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# HSBC CHINA DRAGON FUND

滙豐中國翔龍基金

(Stock Code: 820)

Other Documents

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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If you are in any doubt about the contents this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your units in the HSBC China Dragon Fund (the “Fund”), you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (the “SEHK”), Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited (“HKEX”) and the Securities and Futures Commission (the “SFC”), take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

SFC authorisation is not a recommendation or an endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Unless otherwise defined in this Announcement and Notice, terms used in this Announcement and Notice shall have the same meanings ascribed to them under the Offering Circular of the Fund.

## **HSBC CHINA DRAGON FUND**

### **滙豐中國翔龍基金**

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

## **ANNOUNCEMENT AND NOTICE OF THE CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE WITH CERTAIN PROVISIONS OF THE CODE**

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the cessation of trading, Termination, Deauthorisation and Delisting of the Fund, and the waivers from strict compliance of certain provisions of the Code for the period from 12 March 2025 (i.e. the Trading Cessation Date) to the Deauthorisation Date. Upon Deauthorisation of the Fund, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. In particular, investors should note that Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, will be made only after PRC tax clearance, which is expected to be obtained in the third quarter of 2025, and the time gap between the Trading Cessation Date and the Final Distribution Date is expected to be five months. Investors should also note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Fund (see details of the factors in section 1 below), the Manager has resolved to exercise its power under Clause 27.3 of the Trust Deed to terminate the Fund with effect from the Termination Date (as defined below);
- the Last Trading Day of the Units in the Fund will be 11 March 2025, i.e. the last day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place;
- the Units of the Fund will cease trading as from 12 March 2025 (the “Trading Cessation Date”); that means, no further buying or selling Units on the SEHK from the Trading Cessation Date onwards;
- immediately after this Announcement and Notice has been published, a certain portion of the assets of the Fund will be set aside as the Provision to discharge any Future Costs. As a result, the Net Asset Value and Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024;
- the Manager will aim to realise all of the assets of the Fund upon consultation with the Trustee, the Fund’s Auditors and the QFI Custodian with effect from the Trading Cessation Date. From the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund will no longer be marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner;
- with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for and has been granted a waiver from strict compliance with certain provisions of the Code on Unit Trusts and Mutual Funds (the “Code”) for the period from the Trading Cessation Date to the Deauthorisation Date: (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) Chapters 6.1 and 11.1B (with regard to updating the Offering Circular and the KFS), and (iii) Chapters 8.11(a) and (f) (with regard to listing, trading and disclosure requirements related to closed-ended funds), the details and the conditions on which such waiver is granted are as described in section 4 below;

- the Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations;
- the Manager will, after having consulted with the Trustee, the Fund’s Auditors and QFI Custodian, declare an Interim Distribution (please refer to section 2.2 below for further information) to the investors who remain so as at 17 March 2025, i.e. the Distribution Record Date. The Interim Distribution will be payable on 26 March 2025 (the “Interim Distribution Date”);
- the Interim Distribution will be calculated based on the available sales proceeds primarily derived from the liquidation of offshore investments, after deducting applicable fees, expenses, and their accruals (please refer to section 2.2 below for further information). The Interim Distribution will be proportionate to each Relevant Investor’s interest in the Fund as of the Distribution Record Date;
- for Final Distribution, (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, its QFI’s Auditor and its QFI’s tax agent, issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date, which is expected to be payable around 12 August 2025 (the “Final Distribution Date”). If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of PRC tax clearance and the updated Final Distribution Date;
- the amount of Final Distribution will equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) less any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments;
- the Manager currently does not expect there will be any Further Distribution after the Final Distribution. If there is any Further Distribution (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, issue an announcement to confirm the amount of Further Distribution at least 7 business days prior to the Further Distribution Date. Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other dates to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution;
- by the date the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the Termination of the Fund, which is expected to be on or around 14 November 2025 (such date being the “Termination Date”);
- Investors should note the Termination, Deauthorisation and Delisting of the Fund are subject to PRC tax clearance;
- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Fund’s SFC authorisation status and the Fund’s SEHK listing status, and, subject to the SEHK’s approval, expects the Delisting to take effect at or around the same time as the Deauthorisation (subject to SFC’s approval);

- the Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively; and
- investors should pay attention to the risk factors as set out in section 6.1 below (including liquidity risk, Units trading at a discount or premium and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, and delay in distribution risk). Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

**Stockbrokers and financial intermediaries are urged to:**

- forward a copy of this Announcement and Notice to their clients holding Units in the Fund, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units in the Fund on or before the Last Trading Day;
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units; and
- inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

**If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (for details, please refer to section 8 below). Any product documents of the Fund should be retained by the investors for personal use only and not for public circulation.**

As at 17 September 2024, the aggregate Net Asset Value of all the Units outstanding in the Fund is less than HK\$400,000,000. The Manager therefore announces that it has resolved to exercise its power in seeking the Termination. The Deauthorisation and Delisting will take place following the termination of the Fund. The Termination, Deauthorisation and Delisting of the Fund (the “**Plan**”) will be subject to the final approval of the SFC and the SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets.

Before the Termination, Deauthorisation and Delisting, the Units of the Fund will cease trading on the SEHK as from 12 March 2025, the Trading Cessation Date. Accordingly, the last day on which the Units of the Fund can be traded on SEHK will be 11 March 2025, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. For the avoidance of doubt, investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date.

The Manager by this Announcement and Notice notifies the investors of the Termination of the Fund. As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is

hereby given to investors, notifying them that the Fund will cease trading from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025.

## **1. TERMINATION OF THE FUND, CESSATION OF TRADING AND LIQUIDATION OF ASSETS**

### **1.1 Termination of the Fund**

According to Clause 27.3 of the Trust Deed, the Fund may be terminated by the Manager in its absolute discretion and the Trustee shall accept the Managers decision, if the aggregate Net Asset Value of all the Units in the Fund outstanding shall be less than HK\$400,000,000. The Trust Deed does not require investors' approval for terminating the Fund on the ground set out in Clause 27.3.

The Net Asset Value and the Net Asset Value per Unit of the Fund as at 4 December 2024 is as follows:

	<b>Net Asset Value</b>	<b>Net Asset Value per Unit</b>
HSBC China Dragon Fund	HK\$381.0598 million	HK\$16.92

Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value and the relatively low trading volume of the Fund, the Manager is of the view that the Termination of the Fund would be in the best interests of the investors in the Fund. Therefore, the Manager has decided to exercise its power under Clause 27.3 to terminate the Fund which Termination shall be completed after the Interim Distribution and Final Distribution (and any Further Distribution, if applicable) on the date on which the Trustee and the Manager form an opinion that the Fund cease to have any contingent or actual assets or liabilities. The Trustee has been notified of the proposed Termination and no objection has been received from the Trustee.

As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is hereby given to investors, notifying them that the Fund will cease trading, from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025. No approval from Unitholders is required.

### **1.2 The cessation of trading**

The Manager will apply to SEHK to have the Units of the Fund cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 12 March 2025. The Manager will aim to realise all of the assets of all the Fund effective from 12 March 2025 in exercise of its investment powers under Clause 12 of the Trust Deed. The realisation of assets of the Fund will not incur any additional cost as compared to the costs associated with a normal realisation of investments.

The Manager will then proceed with the Interim Distribution and Final Distribution as soon as practicable (see details in section 2.2 below). As such, 11 March 2025 will be the Last Trading Day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place.

### **1.3 Impact on the realisation of the assets**

After the realisation of the assets of the Fund (as described in section 1.2 above), the Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet their respective investment objectives.

## **2. WHAT WILL HAPPEN ON OR BEFORE THE LAST TRADING DAY AND FROM THE TRADING CESSATION DATE?**

### **2.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the Fund on the SEHK on investors, a SFC transaction levy (at 0.0027% of the price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the price of the Units) and a trading fee (at 0.00565% of the price of the Units) will be payable by the buyer and the seller of the Units. Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

No stamp duty liability will arise in Hong Kong in respect of any sale or purchase of the Units on the SEHK.

The trading of Units of the Fund are subject to certain risks and may be below or above the Net Asset Value per Unit on the HKEX. Please see section 6.1 below.

### **2.2 Distribution**

#### ***(i) Interim Distribution***

The Manager will, after having consulted with the Trustee, the Fund's Auditor and QFI Custodian for the available principle from its QFI Accounts, declare an Interim Distribution in respect of the Relevant Investors. It is expected that the Interim Distribution will be 17% of the total Net Asset Value based on the current portfolio as of 4 December 2024. Such Interim Distribution will be made on 26 March 2025. The Interim Distribution will be calculated based on the available sales proceeds (as at 18 March 2025, being the latest practicable date of the Interim Distribution announcement) primarily derived from the liquidation of offshore

investments (including stocks on the SEHK, American Depositary Receipts, Global Depositary Receipts, and Exchange-Traded Funds), which will commence on the Trading Cessation Date, after deducting applicable fees, expenses, and their accruals (include but not limited to those payable to the Trustee, Qualified Foreign Investor Custodian, Sub-Custodian, auditor, Qualified Foreign Investor auditor, Qualified Foreign Investor tax advisor, the Manager, legal counsel, the Registrar, and other operational expenses of the Fund). The Manager expects to receive the sale proceeds from offshore investments no later than the fourth business day following the Trading Cessation Date.

The Interim Distribution will be proportionate to each Relevant Investor's interest in the Fund as of the Distribution Record Date. The distribution amount under the Interim Distribution depends on the liquidation of offshore investments (prior to the latest practicable date of the Interim Distribution announcement) and cash reserves post-expense deductions.

The publication of Interim Distribution announcement on the Fund's and HKEX's website disclosing the amount of Interim Distribution and the date of payment will be made on 19 March 2025. The Interim Distribution payable to each Relevant Investor is expected to be paid on 26 March 2025 to accounts of its financial intermediary or stockbroker maintained with CCASS and the Registrar at the Distribution Record Date.

