any law shall be passed which renders it illegal or in the opinion of the Manager (in consultation with the SFC) impracticable or inadvisable to continue the Fund.

3. The Manager may terminate the Sub-Fund in the event, the Net Asset Value of the Sub-Fund falls below US$5,000,000.

The party terminating the Fund or the Sub-Fund (as the case may be) pursuant to paragraphs 1 to 3 above shall be required to give at least one month's notice to Unitholders of the Fund and/or the Sub-Fund (as the case may be). In addition, the Fund and the Sub-Fund may at any time be terminated by Extraordinary Resolution.

Any unclaimed proceeds or other cash held by the Trustee upon the termination of the Sub-Fund may at the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

MISCELLANEOUS

The Manager may, after consultation with the Trustee, having regard to the best interests of Unitholders declare a suspension of the determination of the Net Asset Value of the Sub-Fund for the whole or any part of any period during which (a) there is a closure of or the restriction or suspension of trading on any securities market on which a substantial part of the investments of that Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager in ascertaining the prices of investments or (b) for any other reason the prices of investments of the Sub-Fund cannot, in the opinion of the Manager after consultation with the Trustee, reasonably be ascertained or (c) circumstances exist as a result of which, in the opinion of the Manager after consultation with the Trustee, it is not reasonably practicable to realise any investments of the Sub-Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of the relevant class or (d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of the Sub-Fund or the subscription or realisation of Units is delayed or cannot, in the opinion of the Manager after consultation with the Trustee, be carried out promptly at normal rates of exchange. Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the Sub-Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall

exist. Whenever the Manager shall declare such a suspension it shall, after any such declaration (i) immediately notify the SFC of such suspension and (ii) immediately publish a notice on http://www.amundi.com.hk/retail (in English), and http://www.amundi.com.hk/zh_retail (in Chinese) and/or cause a notice to be given to Unitholders and to all those (whether Unitholders or not) whose applications to subscribe for or realise Units shall have been affected by such suspension stating that such declaration has been made. In the case of a prolonged suspension of the determination of the Net Asset Value of the Sub-Fund, the Manager shall, at least once a month during the period of such suspension, publish a notice and/or display prominent message(s) at http://www.amundi.com.hk/retail (in English), and http://www.amundi.com.hk/zh_retail (in Chinese) or in such other appropriate manner that a declaration of such suspension has been made. This website has not been reviewed by the SFC.

The Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Trustee such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager from any liability to the Unitholders and (with the exception of the costs of preparing and executing the relevant supplemental deed) does not increase the costs and charges which will be payable out of the assets of any sub-fund of the Fund or (ii) is necessary in order to comply with fiscal or other statutory, regulatory or official requirement or (iii) is made to correct a manifest error. In all other cases involving any material changes, modifications require the sanction of an Extraordinary Resolution or the approval of the SFC (but, only to the extent that the SFC's approval is required in respect of such modification, alteration or addition under the SFC's Code on Unit Trusts and Mutual Funds).

Copies of the following documents are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager at Suites 04-06, 32nd Floor, Two Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong and copies thereof may be obtained from the Manager at that address on payment of a reasonable fee:

(a) the Trust Deed and any supplemental deeds; and

(b) the latest financial reports of the Fund.

SCHEDULE – INVESTMENT AND BORROWING RESTRICTIONS

1. Investment limitations applicable to the Sub-Fund

No holding of any security may be acquired for or added to the Sub-Fund which would be inconsistent with achieving the investment objective of the Sub-Fund or which would result in:-

(a) the aggregate value of the Sub-Fund's investments in, or exposure to, any single entity (other than Government and other public securities) through the following exceeding 10% of the latest available Net Asset Value of the relevant Sub-Fund:

(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.

For the avoidance of doubt, restrictions and limitations on counterparty as set out in sub-paragraphs 1(a), 1(b) and 3.4(c) of this Schedule will not apply to financial derivative instruments that are:

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

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

The requirements under this sub-paragraph 1(a) will also apply in the case of sub-paragraphs 5(e) and (j) of this Schedule.

(b) subject to sub-paragraphs 1(a) and 3.4(c) of this Schedule, the aggregate value of the Sub-Fund's investments in, or exposure to, entities within the same group through the following exceeding 20% of the latest available Net Asset Value of the relevant Sub-Fund:

(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.

For the purposes of sub-paragraphs 1(b) and 1(c) of this Schedule, "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 recognized accounting standards.

The requirements under this sub-paragraph 1(b) will also apply in the case of sub-paragraphs 5(e) and (j) of this Schedule.

