

**Addendum dated December 2011 to each of the following Explanatory Memoranda or Summary of Explanatory Memoranda (as the case may be) of the respective trusts, as amended from time to time:**

- **Explanatory Memorandum of the JF Provident European Fund dated September 2011**
- **Explanatory Memorandum of the JF Provident Global Bond Fund dated April 2011**
- **Explanatory Memorandum of the JF Provident Greater China Fund dated September 2007**
- **Explanatory Memorandum of the JF Provident Hong Kong Fund dated September 2011**
- **Summary of Explanatory Memorandum of the JF Provident Balanced Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident Capital Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident Growth Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident High Growth Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident HK\$ Money Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident Stable Capital Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident US\$ Money Fund dated 3 May 2005**

**(Each an “Explanatory Memorandum”)**

The following should be read in conjunction with and forms part of each Explanatory Memorandum, as amended from time to time, as specified below. All capitalised terms in this Addendum shall have the same meaning as in the corresponding Explanatory Memorandum relating to the respective trust unless otherwise stated.

Please note that some of the following changes are applicable only to the Chinese versions of the Explanatory Memorandum of certain trusts (“Chinese Explanatory Memorandum”) specified below.

The following changes to the Explanatory Memorandum shall apply with immediate effect.

Change to each Explanatory Memorandum (except the Explanatory Memoranda of the JF Provident European Fund, the JF Provident Global Bond Fund and the JF Provident Hong Kong Fund):

- All references to “JPMorgan Funds (Asia) Limited (previously known as “JF Funds Limited”)” in each Explanatory Memorandum shall be deleted in their entirety and replaced with “JPMorgan Funds (Asia) Limited”.

Changes to each Chinese Explanatory Memorandum of the JF Provident European Fund, JF Provident Global Bond Fund and JF Provident Hong Kong Fund:

- Except for the fifth paragraph under the sub-section entitled “Procedure for Application” under the section entitled “SUBSCRIPTIONS” in the Chinese Explanatory Memorandum, all references to “摩根富林明基金（亞洲）有限公司” shall be deleted in their entirety and replaced by “摩根基金（亞洲）有限公司”.
- Reference to “摩根富林明基金（亞洲）有限公司” in the fifth paragraph under the sub-section entitled “Procedure for Application” under the section entitled “SUBSCRIPTIONS” in the Chinese Explanatory Memorandum shall be deleted in its entirety and replaced by “JPMorgan Funds (Asia) Limited”.

Change to the Explanatory Memorandum of the JF Provident Global Bond Fund:

- All references to “interest bearing securities” in the Explanatory Memorandum shall be deleted in their entirety and replaced by “bonds”.

# J.P.Morgan

## Asset Management

Addendum dated December 2008 to each of the following Summary of Explanatory Memoranda of the respective funds, as amended from time to time:

- Summary of Explanatory Memoranda of the following funds, each dated 6 May 2005 respectively:
  - JF Provident Balanced Fund (“Balanced Fund”)
  - JF Provident Capital Fund (“Capital Fund”)
  - JF Provident High Growth Fund (“High Growth Fund”)
  - JF Provident Growth Fund (“Growth Fund”)
  - JF Provident HK\$ Money Fund (“HK\$ Money Fund”)
  - JF Provident Stable Capital Fund (“Stable Capital Fund”)
- Summary of Explanatory Memorandum of the JF Provident US\$ Money Fund (“US\$ Money Fund”) dated 3 May 2005  
(Each a “Summary of Explanatory Memorandum”)

This Addendum should be read in conjunction with and forms part of each Summary of Explanatory Memorandum, as applicable.

The following change shall apply with effect from and including 2 January 2009:

Change to each of the Summary of Explanatory Memorandum:

- Reference to “JF Funds Limited” under the section entitled “Procedure for Application” or “Application for Subscription and Payment”, as applicable, shall be deleted in its entirety and replaced by “JPMorgan Funds (Asia) Limited”.

The following changes shall apply simultaneously and with immediate effect:

Change to each of the Summary of Explanatory Memorandum:

- Except the section entitled “Procedure for Application” or “Application for Subscription and Payment”, as applicable, all references to “JF Funds Limited” shall be deleted in their entirety and replaced by “JPMorgan Funds (Asia) Limited (previously known as “JF Funds Limited)”.
- The sub-section entitled “Solicitors” under the section entitled “MANAGEMENT AND ADMINISTRATION DIRECTORY” or “MANAGEMENT AND ADMINISTRATION”, as applicable, shall be deleted in its entirety.