***(ii) Final Distribution***

The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. Upon obtaining PRC tax clearance and after having consulted with the Fund's Auditor, its QFI's Auditor, its QFI's tax agent and the Trustee, the Manager will declare a Final Distribution in respect of the Relevant Investors 7 days before the Final Distribution Date and such Final Distribution will be paid to the Relevant Investors on or around 12 August 2025. It is expected that the Final Distribution will be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024. As advised by the QFI Custodian, according to Article 15 of the "Administrative measures on foreign institutional investors' funds for investing in domestic securities and futures" (Circular PBOC & SAFE Announcement [2024] No.7), in the liquidation of the QFI account, PRC tax clearance must be obtained before the sales proceeds from onshore investments may be repatriated. As a matter of best practice, it is the Manager's decision to adopt the approach to distribute the sale proceeds from onshore investments in the Final Distribution only after obtaining PRC tax clearance. The Manager is of the view that it is in the best interests of the Fund's investors and will not materially prejudice the Relevant Investor's interests. The Manager expects to realise the Fund's onshore investments on the Trading Cessation Date. The Manager expects to receive the sale proceeds from onshore investments five months following the Trading Cessation Date and the realisation of the investments. If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of tax clearance and the updated Final Distribution Date. Each Relevant Investor



will be entitled to a Final Distribution of an amount equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments (e.g. any gain/loss on the foreign exchanges, any interest earned at the Fund level, any outstanding receivables including but not limited to cash dividends, surplus of the Provision) in proportion to the Relevant Investor's interests in the Fund as at the Distribution Record Date.

The Final Distribution payable to each Relevant Investor is expected to be paid around 12 August 2025, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The publication of Final Distribution announcement on the Fund's and HKEX's website disclosing the amount of Final Distribution and the date of payment of the Final Distribution will be made at least 7 business days prior to the Final Distribution Date.

***(iii) Further Distribution***

The Manager currently does not expect that there will be any further distribution after the Final Distribution. Further Distribution is conditional and will only be payable if there is any refund further to the Final Distribution (as a result of any unexpected refund or fee adjustments further to the Final Distribution) and any receivables (for example, cash credit interests received after the Final Distribution). In the event if there is Further Distribution, the Manager will, after having consulted with the Trustee, and the Fund's Auditors, issue an announcement to confirm the amount of Further Distribution and the date of payment of Further Distribution on the Fund's and HKEX's website at least 7 business days prior to the day of the Further Distribution Date and such Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other date to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution.

**IMPORTANT NOTE: Investors should note and consider the risk factors as set out in section 6.1 below and consult with their professional and financial advisers before disposing of any Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Interim Distribution, Final Distribution or Further Distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

**2.3 Immediately from the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units will cease trading on the SEHK, that is, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day which is 11 March 2025 and will not be allowed to do so from the Trading Cessation Date onwards.

## 2.4 During the period from the Trading Cessation Date until the Termination Date

Following the realisation of the assets and the Interim Distribution, Final Distribution and Further Distribution (if any), the Termination Date (which is expected to be on or around 14 November 2025) which is the date on which the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the Termination of the Fund.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Fund will continue to have listing status on the SEHK and the Fund will remain authorized by the SFC, the Fund will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Fund will have no investment activities apart from the realization/liquidation of the remaining assets and other spot or future trades relevant to the foreign exchange activities after the Trading Cessation Date onwards.

The Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively. The Manager expects, subject to the SEHK's approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The Termination, Deauthorisation and Delisting will be subject to the payment of all outstanding fees and expenses (for details, please refer to section 5 below), the discharge of all outstanding liabilities of the Fund, as well as the final approvals of the SFC and the SEHK.

Following Deauthorisation, the Fund will no longer be (i) subject to regulation by the SFC; and (ii) available for public distribution in Hong Kong. Further, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

## 2.5 Important dates

Subject to the SFC's and the SEHK's respective approvals for the arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Fund will be as follows:

Dispatch of this Announcement and Notice and the setting aside of the Provision	After market close on 9 December 2024
Weekly reminder announcements regarding the Last Trading Day, Trading Cessation Date and the Distribution Record Date	From 9 December 2024 to 10 March 2025
Last day for dealings in the Units on the SEHK (the " <b>Last Trading Day</b> ")	11 March 2025

Dealings in the Units on the SEHK cease (the “ <b>Trading Cessation Date</b> ”), i.e. same date on which the Manager will start to realise all the assets of the Funds and the Fund shall no longer be marketed or offered to the public in Hong Kong	12 March 2025
The date as at which an investor needs to be recorded by the HKSCC Nominees Limited as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS (the “ <b>Distribution Record Date</b> ”) to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any)	By close of business on 17 March 2025
The publication of Interim Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Interim Distribution and the date of payment	19 March 2025
Interim Distribution (after the Manager having consulted with the Trustee, the Fund’s Auditors and QFI Custodian for the available principle from its QFI Accounts) will be paid to the Relevant Investors (the “ <b>Interim Distribution Date</b> ”)	26 March 2025
The publication of Final Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Final Distribution and the date of payment upon the receipt of PRC tax clearance	Expected to be on or around 1 August 2025 (at least 7 business days prior to the Final Distribution Date upon the receipt of PRC tax clearance)
(i) Final Distribution (after the Manager having consulted with the Fund’s Auditor, its QFI’s Auditor, its QFI’s tax agent and the Trustee) will be paid to the Relevant Investors (the “ <b>Final Distribution Date</b> ”), or	Expected to be on or around 12 August 2025
(ii) in the event PRC tax clearance is not obtained by 12 August 2025, the publication of an announcement disclosing the estimated time of PRC tax clearance and updated Final Distribution Date	
In the event if there is Further Distribution, the publication of Further Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Further Distribution (if any) and the date of payment	Expected to be on or around 4 November 2025 (at least 7 business days prior to the Further Distribution Date)

For the avoidance of doubt, no announcement will be issued if there is no Further Distribution

Further Distribution (if any) will be paid to the Relevant Investors (the “**Further Distribution Date**”)

Expected to be around  
13 November 2025

Termination of the Fund (the “**Termination Date**”)

Expected to be on or around 14 November 2025, which is the date on which the Manager and the Trustee form an opinion that the Fund cease to have any contingent or actual assets or liabilities

Deauthorisation (the “**Deauthorisation Date**”) and Delisting (the “**Delisting Date**”) of the Fund

Expected to be on or around 17 November 2025, which is the date on which the SFC and SEHK approve the Deauthorisation and Delisting respectively

The Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date

The Manager will issue the following:

- (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (on 19 March 2025) an announcement to inform Relevant Investors of the Interim Distribution and amounts per Unit and the Interim Distribution Date;
- (at least 7 business days prior to the Final Distribution Date) an announcement to inform Relevant Investors of the Final Distribution amounts per Unit and the Final Distribution Date;
- (on or around 12 August 2025), if PRC tax clearance is not obtained by 12 August 2025, an announcement to inform Relevant Investors of this fact and to provide an estimated time of PRC tax clearance;

- (at least 7 business days prior to the Further Distribution Date, if any) an announcement to inform Relevant Investors of the Further Distribution amounts per Unit and the Further Distribution Date. For the avoidance of doubt, no announcement will be issued if there is no Further Distribution; and
- (on or shortly before the Termination Date) an announcement to inform Relevant Investors of the Termination Date, the dates for the Deauthorisation and Delisting, with regard to the Fund,

in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

### **3. CONSEQUENCES OF THE COMMENCEMENT OF THE CESSATION OF TRADING**

#### **3.1 Continued existence of the Fund**

The Fund will maintain its SFC authorisation status and the Fund will maintain its SEHK listing status, until the Deauthorisation and Delisting.

On the Termination Date the Trustee will complete the termination process and the Manager will proceed with applying to the SFC for Deauthorisation, and to the SEHK to complete the Delisting respectively.

Subject to the SFC's and the SEHK's approval respectively, the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively.

Following Deauthorisation, the Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS in respect of the Fund, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product documentation relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

#### **3.2 Limited operation of the Fund**

During the period from the Trading Cessation Date until the Deauthorisation, the Fund will only be operated in a limited manner as there will not be any trading of Units and the Fund will have no investment activities from the Trading Cessation Date onwards.

## **4. WAIVER**

### **4.1 Background**

As set out in section 2.3 above, while the Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Fund, the Fund remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Fund maintains its SFC authorisation status, and the Fund maintains its SEHK listing status, until the Deauthorisation Date and Delisting Date.

However, from the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund is no longer marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner.

Accordingly, with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section below.

### **4.2 Publishing of the suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the investor notification requirements under Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the Delisting Date, investors may continue to access further announcements in relation to the Fund via the Manager's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> and HKEX's website (these websites have not been reviewed by the SFC) during such period. Announcements will also be accessible via the Manager's website until Deauthorisation Date.

### 4.3 Updating of the Offering Circular and the KFS

Under Chapters 6.1 and 11.1B of the Code, the Offering Circular and the KFS in respect of the Fund must be up-to-date and must be updated to incorporate any relevant changes to the Fund.

In view of the cessation of trading of Units from the Trading Cessation Date, the Manager considers that it is not necessary to update the Offering Circular and the KFS (which by its nature is an offering document) to reflect any future changes to the Offering Circular and the KFS.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code so that the Offering Circular and the KFS need not be updated from the Trading Cessation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Manager shall promptly notify investors of any changes to the Fund or to the Offering Circular and KFS by means of publishing the announcement(s) on the Fund's and HKEX's websites (these websites have not been reviewed by the SFC) (each, a "**Relevant Future Announcement**"); and
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice, together with the Offering Circular, the KFS and any other Relevant Future Announcement(s).

Accordingly, without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager will continue to manage the Fund without updating the Offering Circular and the KFS in respect of the Fund as required under Chapters 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date.

### 4.4 Waiver from Compliance with Chapter 8.11(a) of the Code

Under Chapter 8.11(a) of the Code, the Units of the Fund must be listed and traded on the SEHK. The Manager has reviewed the requirements and given the cessation of trading of the Fund, full compliance with Chapter 8.11(a) for the trading of the Units of the Fund may not be feasible during the period from the Trading Cessation Date to the Deauthorisation Date. As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(a) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

### 4.5 Provision of last closing Net Asset Value

Under Chapters 8.11(f) of the Code, the Manager is required to publish the Fund's last closing Net Asset Value on the Fund's website at such times and in such manner as may be acceptable to the SFC taking into account the nature of the investments of the Fund.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(f) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Net Asset Value as at the Trading Cessation Date, which will be the last Net Asset Value of the Fund, will be published on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC); and
- (B) the Manager shall update the latest available Net Asset Value of the Fund on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) as soon as practicable should there be any change to the Net Asset Value of the Fund, including but not limited to changes arising from (i) the Interim Distribution; (ii) the Final Distribution; (iii) any Further Distribution (if any); (iv) any change in the market value of any scrip dividend receivable by the Fund; and (v) any adjustments including but not limited to transaction costs or taxes relating to the realisation of assets of the Fund.