(c) the value of the Sub-Fund's cash deposits made with the same entity or entities within the same group exceeding 20% of the latest available Net Asset Value of the relevant Sub-Fund provided that the 20% limit may be exceeded in the following circumstances:

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

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

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

For the purposes of this sub-paragraph 1(c), "cash deposits" generally refer to those that are repayable on demand or have the right to be withdrawn by the Sub-Fund and not referable to provision of property or services.

(d) the Sub-Fund's holding of any ordinary shares (when aggregated with all other sub-funds' holdings of such ordinary shares) exceeding 10% of any ordinary shares issued by any single entity.

(e) the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market, exceeding 15% of the latest available Net Asset Value of such Sub-Fund.

(f) the value of the Sub-Fund's total holding of Government and other public securities of the same issue exceeding 30% of the latest available Net Asset Value of such Sub-Fund (save that the Sub-Fund may invest all of its assets in Government and other public securities in at least six different issues). For the avoidance of doubt, 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.

(g) (i) the value of the Sub-Fund's investment in units or shares in other collective investment schemes (namely "**underlying schemes**") which are non-eligible schemes (the list of "eligible schemes" is as specified by the SFC from time to time) and not authorized by the SFC in aggregate exceeding 10% of its latest available Net Asset Value; and

(ii) the value of the Sub-Fund's investment in units or shares in each underlying scheme which is either an eligible scheme (the list of “eligible schemes” is as specified by the SFC from time to time) or a scheme authorized by the SFC exceeding 30% of its latest available Net Asset Value unless the underlying scheme is authorized by the SFC, and the name and key investment information of the underlying scheme are disclosed in this Explanatory Memorandum,

provided that:

(A) no investment may be made in any underlying scheme the investment objective of which is to invest primarily in any investment prohibited by Chapter 7 of the Code on Unit Trusts and Mutual Funds;

(B) where an underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code on Unit Trusts and Mutual Funds, such investments may not be in contravention of the relevant limitation. For the avoidance of doubt, the Sub-Fund may invest in underlying scheme(s) authorized by the SFC under Chapter 8 of the Code on Unit Trusts and Mutual Funds (except for hedge funds under 8.7 of the Code on Unit Trusts and Mutual Funds), eligible scheme(s) of which the net derivative exposure does not exceed 100% of its total net asset value, and Qualified Exchange Traded Funds in compliance with sub-paragraphs 1(g)(i) and (ii) of this Schedule;

(C) the underlying scheme’s objective may not be to invest primarily in other collective investment scheme(s);

(D) all initial charges and redemption charges on the underlying scheme(s) must be waived if the underlying scheme is managed by the Manager or its Connected Persons; and

(E) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an

underlying scheme or its management company, or any quantifiable monetary benefits in connection with investments in any underlying scheme.

For the avoidance of doubt:

(aa) unless otherwise provided under the Code on Unit Trusts and Mutual Funds, the spread requirements under sub-paragraphs 1(a), (b), (d) and (e) of this Schedule do not apply to investments in other collective investment schemes by the Sub-Fund;

(bb) unless otherwise disclosed in this Explanatory Memorandum, the investment by the Sub-Fund in a Qualified Exchange Traded Fund will be considered and treated as collective investment schemes for the purposes of and subject to the requirements in sub-paragraphs 1(g)(i) and (ii) and proviso (A) to (C) of sub-paragraph 1(g) of this Schedule 6. Notwithstanding the aforesaid, the investments by the Sub-Fund in Qualified Exchange Traded Funds shall be subject to sub-paragraph 1(e) of this Schedule and the relevant investment limits in Qualified Exchange Traded Funds by the Sub-Fund shall be consistently applied;

(cc) where investments are made in listed REITs, the requirements under sub-paragraphs 1(a), (b) and (d) of this Schedule apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under sub-paragraphs 1(e) and (g)(i) of this Schedule apply respectively; and

(dd) where the Sub-Fund invests in index-based financial derivative instruments, the underlying assets of such financial derivative instruments are not required to be aggregated for the purposes of the investment restrictions or limitations set out in sub-paragraphs 1(a), (b), (c) and (f) of this Schedule provided that the index is in compliance with the requirements under 8.6(e) of the Code on Unit Trusts and Mutual Funds.