Change to the Summary of Explanatory Memorandum of the Balanced Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF Provident Balanced Fund	JF Provident Balanced

Change to the Summary of Explanatory Memorandum of the Capital Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF Provident Capital Fund	JF Provident Capital

Change to the Summary of Explanatory Memorandum of the High Growth Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION DIRECTORY”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF Provident High Growth Fund	JF Provident High Growth

Change to the Summary of Explanatory Memorandum of the Growth Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF Provident Growth Fund	JF Provident Growth

Change to the Summary of Explanatory Memorandum of the HK\$ Money Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF Provident HK\$ Money Fund	JF Provident HK\$ Money

Change to the Summary of Explanatory Memorandum of the Stable Capital Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION DIRECTORY”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF Provident Stable Capital Fund	JF Provident Stable Capital

Change to the Summary of Explanatory Memorandum of the US\$ Money Fund:

- All references to “Fleming Series II Funds” shall be deleted in their entirety and replaced by “JPMorgan Series II Funds”.
- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF Provident US\$ Money Fund	JF Provident US\$ Money

Change to the Summary Explanatory Memorandum of the High Growth Fund and Stable Capital Fund:

- The information on the Directors of the Manager under the subsection entitled “MANAGEMENT AND ADMINISTRATION DIRECTORY” under the section “GENERAL” in the Summary Explanatory Memoranda of these funds shall be deleted in its entirety and replaced by the following:-

“Edwin Tsun Kay Chan  
Eddie She Lin Chang  
Leo Ka Kui Cheung  
Lily Suet Lai Lau  
Terry San Kong Pan  
Ken Wai Ming Tam  
Marco Ka Nam Tang”

Change to the Explanatory Memorandum of the Global Bond Fund and Hong Kong Fund:

- The information on the Directors of the Manager under the subsection entitled “The Trustee and the Manager” under the section entitled “GENERAL” in the Explanatory Memoranda of these funds shall be deleted in its entirety and replaced by the following:-

“Edwin Tsun Kay Chan  
Eddie She Lin Chang  
Leo Ka Kui Cheung  
Lily Suet Lai Lau  
Terry San Kong Pan  
Ken Wai Ming Tam  
Marco Ka Nam Tang”

The following changes shall apply with effect from and including 19 May 2008:

Change to the Summary Explanatory Memorandum of the Balanced Fund, Capital Fund, Growth Fund, HK\$ Money Fund and US\$ Money Fund:

- References to “South China Morning Post” in the section entitled “Additional Information” in the Summary Explanatory Memoranda of these funds shall be replaced by “Standard”.

Change to the Summary Explanatory Memorandum of the High Growth Fund and Stable Capital Fund:

- All references to “South China Morning Post” in the section entitled “Suspension of Redemptions” and the subsection entitled “Publication of Net Asset Value” under the section entitled “GENERAL” in the Summary Explanatory Memoranda of these funds shall be replaced by “Standard”.

Change to the Explanatory Memorandum of the European Fund and Greater China Fund:

- All references to “South China Morning Post” in the subsection entitled “Price Information” under the section entitled “GENERAL” in the Explanatory Memoranda of these funds shall be replaced by “Standard”.

Change to the Explanatory Memorandum of the Global Bond Fund and Hong Kong Fund:

- All references to “South China Morning Post” in the subsection entitled “Publication of Net Asset Value” under the section entitled “GENERAL” in the Explanatory Memoranda of these funds shall be replaced by “Standard”.