#### **4.6 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other applicable laws and regulations in respect of the Fund.

### **5. COSTS**

#### **5.1 Trading on the SEHK**

As indicated in section 2.1 above, investors' stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

#### **5.2 Ongoing charges of the Fund**

The ongoing charges of the Fund over a year is 2.18%. The ongoing charges figure is based on ongoing expenses chargeable to the class (including, where applicable and in accordance with SFC requirements, estimated expenses for investing in shares or units of other funds) expressed as a percentage of the class's average Net Asset Value for the 6 months to the end of September 2023 and then extrapolated to 12 months to give an annualized figure. However, the ongoing charges figure above will no longer be applicable from the date of this Announcement and Notice since a Provision (as defined in section 5.3 below), representing the costs and expenses chargeable to the Fund from the date of this Announcement and Notice until the Termination Date, will be set aside.

The Fund does not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.



### 5.3 Provision of costs and expenses

On the date on which this Announcement and Notice is published, a certain portion of the assets of the Fund, amounting to HK\$3,000,000, which is approximately 0.7873% of the Net Asset Value of the Fund as at 4 December 2024 will be set aside immediately after this Announcement and Notice to implement the Plan (the “**Provision**”). This Provision is to discharge one-off maintenance costs (if any) and any future ongoing maintenance of the Fund before Termination, legal costs, and Auditors’ fees for Termination, QFI termination audit fees, QFI tax advisor fees, fees and costs incurred by and payable to the Registrar with respect to the Plan, duties, charges and other costs and expenses that the Trustee and the Manager may incur or make, during the period between the date of this Announcement and Notice and including the Termination Date (including if the Termination Date is extended), in connection with or arising out of the ongoing maintenance of the Fund and the implementation of the Termination (“**Future Costs**”). These costs will be borne by the Fund, that is, indirectly by all the Unitholders before the Deauthorisation and Delisting of the Fund. The Manager will continue to charge a management fee and the Trustee will continue to charge a trustee fee up to and including the Trading Cessation Date. No management fee or trustee fee will be charged from the Trading Cessation Date to the Termination Date. The Trustee will also charge other running costs after the Trading Cessation Date as set out in the Provision above. The Provision will include transaction costs incurred with the Registrar, but exclude unexpected taxes, including PRC tax. For avoidance of doubt, the Future Costs do not include transaction costs and any taxes relating to the realisation of assets of the Fund.

Where the Provision is insufficient to cover any Future Costs, any shortfall will be borne by the Manager from its own assets. Conversely, where the Provision, if any, is in excess of the actual amount of the Future Costs, such excess will be refunded to the Relevant Investors as part of the Final Distribution, expected to be payable around 12 August 2025 in proportion to the Relevant Investor’s Units as at the Distribution Record Date and the Manager will issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date.

The Trustee has confirmed that it has no objection to the amount of the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024, as more particularly described below:**

	Before setting aside the Provision		After setting aside the Provision	
	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)
HSBC China Dragon Fund	381,059,755	16.92	378,059,755	16.79

## 6. OTHER MATTERS

### 6.1 Other implications of the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting

In consequence of this Announcement and Notice and the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting, investors should note and consider the following risks:

**“Delay in distribution risk”** — The Manager will aim to realise all of the assets of the Fund and then proceed with the Interim Distribution, Final Distribution (subject to obtaining PRC tax clearance) and Further Distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Fund in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Interim Distribution, Final Distribution or Further Distribution (if any) to the Relevant Investors may be delayed. In addition, investors should note that the Final Distribution can only be made after PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025 and it is expected that Relevant Investors will receive the Final Distribution five months following the Trading Cessation Date. However, the termination and distribution timeline is subject to the progress of the PRC tax clearance and the actual time of obtaining PRC tax clearance is uncertain. In the event that PRC tax clearance is not obtained after five months following the Trading Cessation Date, the payment of Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, may be further delayed.

**“Liquidity risk”** — As a closed-ended fund, there is no direct creation or redemption of units, and trading prices are determined by market demand and supply. The absence of a market maker means that liquidity on the SEHK is influenced by secondary market dynamics beyond the Manager’s control, potentially leading to substantial discounts to the Fund’s Net Asset Value. Trading of Units in the Fund on the SEHK from the date of this Announcement and Notice may become less liquid.

**“Units trading at a substantial discount or premium”** — Units in the Fund may trade at a substantial discount or premium compared to their Net Asset Value after this Announcement and Notice. This is because many investors may want to sell their Units after the Plan has been announced but there may not be many investors in the market who are willing to purchase the Units. On the other hand, it is also possible that the Units may trade at a premium and consequently the divergence between the supply of and demand for the Units may be larger than usual. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**“Net Asset Value downward adjustment risk”** — Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be significant drop in value of the securities. In addition, the Net Asset Value of the Fund will be reduced as some of the Fund’s assets will be set aside as the Provision on the date on which this Announcement and Notice is published. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

**“Ceasing to meet investment objectives risk”** — The Manager will aim to realise all securities held by the Fund with effect from the Trading Cessation Date. Thereafter, the Funds’ assets will mainly be in cash. The Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet its investment objectives.

Investor attention is also drawn to the risks disclosed in the Offering Circular and the KFS of the Fund.

## 6.2 Tax implications

**Unitholders should consult their professional advisers on the consequences to them 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. 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.

### *(i) Hong Kong*

- *Profits Tax*

Based on the Manager’s understanding of the law and practice in force at the date of this Announcement and Notice, as the Fund is a collective investment scheme authorised under Section 104 of the SFO, profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution to the extent of distribution of profits and/or capital of the Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Fund are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### *(ii) The PRC*

The Manager, after consultation with the PRC tax advisers, has not made any tax provision with respect to the gross unrealised and realised capital gains derived by the Fund, given that:

- pursuant to “Notice on the temporary exemption of Corporate Income Tax (“CIT”) on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No. 79), QFII/RQFIIs (without a permanent

establishment (“PE”) in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE) are temporarily exempt from CIT on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014; and

- pursuant to “Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) and the “Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127), CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Fund) on the trading of A-Shares through the Stock Connect.

(the above notices are collectively referred to as “Caishui Notices”)

Investors’ attention is drawn to the section headed “Taxation and Regulatory Requirements” in the Offering Circular and section 2.2(ii) above headed “Final Distribution” for information about the PRC tax obligations of the Fund.

The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The final tax amount is subject to the assessment of the relevant PRC tax authorities, so there may be under-provision as currently made by the Fund. The final amount of PRC tax payable will only be determined upon PRC tax clearance.

Investors should note that the termination, deauthorisation and delisting of the Fund are subject to PRC tax clearance. Investors should consult their professional tax advisers for tax advice.

### 6.3 Connected party transaction

Other than disclosed below, no other Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Fund, nor hold any interest in the Fund.

Please also refer to the 2024 annual report of the Fund for disclosures of connected party transaction.

As at 29 November 2024, the following fellow subsidiaries and/or associated companies of the Manager, each a Connected Person of the Manager being entities within the same group (i.e. entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) as the Manager, that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

Name of Entity	Units	Approx.%
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.057%
HSBC International Trustee Limited	22,806	0.101%

Each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it:

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units; and
- has not entered into any outstanding derivative in respect of the Units.

The entities mentioned above may decide to dispose of all or part of their Units, by selling the Units on the SEHK after being informed of the Plan via this Announcement and Notice. Any disposal of Units by the above entities, which is beyond the control of the Manager, may reduce the size of the Fund and impair the Manager's ability to fulfill the investment objectives of the Fund.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set:

- the Trust Deed;
- the audited accounts for the last two financial years for which these have been published and the half-yearly unaudited reports of the Fund; and
- the Offering Circular and the KFS of the Fund.

## 8. ENQUIRIES

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Registrar by calling their enquiry hotline at (852) 2862 8691 during normal business hours (Monday to Friday (excluding public holidays), from 9:00 a.m. to 6:00 p.m.) or contact the Manager in person at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong, or by calling: (852) 2284 1229, or emailing by [hsbc.etf@hsbc.com.hk](mailto:hsbc.etf@hsbc.com.hk), or visiting the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

**HSBC Global Asset Management (Hong Kong) Limited**  
as Manager of the Fund

9 December 2024

*As at the date of this Announcement and Notice, the Board of Directors of the Manager consists of Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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**DEFINITIONS**

In this Announcement and Notice, unless the context otherwise requires, the following terms shall have the following meanings:

CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors
Code	The Code on Unit Trusts and Mutual Funds dated 1 January 2019 issued by the SFC (as amended or replaced from time to time)
Connected Person	Has the meaning as set out in the Code which at the date of this Announcement and Notice means in relation to a company:  (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; 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 that company forms part; or  (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c)
Deauthorisation	The deauthorisation of the Fund and their offering documents by the SFC under section 106 of the SFO
Deauthorisation Date	Expected to be on or around 17 November 2025, being the date on which the Deauthorisation will take place
Delisting	The delisting of the Fund from the SEHK
Delisting Date	Expected to be on or around 17 November 2025, being the date on which the Delisting will take place
Distribution Record Date	By close of business on 17 March 2025, being the date for the purpose of determining the beneficial owners of Units in the Fund who are entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) (which may include any refund of excess of the Provision (if any))
Final Distribution	Has the meaning given to that term in section 2.2 above