2. Investment prohibitions applicable to each Sub-Fund

The Manager shall not, unless otherwise specifically provided for in the Code on Unit Trusts and Mutual Funds, on behalf of any Sub-Fund:-

(a) 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;

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

(c) make short sales unless (i) the liability of the relevant Sub-Fund to deliver securities does not exceed 10% of its latest available Net Asset Value; (ii) the security which is to be sold short is actively traded on a Securities Market where short selling activity is permitted; and (iii) the short sales are carried out in accordance with all applicable laws and regulations;

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

(e) subject to sub-paragraph 1(e) of this Schedule, 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 as set out in sub-paragraphs 4.1 to 4.4 of this Schedule on Unit Trusts and Mutual Funds are not subject to the limitations in this sub-paragraph 2(e);

(f) acquire any asset or engage in any transaction which involves the assumption of any liability by the relevant Sub-Fund which is unlimited. For the avoidance of doubt, the liability of Unitholders of the Sub-Fund is limited to their investments in that Sub-Fund;

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

(h) invest in any security where a call is to be made for any sum unpaid on that security, unless the call could be met in full out of cash or near cash from the Sub-Fund's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments for the purposes of sub-paragraphs 3.5 and 3.6 of this Schedule.

3. <u>Use of financial derivative instruments</u>

3.1 The Sub-Fund may acquire financial derivative instruments for hedging purposes. For the purposes of this sub-paragraph 3.1, financial derivative instruments are generally considered as being acquired for hedging purposes if they meet all the following criteria:

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

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

(c) 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

(d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

The Manager, 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 relevant Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

3.2 The Sub-Fund may also acquire financial derivative instruments for non-hedging purposes ("**investment purposes**") subject to the limit that such Sub-Fund's net exposure relating to these financial derivative instruments ("**net derivative exposure**") does not exceed 50% of its latest available Net Asset Value provided that such limit 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. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes under sub-paragraph 3.1 of this Schedule will not be counted towards the 50% limit referred to in this sub-paragraph 3.2 so long as there is no residual derivative exposure arising from such hedging arrangement. Net derivative exposure shall be calculated in accordance with the Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

3.3 Subject to sub-paragraphs 3.2 and 3.4 of this Schedule, the Sub-Fund may invest in financial derivative instruments provided that the exposure to the underlying assets of the financial derivative instruments, together with the other investments of the Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in sub-paragraphs 1(a), (b), (c), (f), (g)(i) and (ii), proviso (A) to (C) to sub-paragraph 1(g) and sub-paragraph 2(b) of this Schedule.

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

(a) the underlying assets consist solely of shares in companies, debt securities, money market instruments, units/shares of collective

investment schemes, deposits with substantial financial institutions, Government and other public securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates, currencies, or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies;

(b) the counterparties to transactions of over-the-counter financial derivative instruments or their guarantors are substantial financial institutions or such other entity acceptable to the SFC;

(c) subject to sub-paragraphs 1(a) and (b) of this Schedule, the Sub-Fund's net counterparty exposure to a single entity arising from transactions of over-the-counter financial derivative instruments may not exceed 10% of its latest available Net Asset Value provided that the exposure of the Sub-Fund to a counterparty of over-the-counter financial derivative instruments may be lowered by the collateral received (if applicable) by the Sub-Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter financial derivative instruments with that counterparty, if applicable; and

(d) the valuation of the financial derivative instruments is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) (as the case may be) independent of the issuer of the financial derivative instruments through measures such as the establishment of a valuation committee or engagement of third party service. The financial derivative instruments can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Sub-Fund's initiative. Further, the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the financial derivative instruments on a regular basis.

3.5 The Sub-Fund should at all times be capable of meeting all its payment and delivery obligations incurred under transactions in financial derivative instruments (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in financial derivative instruments in respect of the Sub-Fund are adequately covered on an ongoing basis. For the purposes of this sub-paragraph 3.5, assets that are used to cover the Sub-Fund's payment and delivery obligations incurred under transactions in financial derivative instruments shall 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.

3.6 Subject to sub-paragraph 3.5 of this Schedule, a transaction in financial derivative instruments which gives rise to a future commitment or contingent commitment of the Sub-Fund shall be covered as follows:

(a) in the case of financial derivative instruments transactions which will, or may at the Sub-Fund's discretion, be cash settled, the Sub-Fund shall at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

(b) in the case of financial derivative instruments transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Sub-Fund shall hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation provided further that the Sub-Fund shall apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

3.7 The requirements under sub-paragraphs 3.1 to 3.6 of this Schedule shall apply

to embedded financial derivative. For the purposes of this Explanatory Memorandum, an "**embedded financial derivative**" is a financial derivative instrument that is embedded in another security.