**Addendum dated May 2008 to each of the following Summary Explanatory Memoranda/ Explanatory Memoranda of the respective funds, as amended from time to time:**

- **Summary Explanatory Memorandum of the JF Provident Balanced Fund (“Balanced Fund”) dated 6 May 2005**
- **Summary Explanatory Memorandum of the JF Provident Capital Fund (“Capital Fund”) dated 6 May 2005**
- **Summary Explanatory Memorandum of the JF Provident High Growth Fund (“High Growth Fund”) dated 6 May 2005**
- **Summary Explanatory Memorandum of the JF Provident Growth Fund (“Growth Fund”) dated 6 May 2005**
- **Summary Explanatory Memorandum of the JF Provident HK\$ Money Fund (“HK\$ Money Fund”) dated 6 May 2005**
- **Summary Explanatory Memorandum of the JF Provident Stable Capital Fund (“Stable Capital Fund”) dated 6 May 2005**
- **Summary Explanatory Memorandum of the JF Provident US\$ Money Fund (“US\$ Money Fund”) dated 3 May 2005**

(Each a “Summary Explanatory Memorandum”)

- **Explanatory Memorandum of the JF Provident European Fund (“European Fund”) dated September 2007**
- **Explanatory Memorandum of the JF Provident Global Bond Fund (“Global Bond Fund”) dated September 2006**
- **Explanatory Memorandum of the JF Provident Greater China Fund (“Greater China Fund”) dated September 2007**
- **Explanatory Memorandum of the JF Provident Hong Kong Fund (“Hong Kong Fund”) dated September 2006**

(Each an “Explanatory Memorandum”)

This Addendum should be read in conjunction with and forms part of each Summary Explanatory Memorandum/Explanatory Memorandum, as applicable.

The following changes shall apply with immediate effect:

Change to the Summary Explanatory Memorandum of the Balanced Fund, Capital Fund, Growth Fund, HK\$ Money Fund and US\$ Money Fund:

- The information on the Directors of the Manager under the section entitled “MANAGEMENT AND ADMINISTRATION” in the Summary Explanatory Memoranda of these funds shall be deleted in its entirety and replaced by the following:-

“Edwin Tsun Kay Chan  
Eddie She Lin Chang  
Leo Ka Kui Cheung  
Lily Suet Lai Lau  
Terry San Kong Pan  
Ken Wai Ming Tam  
Marco Ka Nam Tang”

## JF Provident Growth Fund Summary of Explanatory Memorandum

**IMPORTANT: If you are in any doubt about the contents of this summary, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

JF Funds Limited accepts responsibility for the information contained herein being accurate as at 6 May 2005.

The primary objective of the JF Provident Growth Fund (the “Trust”) is to maximize its long term capital appreciation in Hong Kong dollar terms. The secondary objective is to outperform Hong Kong salary inflation over the long term. The Trust seeks to achieve these investment objectives through a professionally managed portfolio of interests in collective investment schemes managed by the Manager or its Connected Persons.

The underlying assets of the Trust will primarily be invested in global equity markets although the Trust may be biased towards Hong Kong and Asian markets at the discretion of the Manager.

Whilst the policy of the Manager is that the non-cash assets of the Trust should be kept invested in pursuit of the stated objectives, cash reserves may be held from time to time to protect the Trust’s assets or to meet investment opportunities as they arise.

The Trust’s portfolio is, of course, subject to market fluctuations and to the risks inherent in all investments. Therefore, the subscription and realization prices of units may go down as well as up.

Short term volatility : Medium to high  
Long term return target : Build real wealth

The Trust is designed as an investment vehicle for trustees, custodians or other administrators of provident and retirement schemes.

JF Funds Limited is the manager of the Trust (the “Manager”). The Manager has delegated day to day investment management to JF Asset Management Limited (the “Investment Manager”).

The Trustee of the Trust is Royal Bank of Canada Trust Company (Cayman) Limited. The registered office of which is at P.O. Box 1586, 24 Shedden Road, Grand Cayman, Cayman Islands, British West Indies. The Trustee is responsible for the safe custody of the assets of the Trust and is not responsible for the selection of investments or the Trust’s investment performance.

The Trust is governed by the laws of the Cayman Islands and is constituted by a Trust Deed dated 15th August 1995. Unless terminated earlier in accordance with the provisions of the Trust Deed, the Trust will automatically terminate on 15th August 2145. The Trust may be terminated by the Trustee or the Manager in certain circumstances, by Extraordinary Resolution of the unitholders or when the aggregate net asset value of all units in issue falls below HK\$20,000,000.