Final Distribution Date	Expected to be around 12 August 2025, being the date on which the Final Distribution of the Fund will take place
Further Distribution	Has the meaning given to that term in section 2.2 above
Further Distribution Date	Expected to be around 13 November 2025 (or such other date to be announced), being the date on which the Further Distribution (if any) of the Fund will take place
Fund	HSBC China Dragon Fund
HKSCC	Hong Kong Securities Clearing Company Limited or its successors
Interim Distribution	Has the meaning given to that term in section 2.2 above
Interim Distribution Date	26 March 2025, being the date on which the Interim Distribution of the Fund will take place
KFS	The Product Key Facts in respect to the Fund dated 23 September 2024
Last Trading Day	11 March 2025, being the last day for dealings in the Units on the SEHK
Manager	HSBC Global Asset Management (Hong Kong) Limited or its successors
Net Asset Value	the net asset value of the Fund or, as the context may require, the net asset value of a Unit, calculated pursuant to the Trust Deed
Offering Circular	The Offering Circular of the Fund dated 9 December 2024
Plan	The plan to terminate the Fund, and to voluntarily seek the Deauthorisation and the Delisting
Registrar	Computershare Hong Kong Investor Services Limited or its successors
Relevant Future Announcement	Has the meaning given to that term in section 4.3 above
Relevant Investors	The investors who are still holding Units in the Fund as of the Distribution Record Date
SEHK	The Stock Exchange of Hong Kong Limited or its successors
SFC	The Securities and Futures Commission of Hong Kong or its successors

SFO	The Securities and Futures Ordinance (Cap.571 Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Termination	Termination of the Fund when the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities
Termination Date	Expected to be on or around 14 November 2025, being the date on which the Termination of the Fund will take place
Trading Cessation Date	12 March 2025, being the date on which the dealings in the Units on the SEHK cease
Trust Deed	The trust deed dated 20 June 2007 governing the Fund
Trustee	HSBC Institutional Trust Services (Asia) Limited or its successors
Unitholder	A holder of Units in respect of the Fund
Units	In respect of the Fund, one undivided share in the Fund



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If you are in any doubt about the contents this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your units in the HSBC China Dragon Fund (the “Fund”), you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (the “SEHK”), Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited (“HKEX”) and the Securities and Futures Commission (the “SFC”), take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

SFC authorisation is not a recommendation or an endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Unless otherwise defined in this Announcement and Notice, terms used in this Announcement and Notice shall have the same meanings ascribed to them under the Offering Circular of the Fund.

## **HSBC CHINA DRAGON FUND**

### **滙豐中國翔龍基金**

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

## **ANNOUNCEMENT AND NOTICE OF THE CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE WITH CERTAIN PROVISIONS OF THE CODE**

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the cessation of trading, Termination, Deauthorisation and Delisting of the Fund, and the waivers from strict compliance of certain provisions of the Code for the period from 12 March 2025 (i.e. the Trading Cessation Date) to the Deauthorisation Date. Upon Deauthorisation of the Fund, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. In particular, investors should note that Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, will be made only after PRC tax clearance, which is expected to be obtained in the third quarter of 2025, and the time gap between the Trading Cessation Date and the Final Distribution Date is expected to be five months. Investors should also note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Fund (see details of the factors in section 1 below), the Manager has resolved to exercise its power under Clause 27.3 of the Trust Deed to terminate the Fund with effect from the Termination Date (as defined below);
- the Last Trading Day of the Units in the Fund will be 11 March 2025, i.e. the last day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place;
- the Units of the Fund will cease trading as from 12 March 2025 (the “Trading Cessation Date”); that means, no further buying or selling Units on the SEHK from the Trading Cessation Date onwards;
- immediately after this Announcement and Notice has been published, a certain portion of the assets of the Fund will be set aside as the Provision to discharge any Future Costs. As a result, the Net Asset Value and Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024;
- the Manager will aim to realise all of the assets of the Fund upon consultation with the Trustee, the Fund’s Auditors and the QFI Custodian with effect from the Trading Cessation Date. From the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund will no longer be marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner;
- with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for and has been granted a waiver from strict compliance with certain provisions of the Code on Unit Trusts and Mutual Funds (the “Code”) for the period from the Trading Cessation Date to the Deauthorisation Date: (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) Chapters 6.1 and 11.1B (with regard to updating the Offering Circular and the KFS), and (iii) Chapters 8.11(a) and (f) (with regard to listing, trading and disclosure requirements related to closed-ended funds), the details and the conditions on which such waiver is granted are as described in section 4 below;

- the Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations;
- the Manager will, after having consulted with the Trustee, the Fund’s Auditors and QFI Custodian, declare an Interim Distribution (please refer to section 2.2 below for further information) to the investors who remain so as at 17 March 2025, i.e. the Distribution Record Date. The Interim Distribution will be payable on 26 March 2025 (the “Interim Distribution Date”);
- the Interim Distribution will be calculated based on the available sales proceeds primarily derived from the liquidation of offshore investments, after deducting applicable fees, expenses, and their accruals (please refer to section 2.2 below for further information). The Interim Distribution will be proportionate to each Relevant Investor’s interest in the Fund as of the Distribution Record Date;
- for Final Distribution, (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, its QFI’s Auditor and its QFI’s tax agent, issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date, which is expected to be payable around 12 August 2025 (the “Final Distribution Date”). If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of PRC tax clearance and the updated Final Distribution Date;
- the amount of Final Distribution will equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) less any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments;
- the Manager currently does not expect there will be any Further Distribution after the Final Distribution. If there is any Further Distribution (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, issue an announcement to confirm the amount of Further Distribution at least 7 business days prior to the Further Distribution Date. Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other dates to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution;
- by the date the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the Termination of the Fund, which is expected to be on or around 14 November 2025 (such date being the “Termination Date”);
- Investors should note the Termination, Deauthorisation and Delisting of the Fund are subject to PRC tax clearance;
- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Fund’s SFC authorisation status and the Fund’s SEHK listing status, and, subject to the SEHK’s approval, expects the Delisting to take effect at or around the same time as the Deauthorisation (subject to SFC’s approval);

- the Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively; and
- investors should pay attention to the risk factors as set out in section 6.1 below (including liquidity risk, Units trading at a discount or premium and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, and delay in distribution risk). Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

**Stockbrokers and financial intermediaries are urged to:**

- forward a copy of this Announcement and Notice to their clients holding Units in the Fund, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units in the Fund on or before the Last Trading Day;
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units; and
- inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

**If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (for details, please refer to section 8 below). Any product documents of the Fund should be retained by the investors for personal use only and not for public circulation.**

As at 17 September 2024, the aggregate Net Asset Value of all the Units outstanding in the Fund is less than HK\$400,000,000. The Manager therefore announces that it has resolved to exercise its power in seeking the Termination. The Deauthorisation and Delisting will take place following the termination of the Fund. The Termination, Deauthorisation and Delisting of the Fund (the “**Plan**”) will be subject to the final approval of the SFC and the SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets.

Before the Termination, Deauthorisation and Delisting, the Units of the Fund will cease trading on the SEHK as from 12 March 2025, the Trading Cessation Date. Accordingly, the last day on which the Units of the Fund can be traded on SEHK will be 11 March 2025, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. For the avoidance of doubt, investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date.

The Manager by this Announcement and Notice notifies the investors of the Termination of the Fund. As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is

hereby given to investors, notifying them that the Fund will cease trading from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025.

## **1. TERMINATION OF THE FUND, CESSATION OF TRADING AND LIQUIDATION OF ASSETS**

### **1.1 Termination of the Fund**

According to Clause 27.3 of the Trust Deed, the Fund may be terminated by the Manager in its absolute discretion and the Trustee shall accept the Managers decision, if the aggregate Net Asset Value of all the Units in the Fund outstanding shall be less than HK\$400,000,000. The Trust Deed does not require investors' approval for terminating the Fund on the ground set out in Clause 27.3.

The Net Asset Value and the Net Asset Value per Unit of the Fund as at 4 December 2024 is as follows:

	<b>Net Asset Value</b>	<b>Net Asset Value per Unit</b>
HSBC China Dragon Fund	HK\$381.0598 million	HK\$16.92

Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value and the relatively low trading volume of the Fund, the Manager is of the view that the Termination of the Fund would be in the best interests of the investors in the Fund. Therefore, the Manager has decided to exercise its power under Clause 27.3 to terminate the Fund which Termination shall be completed after the Interim Distribution and Final Distribution (and any Further Distribution, if applicable) on the date on which the Trustee and the Manager form an opinion that the Fund cease to have any contingent or actual assets or liabilities. The Trustee has been notified of the proposed Termination and no objection has been received from the Trustee.

As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is hereby given to investors, notifying them that the Fund will cease trading, from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025. No approval from Unitholders is required.

### **1.2 The cessation of trading**

The Manager will apply to SEHK to have the Units of the Fund cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 12 March 2025. The Manager will aim to realise all of the assets of all the Fund effective from 12 March 2025 in exercise of its investment powers under Clause 12 of the Trust Deed. The realisation of assets of the Fund will not incur any additional cost as compared to the costs associated with a normal realisation of investments.

The Manager will then proceed with the Interim Distribution and Final Distribution as soon as practicable (see details in section 2.2 below). As such, 11 March 2025 will be the Last Trading Day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place.

### **1.3 Impact on the realisation of the assets**

After the realisation of the assets of the Fund (as described in section 1.2 above), the Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet their respective investment objectives.

## **2. WHAT WILL HAPPEN ON OR BEFORE THE LAST TRADING DAY AND FROM THE TRADING CESSATION DATE?**

### **2.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the Fund on the SEHK on investors, a SFC transaction levy (at 0.0027% of the price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the price of the Units) and a trading fee (at 0.00565% of the price of the Units) will be payable by the buyer and the seller of the Units. Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

No stamp duty liability will arise in Hong Kong in respect of any sale or purchase of the Units on the SEHK.

The trading of Units of the Fund are subject to certain risks and may be below or above the Net Asset Value per Unit on the HKEX. Please see section 6.1 below.

### **2.2 Distribution**

#### ***(i) Interim Distribution***

The Manager will, after having consulted with the Trustee, the Fund's Auditor and QFI Custodian for the available principle from its QFI Accounts, declare an Interim Distribution in respect of the Relevant Investors. It is expected that the Interim Distribution will be 17% of the total Net Asset Value based on the current portfolio as of 4 December 2024. Such Interim Distribution will be made on 26 March 2025. The Interim Distribution will be calculated based on the available sales proceeds (as at 18 March 2025, being the latest practicable date of the Interim Distribution announcement) primarily derived from the liquidation of offshore

investments (including stocks on the SEHK, American Depositary Receipts, Global Depositary Receipts, and Exchange-Traded Funds), which will commence on the Trading Cessation Date, after deducting applicable fees, expenses, and their accruals (include but not limited to those payable to the Trustee, Qualified Foreign Investor Custodian, Sub-Custodian, auditor, Qualified Foreign Investor auditor, Qualified Foreign Investor tax advisor, the Manager, legal counsel, the Registrar, and other operational expenses of the Fund). The Manager expects to receive the sale proceeds from offshore investments no later than the fourth business day following the Trading Cessation Date.