4. Securities financing transactions

4.1 The Sub-Fund may engage in securities financing transactions, provided that they are in the best interests of Unitholders of the Sub-Fund to do so and the associated risks have been properly mitigated and addressed, and provided further that the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

4.2 The Sub-Fund shall have at least 100% collateralization in respect of the securities financing transaction(s) into which it enters to ensure there is no uncollateralized counterparty risk exposure arising from these transactions.

4.3 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 Sub-Fund.

5.4 The Sub-Fund shall only enter into a securities financing transaction if the terms of such securities financing transaction include the power for the Sub-Fund at any time to recall the securities or the full amount of cash (as the case may be) subject to the securities financing transaction or terminate the securities financing transaction(s) into which it has entered.

5. Collateral

In order to limit the exposure to each counterparty as set out in sub-paragraphs 3.4(c) and 4.2 of this Schedule of the Code on Unit Trusts and Mutual Funds, the Sub-Fund may receive collateral from such counterparty, provided that the collateral complies with the requirements set out below:

(a) Liquidity – the collateral is sufficiently liquid and tradable in order 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;

(b) Valuation – the collateral is marked-to-market daily by using independent pricing sources;

(c) Credit quality – the collateral is of high credit quality provided that, in the event 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, such collateral shall be replaced immediately;

(d) Haircut – the collateral is subject to a prudent haircut policy;

(e) Diversification – the collateral is appropriately diversified so as to avoid concentrated exposure to any single entity and/or entities within the same group. The Sub-Fund's exposure to the issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in sub-paragraphs 1(a), 1(b), 1(c), 1(f), 1(g)(i) and (ii) and provisos (A) to (C) of sub-paragraph 1(g) and sub-paragraph 2(b) of this Schedule;

(f) Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the financial derivative instruments, or the counterparty of securities financing transactions in such a way that would undermine the effectiveness of the collateral. For this purpose, securities issued by the counterparty or the issuer of the financial derivative instruments, or the counterparty of securities financing transactions or any of their related entities should not be used as collateral;

(g) Management of operational and legal risks – the Manager has

appropriate systems, operational capabilities and legal expertise for proper collateral management;

(h) Independent custody – the collateral is held by the Trustee or by duly appointed nominee, agent or delegate;

(i) Enforceability – the collateral is readily accessible or enforceable by the Trustee without further recourse to the issuer of the financial derivative instruments, or the counterparty of the securities financing transactions;

(j) Re-investment of collateral – any re-investment of collateral received for the account of the relevant Sub-Fund shall be subject to the following requirements:

(i) cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the Code on Unit Trusts and Mutual Funds 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 on Unit Trusts and Mutual Funds. For this purpose, 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;

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

(iii) the portfolio of assets from re-investment of cash collateral shall comply with the requirements under 8.2(f) and 8.2(n) of the Code on Unit Trusts and Mutual Funds;

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

(v) 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;

(k) the collateral is free of prior encumbrances; and

(l) the collateral generally does not include (i) structured products whose payouts rely on embedded financial derivatives or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitized products; or (iv) unlisted collective investment schemes.

6. Borrowing and Leverage

The expected maximum level of leverage of the Sub-Fund is as follows:

Cash borrowing

6.1 No borrowing shall be made in respect of the Sub-Fund which would result in the principal amount for the time being of all borrowings made for the account of the relevant Sub-Fund exceeding an amount equal to 10% of the latest available Net Asset Value of the relevant Sub-Fund provided always that back-to-back loans do not count as borrowing. For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Schedule are not borrowings for the purpose of, and are not subject to the limitations in this sub-paragraph 6.1.

Leverage from the use of financial derivative instruments

6.2 The Sub-Fund may also be leveraged through the use of financial derivative

instruments and its expected maximum level of leverage through the use of financial derivative instruments (i.e. expected maximum net derivative exposure) is set out in the relevant Appendix.

6.3 In calculating the net derivative exposure, derivatives acquired for investment purposes that would generate incremental leverage at the portfolio level of the relevant Sub-Fund are converted into their equivalent positions in their underlying assets. The net derivative exposure is calculated in accordance with the requirements and guidance by the SFC which may be updated from time to time.

6.4 The actual level of leverage may be higher than such expected level in exceptional circumstances, for example when there are sudden movements in markets and/or investment prices.

7. Name of Sub-Fund

7.1 If the name of the Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund must, under normal market circumstances, invest at least 70% of its Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Sub-Fund represents.