## MANAGEMENT AND ADMINISTRATION

### Manager and Service Provider

JF Funds Limited  
21st Floor  
Chater House  
8 Connaught Road Central  
Hong Kong

### Trustee and Registrar

Royal Bank of Canada Trust Company (Cayman) Limited  
P.O. Box 1586, 24 Shedden Road  
Grand Cayman  
Cayman Islands  
British West Indies

### Investment Manager

JF Asset Management Limited  
21st Floor  
Chater House  
8 Connaught Road Central  
Hong Kong

### Auditors

PricewaterhouseCoopers  
Certified Public Accountants  
P.O. Box 258GT  
Strathvale House  
Grand Cayman  
Cayman Islands  
British West Indies

### Solicitors

Deacons  
5 Floor, Alexandra House  
16-20 Chater Road  
Central  
Hong Kong

### Directors of the Manager

Eddie She Lin Chang  
Andrew Douglas Eu  
Desmond Ka Yiu Ng  
Terry San Kong Pan  
Ken Wai Ming Tam  
Bonnie Pui Lan Tse

*Additional information can be obtained from the Manager at the above address.*

Distribution of this Summary of Explanatory Memorandum is not authorized in any jurisdiction unless it is accompanied by a copy of the most recent annual accounts of the Trust (if issued) and the most recent half yearly report (if issued after such annual accounts). Such annual accounts and half yearly report (where applicable) will form part of this Summary of Explanatory Memorandum.

Units will be offered on the basis only of the information contained in this Summary of Explanatory Memorandum, such annual accounts and (where applicable) such half yearly report. Any further information or representations made by any dealer, salesman or other person must be regarded as unauthorized and accordingly must not be relied upon. Neither the delivery of any of the foregoing documents nor any offer, issue or sale of units shall, under any circumstances, constitute a representation that the information given in any such document is correct as of any time subsequent to the date of such document.

### Risk Factors

The performance of the Trust will be affected by a number of risk factors, including the following:

- (i) Political, economic and social risks – All financial markets may at times be adversely affected by changes in political, economic and social conditions.
- (ii) Market risk – The Trust’s investments are subject to the risks inherent in all securities, i.e. the value of holdings may fall as well as rise.
- (iii) Interest rates – Interest rates in the countries in which the Trust’s assets will be invested may be subject to fluctuation. Any such fluctuation may have a direct effect on the income received by the Trust and its capital value.

- (iv) Currency risk – Investors whose base currency is not HK dollars will be exposed to currency risk in that the value of their investment in their base currency will be affected by movements in the exchange rate between their base currency and the HK dollar.

Furthermore, as investment of the Trust will include collective investment schemes which may be denominated in non-HK dollars or with assets, some or all of which may be quoted in non-HK dollars, the Trust will be exposed to currency risk since the performance of the underlying funds' non-HK dollar assets will also be affected by movements in exchange rates.

- (v) Credit risk – If the issuer of any of the securities in which the Trust's assets are invested defaults, the performance of the Trust will be negatively affected.

### Issue and Realization of Units

The Trust is denominated in HK dollars. There are two classes of units, Administration Units and Investment Units. Prices will be expressed in HK dollars. The issue of units is at the discretion of the Manager. The Manager may decline to accept an initial subscription for less than HK\$2,000. Currently units are normally issued on every dealing day which will normally be every day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business and on which all or part of the collective investment scheme(s) invested in by the Trust are available for normal dealing. In order for units to be issued on any particular dealing day, the application must be received by the Manager not later than 4:00p.m. (Hong Kong time) on that dealing day or such other time agreed between the Manager and the Trustee. The Manager may change the time by which applications must be received in order to be dealt with on any particular dealing day.

With effect from and including 1 July 2005, in order for units to be issued on any particular dealing day, the application must be received by the Manager not later than 3:00p.m. (Hong Kong time) on that dealing day or such other time agreed between the Manager and the Trustee.

The price at which units will be issued (the "Subscription Price") is based on the net asset value of the Trust Fund. Administration Units are subject to an administration fee which is designed to cover the administration costs of the provident and relevant schemes operated by investors. Arrangements may be made by investors who are trustees or administrators of such schemes for the rebate by the Manager of the whole or part of the fee to them. As a result of the application of the administration fee, which is borne only by Administration Units, the prices of Administration Units and Investment Units will be different with the price of Administration Units lower. In other respects the units rank *pari passu*.