The Interim Distribution will be proportionate to each Relevant Investor's interest in the Fund as of the Distribution Record Date. The distribution amount under the Interim Distribution depends on the liquidation of offshore investments (prior to the latest practicable date of the Interim Distribution announcement) and cash reserves post-expense deductions.

The publication of Interim Distribution announcement on the Fund's and HKEX's website disclosing the amount of Interim Distribution and the date of payment will be made on 19 March 2025. The Interim Distribution payable to each Relevant Investor is expected to be paid on 26 March 2025 to accounts of its financial intermediary or stockbroker maintained with CCASS and the Registrar at the Distribution Record Date.

***(ii) Final Distribution***

The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. Upon obtaining PRC tax clearance and after having consulted with the Fund's Auditor, its QFI's Auditor, its QFI's tax agent and the Trustee, the Manager will declare a Final Distribution in respect of the Relevant Investors 7 days before the Final Distribution Date and such Final Distribution will be paid to the Relevant Investors on or around 12 August 2025. It is expected that the Final Distribution will be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024. As advised by the QFI Custodian, according to Article 15 of the "Administrative measures on foreign institutional investors' funds for investing in domestic securities and futures" (Circular PBOC & SAFE Announcement [2024] No.7), in the liquidation of the QFI account, PRC tax clearance must be obtained before the sales proceeds from onshore investments may be repatriated. As a matter of best practice, it is the Manager's decision to adopt the approach to distribute the sale proceeds from onshore investments in the Final Distribution only after obtaining PRC tax clearance. The Manager is of the view that it is in the best interests of the Fund's investors and will not materially prejudice the Relevant Investor's interests. The Manager expects to realise the Fund's onshore investments on the Trading Cessation Date. The Manager expects to receive the sale proceeds from onshore investments five months following the Trading Cessation Date and the realisation of the investments. If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of tax clearance and the updated Final Distribution Date. Each Relevant Investor

will be entitled to a Final Distribution of an amount equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments (e.g. any gain/loss on the foreign exchanges, any interest earned at the Fund level, any outstanding receivables including but not limited to cash dividends, surplus of the Provision) in proportion to the Relevant Investor's interests in the Fund as at the Distribution Record Date.

The Final Distribution payable to each Relevant Investor is expected to be paid around 12 August 2025, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The publication of Final Distribution announcement on the Fund's and HKEX's website disclosing the amount of Final Distribution and the date of payment of the Final Distribution will be made at least 7 business days prior to the Final Distribution Date.

***(iii) Further Distribution***

The Manager currently does not expect that there will be any further distribution after the Final Distribution. Further Distribution is conditional and will only be payable if there is any refund further to the Final Distribution (as a result of any unexpected refund or fee adjustments further to the Final Distribution) and any receivables (for example, cash credit interests received after the Final Distribution). In the event if there is Further Distribution, the Manager will, after having consulted with the Trustee, and the Fund's Auditors, issue an announcement to confirm the amount of Further Distribution and the date of payment of Further Distribution on the Fund's and HKEX's website at least 7 business days prior to the day of the Further Distribution Date and such Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other date to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution.

**IMPORTANT NOTE: Investors should note and consider the risk factors as set out in section 6.1 below and consult with their professional and financial advisers before disposing of any Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Interim Distribution, Final Distribution or Further Distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

**2.3 Immediately from the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units will cease trading on the SEHK, that is, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day which is 11 March 2025 and will not be allowed to do so from the Trading Cessation Date onwards.



## 2.4 During the period from the Trading Cessation Date until the Termination Date

Following the realisation of the assets and the Interim Distribution, Final Distribution and Further Distribution (if any), the Termination Date (which is expected to be on or around 14 November 2025) which is the date on which the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the Termination of the Fund.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Fund will continue to have listing status on the SEHK and the Fund will remain authorized by the SFC, the Fund will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Fund will have no investment activities apart from the realization/liquidation of the remaining assets and other spot or future trades relevant to the foreign exchange activities after the Trading Cessation Date onwards.

The Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively. The Manager expects, subject to the SEHK's approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The Termination, Deauthorisation and Delisting will be subject to the payment of all outstanding fees and expenses (for details, please refer to section 5 below), the discharge of all outstanding liabilities of the Fund, as well as the final approvals of the SFC and the SEHK.

Following Deauthorisation, the Fund will no longer be (i) subject to regulation by the SFC; and (ii) available for public distribution in Hong Kong. Further, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

## 2.5 Important dates

Subject to the SFC's and the SEHK's respective approvals for the arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Fund will be as follows:

Dispatch of this Announcement and Notice and the setting aside of the Provision	After market close on 9 December 2024
Weekly reminder announcements regarding the Last Trading Day, Trading Cessation Date and the Distribution Record Date	From 9 December 2024 to 10 March 2025
Last day for dealings in the Units on the SEHK (the " <b>Last Trading Day</b> ")	11 March 2025

Dealings in the Units on the SEHK cease (the “ <b>Trading Cessation Date</b> ”), i.e. same date on which the Manager will start to realise all the assets of the Funds and the Fund shall no longer be marketed or offered to the public in Hong Kong	12 March 2025
The date as at which an investor needs to be recorded by the HKSCC Nominees Limited as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS (the “ <b>Distribution Record Date</b> ”) to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any)	By close of business on 17 March 2025
The publication of Interim Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Interim Distribution and the date of payment	19 March 2025
Interim Distribution (after the Manager having consulted with the Trustee, the Fund’s Auditors and QFI Custodian for the available principle from its QFI Accounts) will be paid to the Relevant Investors (the “ <b>Interim Distribution Date</b> ”)	26 March 2025
The publication of Final Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Final Distribution and the date of payment upon the receipt of PRC tax clearance	Expected to be on or around 1 August 2025 (at least 7 business days prior to the Final Distribution Date upon the receipt of PRC tax clearance)
(i) Final Distribution (after the Manager having consulted with the Fund’s Auditor, its QFI’s Auditor, its QFI’s tax agent and the Trustee) will be paid to the Relevant Investors (the “ <b>Final Distribution Date</b> ”), or	Expected to be on or around 12 August 2025
(ii) in the event PRC tax clearance is not obtained by 12 August 2025, the publication of an announcement disclosing the estimated time of PRC tax clearance and updated Final Distribution Date	
In the event if there is Further Distribution, the publication of Further Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Further Distribution (if any) and the date of payment	Expected to be on or around 4 November 2025 (at least 7 business days prior to the Further Distribution Date)

For the avoidance of doubt, no announcement will be issued if there is no Further Distribution

Further Distribution (if any) will be paid to the Relevant Investors (the “**Further Distribution Date**”)

Expected to be around 13 November 2025

Termination of the Fund (the “**Termination Date**”)

Expected to be on or around 14 November 2025, which is the date on which the Manager and the Trustee form an opinion that the Fund cease to have any contingent or actual assets or liabilities

Deauthorisation (the “**Deauthorisation Date**”) and Delisting (the “**Delisting Date**”) of the Fund

Expected to be on or around 17 November 2025, which is the date on which the SFC and SEHK approve the Deauthorisation and Delisting respectively

The Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date

The Manager will issue the following:

- (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (on 19 March 2025) an announcement to inform Relevant Investors of the Interim Distribution and amounts per Unit and the Interim Distribution Date;
- (at least 7 business days prior to the Final Distribution Date) an announcement to inform Relevant Investors of the Final Distribution amounts per Unit and the Final Distribution Date;
- (on or around 12 August 2025), if PRC tax clearance is not obtained by 12 August 2025, an announcement to inform Relevant Investors of this fact and to provide an estimated time of PRC tax clearance;

- (at least 7 business days prior to the Further Distribution Date, if any) an announcement to inform Relevant Investors of the Further Distribution amounts per Unit and the Further Distribution Date. For the avoidance of doubt, no announcement will be issued if there is no Further Distribution; and
- (on or shortly before the Termination Date) an announcement to inform Relevant Investors of the Termination Date, the dates for the Deauthorisation and Delisting, with regard to the Fund,

in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

### **3. CONSEQUENCES OF THE COMMENCEMENT OF THE CESSATION OF TRADING**

#### **3.1 Continued existence of the Fund**

The Fund will maintain its SFC authorisation status and the Fund will maintain its SEHK listing status, until the Deauthorisation and Delisting.

On the Termination Date the Trustee will complete the termination process and the Manager will proceed with applying to the SFC for Deauthorisation, and to the SEHK to complete the Delisting respectively.

Subject to the SFC's and the SEHK's approval respectively, the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively.

Following Deauthorisation, the Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS in respect of the Fund, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product documentation relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

#### **3.2 Limited operation of the Fund**

During the period from the Trading Cessation Date until the Deauthorisation, the Fund will only be operated in a limited manner as there will not be any trading of Units and the Fund will have no investment activities from the Trading Cessation Date onwards.

## **4. WAIVER**

### **4.1 Background**

As set out in section 2.3 above, while the Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Fund, the Fund remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Fund maintains its SFC authorisation status, and the Fund maintains its SEHK listing status, until the Deauthorisation Date and Delisting Date.

However, from the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund is no longer marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner.

Accordingly, with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section below.

### **4.2 Publishing of the suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the investor notification requirements under Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the Delisting Date, investors may continue to access further announcements in relation to the Fund via the Manager's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> and HKEX's website (these websites have not been reviewed by the SFC) during such period. Announcements will also be accessible via the Manager's website until Deauthorisation Date.

### 4.3 Updating of the Offering Circular and the KFS

Under Chapters 6.1 and 11.1B of the Code, the Offering Circular and the KFS in respect of the Fund must be up-to-date and must be updated to incorporate any relevant changes to the Fund.

In view of the cessation of trading of Units from the Trading Cessation Date, the Manager considers that it is not necessary to update the Offering Circular and the KFS (which by its nature is an offering document) to reflect any future changes to the Offering Circular and the KFS.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code so that the Offering Circular and the KFS need not be updated from the Trading Cessation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Manager shall promptly notify investors of any changes to the Fund or to the Offering Circular and KFS by means of publishing the announcement(s) on the Fund's and HKEX's websites (these websites have not been reviewed by the SFC) (each, a "**Relevant Future Announcement**"); and
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice, together with the Offering Circular, the KFS and any other Relevant Future Announcement(s).

Accordingly, without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager will continue to manage the Fund without updating the Offering Circular and the KFS in respect of the Fund as required under Chapters 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date.

### 4.4 Waiver from Compliance with Chapter 8.11(a) of the Code

Under Chapter 8.11(a) of the Code, the Units of the Fund must be listed and traded on the SEHK. The Manager has reviewed the requirements and given the cessation of trading of the Fund, full compliance with Chapter 8.11(a) for the trading of the Units of the Fund may not be feasible during the period from the Trading Cessation Date to the Deauthorisation Date. As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(a) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

### 4.5 Provision of last closing Net Asset Value

Under Chapters 8.11(f) of the Code, the Manager is required to publish the Fund's last closing Net Asset Value on the Fund's website at such times and in such manner as may be acceptable to the SFC taking into account the nature of the investments of the Fund.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(f) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Net Asset Value as at the Trading Cessation Date, which will be the last Net Asset Value of the Fund, will be published on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC); and
- (B) the Manager shall update the latest available Net Asset Value of the Fund on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) as soon as practicable should there be any change to the Net Asset Value of the Fund, including but not limited to changes arising from (i) the Interim Distribution; (ii) the Final Distribution; (iii) any Further Distribution (if any); (iv) any change in the market value of any scrip dividend receivable by the Fund; and (v) any adjustments including but not limited to transaction costs or taxes relating to the realisation of assets of the Fund.

#### **4.6 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other applicable laws and regulations in respect of the Fund.

### **5. COSTS**

#### **5.1 Trading on the SEHK**

As indicated in section 2.1 above, investors' stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

#### **5.2 Ongoing charges of the Fund**

The ongoing charges of the Fund over a year is 2.18%. The ongoing charges figure is based on ongoing expenses chargeable to the class (including, where applicable and in accordance with SFC requirements, estimated expenses for investing in shares or units of other funds) expressed as a percentage of the class's average Net Asset Value for the 6 months to the end of September 2023 and then extrapolated to 12 months to give an annualized figure. However, the ongoing charges figure above will no longer be applicable from the date of this Announcement and Notice since a Provision (as defined in section 5.3 below), representing the costs and expenses chargeable to the Fund from the date of this Announcement and Notice until the Termination Date, will be set aside.

The Fund does not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

### 5.3 Provision of costs and expenses

On the date on which this Announcement and Notice is published, a certain portion of the assets of the Fund, amounting to HK\$3,000,000, which is approximately 0.7873% of the Net Asset Value of the Fund as at 4 December 2024 will be set aside immediately after this Announcement and Notice to implement the Plan (the “**Provision**”). This Provision is to discharge one-off maintenance costs (if any) and any future ongoing maintenance of the Fund before Termination, legal costs, and Auditors’ fees for Termination, QFI termination audit fees, QFI tax advisor fees, fees and costs incurred by and payable to the Registrar with respect to the Plan, duties, charges and other costs and expenses that the Trustee and the Manager may incur or make, during the period between the date of this Announcement and Notice and including the Termination Date (including if the Termination Date is extended), in connection with or arising out of the ongoing maintenance of the Fund and the implementation of the Termination (“**Future Costs**”). These costs will be borne by the Fund, that is, indirectly by all the Unitholders before the Deauthorisation and Delisting of the Fund. The Manager will continue to charge a management fee and the Trustee will continue to charge a trustee fee up to and including the Trading Cessation Date. No management fee or trustee fee will be charged from the Trading Cessation Date to the Termination Date. The Trustee will also charge other running costs after the Trading Cessation Date as set out in the Provision above. The Provision will include transaction costs incurred with the Registrar, but exclude unexpected taxes, including PRC tax. For avoidance of doubt, the Future Costs do not include transaction costs and any taxes relating to the realisation of assets of the Fund.

Where the Provision is insufficient to cover any Future Costs, any shortfall will be borne by the Manager from its own assets. Conversely, where the Provision, if any, is in excess of the actual amount of the Future Costs, such excess will be refunded to the Relevant Investors as part of the Final Distribution, expected to be payable around 12 August 2025 in proportion to the Relevant Investor’s Units as at the Distribution Record Date and the Manager will issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date.

The Trustee has confirmed that it has no objection to the amount of the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024, as more particularly described below:**

	Before setting aside the Provision		After setting aside the Provision	
	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)
HSBC China Dragon Fund	381,059,755	16.92	378,059,755	16.79



## 6. OTHER MATTERS

### 6.1 Other implications of the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting

In consequence of this Announcement and Notice and the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting, investors should note and consider the following risks:

**“Delay in distribution risk”** — The Manager will aim to realise all of the assets of the Fund and then proceed with the Interim Distribution, Final Distribution (subject to obtaining PRC tax clearance) and Further Distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Fund in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Interim Distribution, Final Distribution or Further Distribution (if any) to the Relevant Investors may be delayed. In addition, investors should note that the Final Distribution can only be made after PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025 and it is expected that Relevant Investors will receive the Final Distribution five months following the Trading Cessation Date. However, the termination and distribution timeline is subject to the progress of the PRC tax clearance and the actual time of obtaining PRC tax clearance is uncertain. In the event that PRC tax clearance is not obtained after five months following the Trading Cessation Date, the payment of Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, may be further delayed.

**“Liquidity risk”** — As a closed-ended fund, there is no direct creation or redemption of units, and trading prices are determined by market demand and supply. The absence of a market maker means that liquidity on the SEHK is influenced by secondary market dynamics beyond the Manager’s control, potentially leading to substantial discounts to the Fund’s Net Asset Value. Trading of Units in the Fund on the SEHK from the date of this Announcement and Notice may become less liquid.

**“Units trading at a substantial discount or premium”** — Units in the Fund may trade at a substantial discount or premium compared to their Net Asset Value after this Announcement and Notice. This is because many investors may want to sell their Units after the Plan has been announced but there may not be many investors in the market who are willing to purchase the Units. On the other hand, it is also possible that the Units may trade at a premium and consequently the divergence between the supply of and demand for the Units may be larger than usual. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**“Net Asset Value downward adjustment risk”** — Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be significant drop in value of the securities. In addition, the Net Asset Value of the Fund will be reduced as some of the Fund’s assets will be set aside as the Provision on the date on which this Announcement and Notice is published. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

**“Ceasing to meet investment objectives risk”** — The Manager will aim to realise all securities held by the Fund with effect from the Trading Cessation Date. Thereafter, the Funds’ assets will mainly be in cash. The Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet its investment objectives.

Investor attention is also drawn to the risks disclosed in the Offering Circular and the KFS of the Fund.

## 6.2 Tax implications

**Unitholders should consult their professional advisers on the consequences to them 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. 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.

### *(i) Hong Kong*

- *Profits Tax*

Based on the Manager’s understanding of the law and practice in force at the date of this Announcement and Notice, as the Fund is a collective investment scheme authorised under Section 104 of the SFO, profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution to the extent of distribution of profits and/or capital of the Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Fund are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### *(ii) The PRC*

The Manager, after consultation with the PRC tax advisers, has not made any tax provision with respect to the gross unrealised and realised capital gains derived by the Fund, given that:

- pursuant to “Notice on the temporary exemption of Corporate Income Tax (“CIT”) on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No. 79), QFII/RQFIIs (without a permanent

establishment (“PE”) in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE) are temporarily exempt from CIT on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014; and

- pursuant to “Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) and the “Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127), CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Fund) on the trading of A-Shares through the Stock Connect.

(the above notices are collectively referred to as “Caishui Notices”)

Investors’ attention is drawn to the section headed “Taxation and Regulatory Requirements” in the Offering Circular and section 2.2(ii) above headed “Final Distribution” for information about the PRC tax obligations of the Fund.

The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The final tax amount is subject to the assessment of the relevant PRC tax authorities, so there may be under-provision as currently made by the Fund. The final amount of PRC tax payable will only be determined upon PRC tax clearance.

Investors should note that the termination, deauthorisation and delisting of the Fund are subject to PRC tax clearance. Investors should consult their professional tax advisers for tax advice.

### 6.3 Connected party transaction

Other than disclosed below, no other Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Fund, nor hold any interest in the Fund.

Please also refer to the 2024 annual report of the Fund for disclosures of connected party transaction.

As at 29 November 2024, the following fellow subsidiaries and/or associated companies of the Manager, each a Connected Person of the Manager being entities within the same group (i.e. entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) as the Manager, that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

Name of Entity	Units	Approx.%
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.057%
HSBC International Trustee Limited	22,806	0.101%

Each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it:

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units; and
- has not entered into any outstanding derivative in respect of the Units.

The entities mentioned above may decide to dispose of all or part of their Units, by selling the Units on the SEHK after being informed of the Plan via this Announcement and Notice. Any disposal of Units by the above entities, which is beyond the control of the Manager, may reduce the size of the Fund and impair the Manager's ability to fulfill the investment objectives of the Fund.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set:

- the Trust Deed;
- the audited accounts for the last two financial years for which these have been published and the half-yearly unaudited reports of the Fund; and
- the Offering Circular and the KFS of the Fund.