Subject to conditions set out in the Trust Deed, the Manager will realize units on every dealing day in respect of requests received up to 4:00 p.m. (Hong Kong time) on that dealing day or such other time agreed between the Manager and the Trustee. All realization requests should be sent to the Manager. The Manager may change the time by which realization requests must be received in order to be dealt with on any particular dealing day.

With effect from and including 1 July 2005, the Manager will realize units on every dealing day in respect of requests received up to 3:00 p.m. (Hong Kong time) on that dealing day or such other time agreed between the Manager and the Trustee. All realization requests should be sent to the Manager.

The price at which units will be realized (the "Realization Price") is based on the net asset value of the Trust Fund. A realization charge not exceeding 0.5% of the net asset value of

the unit realized may be charged (which will be retained by the Manager for its own use and benefit) but no such charge is currently made. For Administration Units the Realization Price will take account of the accrued Administration Fee. Partial realizations are permitted, provided they do not result in a holding of less than HK\$2,000 of the relevant class. If the unitholder's holding falls below HK\$2,000 as a result of a partial realization, the Manager will require the unitholder to realize his units in full. Realization proceeds will normally be paid within seven business days and in any event not later than four weeks after the date of actual receipt by the Manager of a duly completed realization request in a prescribed format and such other information as the Trustee or the Manager may reasonably require. Failure to provide such information may delay the payment of realization proceeds. Payment will be made by telegraphic transfer where the unitholder has provided payment details for this purpose. Unitholders may be liable for any bank charges on payment by telegraphic transfer. Where the unitholder has not provided bank payment details or where the realization amount is less than US\$1,000 or its equivalent, realization proceeds will normally be paid by cheque, posted at the risk of the unitholder. No third party payments will be made.

In the event that a unitholder wishes to switch out of the Trust into another collective investment scheme managed by the Manager or in respect of which the Manager acts as Hong Kong representative, the switch will be treated as a realization of units in the Trust and accordingly a realization charge, calculated on the above basis, will be charged. In addition, a reduced preliminary or initial charge may also be charged by the particular collective investment scheme into which the realization monies are transferred.

The Subscription and Realization Prices for each dealing day are currently based on the valuation of the Trust as at the close of business on that day.

The method of establishing the value of the Trust's net assets is set out in the Trust Deed. The value of interests in any collective investment scheme is the latest published net asset value per unit or share in such scheme (where the same is published and is considered by the Manager to be appropriate) or (if such net asset value is not published or not considered by the Manager to be appropriate) the average of the last published bid and offer prices for such unit or share. Cash, deposits and similar investments are valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof. Such valuations will be expressed in HK dollars. The Manager may adjust the value of any investment if it considers that such adjustment is required to reflect more accurately the fair value of the relevant investment.

Market volatility may result in a discrepancy between the latest available subscription and realization prices for the Trust and the fair value of the Trust's net asset value. Certain investors might exploit this discrepancy. By these investors paying less than the fair value for units on issue, or receiving more than the fair value on realization, other unitholders may suffer a dilution in the value of their investment. As a safeguard against such exploitation, the Manager may, with the prior consent of the Trustee, adjust the net asset value of the Trust or of a unit, if it considers that such adjustment is required to reflect more accurately the fair value of the net asset value. Such adjustment shall be made in good faith, with the Manager taking into account the best interests of unitholders.

Investors should be aware that the price of units may go down as well as up. There are also circumstances provided for in the Trust Deed which may temporarily restrict investors' rights to realize.

The Manager may, having regard to the interests of unitholders, suspend realization of units and/or delay the payment of any realization monies when (1) there is a closure or suspension of trading on any market on which a substantial part of the underlying investments of the Trust is normally quoted, listed, or dealt in, or (2) there is a breakdown in any of the means of determining the Trust's net asset value, or (3) the prices of the Trust's

investments cannot be reasonably ascertained, or (4) the disposal of investments cannot be effected reasonably practicably or without prejudicing the interests of unitholders, or (5) the remittance of funds cannot be effected at normal rates of exchange.

In addition, the number of units realized on any dealing day may be limited to 10% of the total number of units of either class in issue. This limitation will apply pro rata to unitholders wishing to realize their units. Dealing days may be varied in future by the Manager.