## 8. ENQUIRIES

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Registrar by calling their enquiry hotline at (852) 2862 8691 during normal business hours (Monday to Friday (excluding public holidays), from 9:00 a.m. to 6:00 p.m.) or contact the Manager in person at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong, or by calling: (852) 2284 1229, or emailing by [hsbc.etf@hsbc.com.hk](mailto:hsbc.etf@hsbc.com.hk), or visiting the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

**HSBC Global Asset Management (Hong Kong) Limited**  
as Manager of the Fund

9 December 2024

*As at the date of this Announcement and Notice, the Board of Directors of the Manager consists of Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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**DEFINITIONS**

In this Announcement and Notice, unless the context otherwise requires, the following terms shall have the following meanings:

CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors
Code	The Code on Unit Trusts and Mutual Funds dated 1 January 2019 issued by the SFC (as amended or replaced from time to time)
Connected Person	Has the meaning as set out in the Code which at the date of this Announcement and Notice means in relation to a company:  (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; 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 that company forms part; or  (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c)
Deauthorisation	The deauthorisation of the Fund and their offering documents by the SFC under section 106 of the SFO
Deauthorisation Date	Expected to be on or around 17 November 2025, being the date on which the Deauthorisation will take place
Delisting	The delisting of the Fund from the SEHK
Delisting Date	Expected to be on or around 17 November 2025, being the date on which the Delisting will take place
Distribution Record Date	By close of business on 17 March 2025, being the date for the purpose of determining the beneficial owners of Units in the Fund who are entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) (which may include any refund of excess of the Provision (if any))
Final Distribution	Has the meaning given to that term in section 2.2 above

Final Distribution Date	Expected to be around 12 August 2025, being the date on which the Final Distribution of the Fund will take place
Further Distribution	Has the meaning given to that term in section 2.2 above
Further Distribution Date	Expected to be around 13 November 2025 (or such other date to be announced), being the date on which the Further Distribution (if any) of the Fund will take place
Fund	HSBC China Dragon Fund
HKSCC	Hong Kong Securities Clearing Company Limited or its successors
Interim Distribution	Has the meaning given to that term in section 2.2 above
Interim Distribution Date	26 March 2025, being the date on which the Interim Distribution of the Fund will take place
KFS	The Product Key Facts in respect to the Fund dated 23 September 2024
Last Trading Day	11 March 2025, being the last day for dealings in the Units on the SEHK
Manager	HSBC Global Asset Management (Hong Kong) Limited or its successors
Net Asset Value	the net asset value of the Fund or, as the context may require, the net asset value of a Unit, calculated pursuant to the Trust Deed
Offering Circular	The Offering Circular of the Fund dated 9 December 2024
Plan	The plan to terminate the Fund, and to voluntarily seek the Deauthorisation and the Delisting
Registrar	Computershare Hong Kong Investor Services Limited or its successors
Relevant Future Announcement	Has the meaning given to that term in section 4.3 above
Relevant Investors	The investors who are still holding Units in the Fund as of the Distribution Record Date
SEHK	The Stock Exchange of Hong Kong Limited or its successors
SFC	The Securities and Futures Commission of Hong Kong or its successors

SFO	The Securities and Futures Ordinance (Cap.571 Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Termination	Termination of the Fund when the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities
Termination Date	Expected to be on or around 14 November 2025, being the date on which the Termination of the Fund will take place
Trading Cessation Date	12 March 2025, being the date on which the dealings in the Units on the SEHK cease
Trust Deed	The trust deed dated 20 June 2007 governing the Fund
Trustee	HSBC Institutional Trust Services (Asia) Limited or its successors
Unitholder	A holder of Units in respect of the Fund
Units	In respect of the Fund, one undivided share in the Fund

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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If you are in any doubt about the contents this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your units in the HSBC China Dragon Fund (the “Fund”), you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (the “SEHK”), Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited (“HKEX”) and the Securities and Futures Commission (the “SFC”), take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

SFC authorisation is not a recommendation or an endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Unless otherwise defined in this Announcement and Notice, terms used in this Announcement and Notice shall have the same meanings ascribed to them under the Offering Circular of the Fund.

## **HSBC CHINA DRAGON FUND**

### **滙豐中國翔龍基金**

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

## **ANNOUNCEMENT AND NOTICE OF THE CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE WITH CERTAIN PROVISIONS OF THE CODE**



**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the cessation of trading, Termination, Deauthorisation and Delisting of the Fund, and the waivers from strict compliance of certain provisions of the Code for the period from 12 March 2025 (i.e. the Trading Cessation Date) to the Deauthorisation Date. Upon Deauthorisation of the Fund, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. In particular, investors should note that Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, will be made only after PRC tax clearance, which is expected to be obtained in the third quarter of 2025, and the time gap between the Trading Cessation Date and the Final Distribution Date is expected to be five months. Investors should also note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Fund (see details of the factors in section 1 below), the Manager has resolved to exercise its power under Clause 27.3 of the Trust Deed to terminate the Fund with effect from the Termination Date (as defined below);
- the Last Trading Day of the Units in the Fund will be 11 March 2025, i.e. the last day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place;
- the Units of the Fund will cease trading as from 12 March 2025 (the “Trading Cessation Date”); that means, no further buying or selling Units on the SEHK from the Trading Cessation Date onwards;
- immediately after this Announcement and Notice has been published, a certain portion of the assets of the Fund will be set aside as the Provision to discharge any Future Costs. As a result, the Net Asset Value and Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024;
- the Manager will aim to realise all of the assets of the Fund upon consultation with the Trustee, the Fund’s Auditors and the QFI Custodian with effect from the Trading Cessation Date. From the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund will no longer be marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner;
- with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for and has been granted a waiver from strict compliance with certain provisions of the Code on Unit Trusts and Mutual Funds (the “Code”) for the period from the Trading Cessation Date to the Deauthorisation Date: (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) Chapters 6.1 and 11.1B (with regard to updating the Offering Circular and the KFS), and (iii) Chapters 8.11(a) and (f) (with regard to listing, trading and disclosure requirements related to closed-ended funds), the details and the conditions on which such waiver is granted are as described in section 4 below;

- the Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations;
- the Manager will, after having consulted with the Trustee, the Fund’s Auditors and QFI Custodian, declare an Interim Distribution (please refer to section 2.2 below for further information) to the investors who remain so as at 17 March 2025, i.e. the Distribution Record Date. The Interim Distribution will be payable on 26 March 2025 (the “Interim Distribution Date”);
- the Interim Distribution will be calculated based on the available sales proceeds primarily derived from the liquidation of offshore investments, after deducting applicable fees, expenses, and their accruals (please refer to section 2.2 below for further information). The Interim Distribution will be proportionate to each Relevant Investor’s interest in the Fund as of the Distribution Record Date;
- for Final Distribution, (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, its QFI’s Auditor and its QFI’s tax agent, issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date, which is expected to be payable around 12 August 2025 (the “Final Distribution Date”). If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of PRC tax clearance and the updated Final Distribution Date;
- the amount of Final Distribution will equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) less any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments;
- the Manager currently does not expect there will be any Further Distribution after the Final Distribution. If there is any Further Distribution (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, issue an announcement to confirm the amount of Further Distribution at least 7 business days prior to the Further Distribution Date. Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other dates to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution;
- by the date the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the Termination of the Fund, which is expected to be on or around 14 November 2025 (such date being the “Termination Date”);
- Investors should note the Termination, Deauthorisation and Delisting of the Fund are subject to PRC tax clearance;
- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Fund’s SFC authorisation status and the Fund’s SEHK listing status, and, subject to the SEHK’s approval, expects the Delisting to take effect at or around the same time as the Deauthorisation (subject to SFC’s approval);

- the Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively; and
- investors should pay attention to the risk factors as set out in section 6.1 below (including liquidity risk, Units trading at a discount or premium and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, and delay in distribution risk). Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

**Stockbrokers and financial intermediaries are urged to:**

- forward a copy of this Announcement and Notice to their clients holding Units in the Fund, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units in the Fund on or before the Last Trading Day;
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units; and
- inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

**If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (for details, please refer to section 8 below). Any product documents of the Fund should be retained by the investors for personal use only and not for public circulation.**

As at 17 September 2024, the aggregate Net Asset Value of all the Units outstanding in the Fund is less than HK\$400,000,000. The Manager therefore announces that it has resolved to exercise its power in seeking the Termination. The Deauthorisation and Delisting will take place following the termination of the Fund. The Termination, Deauthorisation and Delisting of the Fund (the “**Plan**”) will be subject to the final approval of the SFC and the SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets.

Before the Termination, Deauthorisation and Delisting, the Units of the Fund will cease trading on the SEHK as from 12 March 2025, the Trading Cessation Date. Accordingly, the last day on which the Units of the Fund can be traded on SEHK will be 11 March 2025, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. For the avoidance of doubt, investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date.

The Manager by this Announcement and Notice notifies the investors of the Termination of the Fund. As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is

hereby given to investors, notifying them that the Fund will cease trading from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025.

## **1. TERMINATION OF THE FUND, CESSATION OF TRADING AND LIQUIDATION OF ASSETS**

### **1.1 Termination of the Fund**

According to Clause 27.3 of the Trust Deed, the Fund may be terminated by the Manager in its absolute discretion and the Trustee shall accept the Managers decision, if the aggregate Net Asset Value of all the Units in the Fund outstanding shall be less than HK\$400,000,000. The Trust Deed does not require investors' approval for terminating the Fund on the ground set out in Clause 27.3.

The Net Asset Value and the Net Asset Value per Unit of the Fund as at 4 December 2024 is as follows:

	<b>Net Asset Value</b>	<b>Net Asset Value per Unit</b>
HSBC China Dragon Fund	HK\$381.0598 million	HK\$16.92

Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value and the relatively low trading volume of the Fund, the Manager is of the view that the Termination of the Fund would be in the best interests of the investors in the Fund. Therefore, the Manager has decided to exercise its power under Clause 27.3 to terminate the Fund which Termination shall be completed after the Interim Distribution and Final Distribution (and any Further Distribution, if applicable) on the date on which the Trustee and the Manager form an opinion that the Fund cease to have any contingent or actual assets or liabilities. The Trustee has been notified of the proposed Termination and no objection has been received from the Trustee.

As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is hereby given to investors, notifying them that the Fund will cease trading, from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025. No approval from Unitholders is required.

### **1.2 The cessation of trading**

The Manager will apply to SEHK to have the Units of the Fund cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 12 March 2025. The Manager will aim to realise all of the assets of all the Fund effective from 12 March 2025 in exercise of its investment powers under Clause 12 of the Trust Deed. The realisation of assets of the Fund will not incur any additional cost as compared to the costs associated with a normal realisation of investments.

The Manager will then proceed with the Interim Distribution and Final Distribution as soon as practicable (see details in section 2.2 below). As such, 11 March 2025 will be the Last Trading Day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place.

### **1.3 Impact on the realisation of the assets**

After the realisation of the assets of the Fund (as described in section 1.2 above), the Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet their respective investment objectives.

## **2. WHAT WILL HAPPEN ON OR BEFORE THE LAST TRADING DAY AND FROM THE TRADING CESSATION DATE?**

### **2.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the Fund on the SEHK on investors, a SFC transaction levy (at 0.0027% of the price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the price of the Units) and a trading fee (at 0.00565% of the price of the Units) will be payable by the buyer and the seller of the Units. Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

No stamp duty liability will arise in Hong Kong in respect of any sale or purchase of the Units on the SEHK.