#### **Application for Subscription and Payment**

Units may be purchased by completing an Application Form. All applications should be sent to the Manager. All applications must specify the class of Units, Administration Units or Investment Units, for which application is made. No application should be lodged with any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity (dealing in securities) under Part V of the *Securities and Futures Ordinance* of the Laws of Hong Kong or who does not fall within the statutory or other applicable exemption from the requirement to be licensed or registered to carry on Type 1 regulated activity (dealing in securities) under Part V of the *Securities and Futures Ordinance*.

A contract note will be sent to successful applicants specifying the number and class of Units issued. Any Units issued will be registered in the name of the relevant unitholders in the Register kept by the Registrar.

The subscription price will be expressed in HK dollars. Alternative arrangements can be made for unitholders who wish to subscribe in US dollars, Japanese yen or sterling. Unitholders are advised to contact the Manager if they wish to pay in other currencies. In such cases, the Manager will charge the applicant the costs of conversion into HK dollars which may be at the spot or forward rate as determined on the business day following the dealing day, depending on the manner and currency of payment.

Payment may be made by cheque payable to “JF Funds Limited” and crossed “A/C Payee Only, Not Negotiable” or by telegraphic/bank transfer, in which case the subscription amount should be transferred net of any bank charges (i.e. the applicant is required to pay any bank or other administrative charges). A copy of the telegraphic/bank transfer request, duly receipted by the remitting bank, should accompany the Application Form. Third party cheques and cash are not accepted.

Certificates will not be issued to unitholders.

#### **Evidence of Identity**

In order to ensure compliance with any guidelines or regulations which may be applicable relating to the prevention of money laundering, applicants will be required to provide evidence of identity and, in the case of corporate applicants, of legal existence and corporate authority. Where an applicant is acting on behalf of another person, evidence of the identity of the principal, or confirmation by the applicant that evidence of the underlying principal has been obtained and that the applicant is satisfied as to the source of funds, will be required. Where an applicant fails to provide such evidence or confirmation on request, the application will be rejected.

#### **Charges and Liabilities**

A variable preliminary charge not exceeding 5% of the subscription monies may be made by the Manager, the whole or part of which may be rebated to the selling agent, but no such charge is currently made. A realization charge not exceeding 0.5% of the net asset value of

the unit realized may be charged (which will be retained by the Manager for its own use and benefit) but no such charge is currently made.

The Manager currently receives an annual management fee of 1% of the Trust's net asset value, but the maximum charge permitted by the Trust Deed is 2.5% per annum and the Manager may increase the fee up to the maximum by giving notice to the Trustee and not less than three months' notice to unitholders. For investment in unit trusts or other collective investment schemes managed by the Manager or certain management companies connected with the Manager, the fee of the Manager will be reduced to take account of the management fee levied in respect of such unit trust or scheme to the extent attributable to the Trust's interest in such unit trust or scheme. The management fees of such connected collective investment schemes currently range between 0% and 1.75% per annum.

The Manager is entitled under the Trust Deed to an administration fee (“Administration Fee”) at the rate of 0.7% per annum of the portion of the net asset value of the Trust attributable to the Administration Units on each dealing day. However, the Manager currently receives an Administration Fee at the rate of 0.6% per annum and may only increase the level of its fee (which may not exceed 0.7% per annum) by giving three months' notice to the Trustee and the holders of Administration Units. The Administration Units will be held by trustees, custodians or other administrators of provident and retirement schemes. The Administration Fee is a charge to cover the administration of such schemes and thus will be rebated in whole or in part to the relevant scheme administrators in accordance with such arrangements as may be made with them.

The Manager's fee and Administration Fee are payable monthly.

The Trustee currently receives an annual fee of 0.1% of the Trust's net asset value, calculated and accrued on each dealing day and payable quarterly but the maximum charge permitted by the Trust Deed is 0.2% per annum and the Trustee may increase the fee up to the maximum with the agreement of the Manager and by giving three months' notice to the unitholders.

Fees of the Investment Manager are borne by the Manager. In addition to the above described fees and charges, the fees of any custodian(s) of the Trust's investments, of the Registrar (including the Trustee or Manager acting as such) and the Auditors, stamp duty and brokerage expenses incurred in the making and disposal of all investments, the costs of any supplemental trust deeds and legal and certain other expenses incurred in the administration of the Trust and the cost of the publication of statements, accounts and reports are payable by the Trust.

The liability of the unitholders of the Trust is limited to the assets comprised in the Trust.

#### **Distribution Policy**

All income will be accumulated within the Trust.

#### **Taxation**

Prospective unitholders should inform themselves of, and take their own advice on, the taxes applicable to the subscription, holding and realization of units, and any distribution (each, a “Relevant Event”) under the laws of the place of their operations, domicile, residence, citizenship and/or incorporation. Neither the Trust nor any of the parties listed in the section entitled “MANAGEMENT AND ADMINISTRATION” of this Summary of Explanatory Memorandum makes any warranty and/or representation as to the tax consequences in relation to any Relevant Event (or combination of Relevant Events) or takes any responsibility for any tax consequences in relation to any Relevant

Event (or combination of Relevant Events) and each of the Trust and such parties expressly disclaims any liability whatsoever for any tax consequences in relation to any Relevant Event (or combination of Relevant Events) and/or for any loss howsoever arising (whether directly or indirectly) from any Relevant Event (or combination of Relevant Events). Dividends, interest income, gains on the disposal of investments and other income received by the Trust on its investments in some countries may be liable to the imposition of irrecoverable withholding tax or other tax.

The following paragraphs are based on the law and practice currently in force in the Cayman Islands and Hong Kong at the date of this Summary of Explanatory Memorandum and are subject to changes in content or interpretation. They are intended as a general guide only and do not necessarily describe the tax consequences for all types of investors in the Trust and no reliance, therefore, should be placed upon them.

### **Cayman Islands**

At present Cayman Islands Law does not impose upon the Trustee, the Manager or the unitholders any tax or duty on income or capital assets, gains or appreciations arising from the Trust.

### **Hong Kong**

The Trust was authorized under Section 15 of the *Securities Ordinance* of Hong Kong and is now deemed to have been authorized under Section 104 of the *Securities and Futures Ordinance* of Hong Kong. As a result, any Hong Kong sourced income it derives will be exempt from Hong Kong profits tax provided the Trust is carried on in accordance with the purposes stated in its constitutive documents as approved by the Securities & Futures Commission ("SFC") and in accordance with the requirements of the SFC.

A unitholder will not be liable to Hong Kong profits tax on gains realized on the sale or realization of units except where the acquisition and disposal of units is or forms part of a trade, profession or business carried on by the unitholder in Hong Kong and the gains are revenue in nature for Hong Kong profits tax purposes. The classification of a gain as revenue or capital will depend on the particular circumstances of the unitholders. As a matter of the Inland Revenue Department practice, unitholders also should not be taxed in Hong Kong on distribution of income from the Trust. Unitholders should take advice from their own professional advisers as to their particular tax position.

### **Accounts**

The Trust's year end is 30th June and audited accounts together with reports of the Trustee and the Manager will be sent to unitholders normally within four months after the year end. Unaudited half yearly reports will also be sent to unitholders normally within two months after 31st December.

### **Investment Restrictions and Borrowing**

The Trust may only invest in collective investment schemes. Cash may be held for ancillary purposes.

The Trust must (unless the SFC otherwise consents) invest in at least five collective investment schemes.

No investment may be made for the account of the Trust if as a result: -

- (i) the value of the Trust's holding of interests in funds which have not been authorized by the SFC or established in a jurisdiction which is recognised by the SFC for the authorization of collective investment schemes would exceed 10% of the net asset value of the Trust; or
- (ii) except with the approval of the SFC, the value of the Trust's holding of interests in any one collective investment scheme would exceed 30% of the net asset value of the Trust (the SFC has approved the increase of the limit in any one collective investment scheme managed by the Manager or its Connected Persons which invests solely in Hong Kong equities to 50% of the net asset value of the Trust); or
- (iii) the value of the Trust's holding of interests in collective investment schemes the principal objective of which is investment in warrants, leveraged investments, or futures and options would exceed 10% of the net asset value of the Trust.

The Trust may not invest in any collective investment scheme which invests all its assets in other collective investment schemes.

The Manager will not be required to sell investments if any of the above limits are exceeded as a result of changes in the value of the Trust's investments, reconstructions or amalgamation, the realization of units or payments out of the Trust's assets, but the Manager shall not make any investment which would result in such limits being further exceeded and the Manager shall as a priority objective within such period of time as it considers reasonable having regard to the interests of unitholders endeavour to dispose of investments to the extent necessary to cause such limits no longer to be exceeded.

In addition, neither the Manager nor the Investment Manager may for the account of the Trust: -

- (i) invest in a security of any class if any director or officer of the Manager or the Investment Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or if all directors and officers of the Manager and the Investment Manager collectively own more than 5% of those securities; or
- (ii) make loans (other than by making deposits and acquiring debt and money market instruments) or give guarantees; or
- (iii) make short sales of securities; or
- (iv) invest in any unit trust or other collective investment scheme (a) whose objective is to invest primarily in investments prohibited by the SFC for investment by schemes authorized by it pursuant to the *Securities and Futures Ordinance*, or whose holdings of assets are not in compliance with the requirements of the SFC for such authorized schemes or (b) if it is managed by the Manager, the Investment Manager or any of certain management companies connected with the Manager, where the full amount of any preliminary or initial charge or realization charge is not waived or the Manager is entitled to receive a rebate on any fees or charges imposed by such unit trust or collective investment scheme or its manager in relation to the acquisition of such interest; or
- (v) except with the consent of the SFC, invest directly in land or buildings (or interests therein); or
- (vi) make any investment which would involve the assumption of unlimited liability; or
- (vii) acquire any investment which is nil-paid or partly-paid unless the Trustee sets aside cash or other property sufficient to provide for the paying up of such investment in full; or

(viii) invest in any options or futures contracts unless it is for hedging purposes.

Borrowings are permitted up to 10% of the value of its net assets and only for the purposes of providing cash to meet realizations or to pay operating expenses.

#### **Additional Information**

For indication purposes only, the net asset value of Administration Units and Investment Units will normally be published regularly in the South China Morning Post and the Hong Kong Economic Times.

Copies of the Trust Deed may be obtained at a cost of HK\$80 each from or may be inspected free of charge during normal working hours at 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong. All holders of units will be entitled to the benefit of, be bound by and be deemed to have notice of the provisions of the Trust Deed.

The Manager and any Connected Person (as defined in the Trust Deed) ("Connected Person") shall not retain the benefit of any cash commission rebate (being cash commission repayment made by a broker or dealer to the Manager and/or any Connected Person) paid or payable from any such broker or dealer in respect of any business placed with such broker or dealer by the Manager or any Connected Person for or on behalf of the Trust. Any such cash commission rebate received from any such broker or dealer shall be held by the Manager and any Connected Person for the account of the Trust. The Manager and any of its Connected Persons may effect transactions by or through the agency of another person with whom the Manager and any of its Connected Persons have an arrangement under which that party will from time to time provide to or procure for the Manager and any of its Connected Persons goods, services or other benefits such as research and advisory services, computer hardware associated with specialized software or research services and performance measures etc, the nature of which is such that their provision can reasonably be expected to benefit the Trust as a whole and may contribute to an improvement in the Trust's performance and that of the Manager or any of its Connected Persons in providing services to the Trust and for which no direct payment is made but instead the Manager and any of its Connected Persons undertake to place business with that party. 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.

The attention of investors is drawn to possible conflicts of interest as the Manager may enter into transactions with its Connected Persons for account of the Trust as principal with the consent of the Trustee. Transactions in securities and other transactions may be effected through a Connected Person such transactions may not exceed 50% by value of transactions in a financial year unless otherwise expressly permitted by the SFC that the 50% may be exceeded. The Manager and its Connected Persons are entitled to retain the benefits of any dealing for account of the Trust. The Manager is under an obligation to ensure that transactions are executed on best available terms. The Manager and its Connected Persons may also manage or advise other trusts or clients which may lead to potential conflicts of interest. There is no limit on the deposits which may be made with any one bank and the purchase of securities issued by the Manager and any Connected Person will be subject to the same restrictions as those issued by other issuers.

The Trust has been categorised as a regulated mutual fund under the Mutual Funds Law of the Cayman Islands. The Trustee has agreed to provide the principal office of the Trust for the purposes of the Mutual Funds Law.

**The investor should refer to the current Explanatory Memorandum for fuller details. This document is a short form of Explanatory Memorandum only and not all information in the Explanatory Memorandum is summarised herein.**