The trading of Units of the Fund are subject to certain risks and may be below or above the Net Asset Value per Unit on the HKEX. Please see section 6.1 below.

### **2.2 Distribution**

#### ***(i) Interim Distribution***

The Manager will, after having consulted with the Trustee, the Fund's Auditor and QFI Custodian for the available principle from its QFI Accounts, declare an Interim Distribution in respect of the Relevant Investors. It is expected that the Interim Distribution will be 17% of the total Net Asset Value based on the current portfolio as of 4 December 2024. Such Interim Distribution will be made on 26 March 2025. The Interim Distribution will be calculated based on the available sales proceeds (as at 18 March 2025, being the latest practicable date of the Interim Distribution announcement) primarily derived from the liquidation of offshore

investments (including stocks on the SEHK, American Depositary Receipts, Global Depositary Receipts, and Exchange-Traded Funds), which will commence on the Trading Cessation Date, after deducting applicable fees, expenses, and their accruals (include but not limited to those payable to the Trustee, Qualified Foreign Investor Custodian, Sub-Custodian, auditor, Qualified Foreign Investor auditor, Qualified Foreign Investor tax advisor, the Manager, legal counsel, the Registrar, and other operational expenses of the Fund). The Manager expects to receive the sale proceeds from offshore investments no later than the fourth business day following the Trading Cessation Date.

The Interim Distribution will be proportionate to each Relevant Investor's interest in the Fund as of the Distribution Record Date. The distribution amount under the Interim Distribution depends on the liquidation of offshore investments (prior to the latest practicable date of the Interim Distribution announcement) and cash reserves post-expense deductions.

The publication of Interim Distribution announcement on the Fund's and HKEX's website disclosing the amount of Interim Distribution and the date of payment will be made on 19 March 2025. The Interim Distribution payable to each Relevant Investor is expected to be paid on 26 March 2025 to accounts of its financial intermediary or stockbroker maintained with CCASS and the Registrar at the Distribution Record Date.

***(ii) Final Distribution***

The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. Upon obtaining PRC tax clearance and after having consulted with the Fund's Auditor, its QFI's Auditor, its QFI's tax agent and the Trustee, the Manager will declare a Final Distribution in respect of the Relevant Investors 7 days before the Final Distribution Date and such Final Distribution will be paid to the Relevant Investors on or around 12 August 2025. It is expected that the Final Distribution will be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024. As advised by the QFI Custodian, according to Article 15 of the "Administrative measures on foreign institutional investors' funds for investing in domestic securities and futures" (Circular PBOC & SAFE Announcement [2024] No.7), in the liquidation of the QFI account, PRC tax clearance must be obtained before the sales proceeds from onshore investments may be repatriated. As a matter of best practice, it is the Manager's decision to adopt the approach to distribute the sale proceeds from onshore investments in the Final Distribution only after obtaining PRC tax clearance. The Manager is of the view that it is in the best interests of the Fund's investors and will not materially prejudice the Relevant Investor's interests. The Manager expects to realise the Fund's onshore investments on the Trading Cessation Date. The Manager expects to receive the sale proceeds from onshore investments five months following the Trading Cessation Date and the realisation of the investments. If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of tax clearance and the updated Final Distribution Date. Each Relevant Investor

will be entitled to a Final Distribution of an amount equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments (e.g. any gain/loss on the foreign exchanges, any interest earned at the Fund level, any outstanding receivables including but not limited to cash dividends, surplus of the Provision) in proportion to the Relevant Investor's interests in the Fund as at the Distribution Record Date.

The Final Distribution payable to each Relevant Investor is expected to be paid around 12 August 2025, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The publication of Final Distribution announcement on the Fund's and HKEX's website disclosing the amount of Final Distribution and the date of payment of the Final Distribution will be made at least 7 business days prior to the Final Distribution Date.

***(iii) Further Distribution***

The Manager currently does not expect that there will be any further distribution after the Final Distribution. Further Distribution is conditional and will only be payable if there is any refund further to the Final Distribution (as a result of any unexpected refund or fee adjustments further to the Final Distribution) and any receivables (for example, cash credit interests received after the Final Distribution). In the event if there is Further Distribution, the Manager will, after having consulted with the Trustee, and the Fund's Auditors, issue an announcement to confirm the amount of Further Distribution and the date of payment of Further Distribution on the Fund's and HKEX's website at least 7 business days prior to the day of the Further Distribution Date and such Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other date to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution.

**IMPORTANT NOTE: Investors should note and consider the risk factors as set out in section 6.1 below and consult with their professional and financial advisers before disposing of any Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Interim Distribution, Final Distribution or Further Distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

**2.3 Immediately from the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units will cease trading on the SEHK, that is, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day which is 11 March 2025 and will not be allowed to do so from the Trading Cessation Date onwards.

## 2.4 During the period from the Trading Cessation Date until the Termination Date

Following the realisation of the assets and the Interim Distribution, Final Distribution and Further Distribution (if any), the Termination Date (which is expected to be on or around 14 November 2025) which is the date on which the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the Termination of the Fund.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Fund will continue to have listing status on the SEHK and the Fund will remain authorized by the SFC, the Fund will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Fund will have no investment activities apart from the realization/liquidation of the remaining assets and other spot or future trades relevant to the foreign exchange activities after the Trading Cessation Date onwards.

The Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively. The Manager expects, subject to the SEHK's approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The Termination, Deauthorisation and Delisting will be subject to the payment of all outstanding fees and expenses (for details, please refer to section 5 below), the discharge of all outstanding liabilities of the Fund, as well as the final approvals of the SFC and the SEHK.

Following Deauthorisation, the Fund will no longer be (i) subject to regulation by the SFC; and (ii) available for public distribution in Hong Kong. Further, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

## 2.5 Important dates

Subject to the SFC's and the SEHK's respective approvals for the arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Fund will be as follows:

Dispatch of this Announcement and Notice and the setting aside of the Provision	After market close on 9 December 2024
Weekly reminder announcements regarding the Last Trading Day, Trading Cessation Date and the Distribution Record Date	From 9 December 2024 to 10 March 2025
Last day for dealings in the Units on the SEHK (the " <b>Last Trading Day</b> ")	11 March 2025



Dealings in the Units on the SEHK cease (the “ <b>Trading Cessation Date</b> ”), i.e. same date on which the Manager will start to realise all the assets of the Funds and the Fund shall no longer be marketed or offered to the public in Hong Kong	12 March 2025
The date as at which an investor needs to be recorded by the HKSCC Nominees Limited as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS (the “ <b>Distribution Record Date</b> ”) to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any)	By close of business on 17 March 2025
The publication of Interim Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Interim Distribution and the date of payment	19 March 2025
Interim Distribution (after the Manager having consulted with the Trustee, the Fund’s Auditors and QFI Custodian for the available principle from its QFI Accounts) will be paid to the Relevant Investors (the “ <b>Interim Distribution Date</b> ”)	26 March 2025
The publication of Final Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Final Distribution and the date of payment upon the receipt of PRC tax clearance	Expected to be on or around 1 August 2025 (at least 7 business days prior to the Final Distribution Date upon the receipt of PRC tax clearance)
(i) Final Distribution (after the Manager having consulted with the Fund’s Auditor, its QFI’s Auditor, its QFI’s tax agent and the Trustee) will be paid to the Relevant Investors (the “ <b>Final Distribution Date</b> ”), or	Expected to be on or around 12 August 2025
(ii) in the event PRC tax clearance is not obtained by 12 August 2025, the publication of an announcement disclosing the estimated time of PRC tax clearance and updated Final Distribution Date	
In the event if there is Further Distribution, the publication of Further Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Further Distribution (if any) and the date of payment	Expected to be on or around 4 November 2025 (at least 7 business days prior to the Further Distribution Date)

For the avoidance of doubt, no announcement will be issued if there is no Further Distribution

Further Distribution (if any) will be paid to the Relevant Investors (the “**Further Distribution Date**”)

Expected to be around  
13 November 2025

Termination of the Fund (the “**Termination Date**”)

Expected to be on or around  
14 November 2025, which is  
the date on which the Manager  
and the Trustee form an  
opinion that the Fund cease to  
have any contingent or actual  
assets or liabilities

Deauthorisation (the “**Deauthorisation Date**”) and Delisting (the “**Delisting Date**”) of the Fund

Expected to be on or around  
17 November 2025, which is  
the date on which the SFC and  
SEHK approve the  
Deauthorisation and Delisting  
respectively

The Manager expects that the  
Deauthorisation and Delisting  
will take place either on the  
Termination Date or  
immediately after the  
Termination Date

The Manager will issue the following:

- (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (on 19 March 2025) an announcement to inform Relevant Investors of the Interim Distribution and amounts per Unit and the Interim Distribution Date;
- (at least 7 business days prior to the Final Distribution Date) an announcement to inform Relevant Investors of the Final Distribution amounts per Unit and the Final Distribution Date;
- (on or around 12 August 2025), if PRC tax clearance is not obtained by 12 August 2025, an announcement to inform Relevant Investors of this fact and to provide an estimated time of PRC tax clearance;

- (at least 7 business days prior to the Further Distribution Date, if any) an announcement to inform Relevant Investors of the Further Distribution amounts per Unit and the Further Distribution Date. For the avoidance of doubt, no announcement will be issued if there is no Further Distribution; and
- (on or shortly before the Termination Date) an announcement to inform Relevant Investors of the Termination Date, the dates for the Deauthorisation and Delisting, with regard to the Fund,

in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

### **3. CONSEQUENCES OF THE COMMENCEMENT OF THE CESSATION OF TRADING**

#### **3.1 Continued existence of the Fund**

The Fund will maintain its SFC authorisation status and the Fund will maintain its SEHK listing status, until the Deauthorisation and Delisting.

On the Termination Date the Trustee will complete the termination process and the Manager will proceed with applying to the SFC for Deauthorisation, and to the SEHK to complete the Delisting respectively.

Subject to the SFC's and the SEHK's approval respectively, the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively.

Following Deauthorisation, the Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS in respect of the Fund, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product documentation relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

#### **3.2 Limited operation of the Fund**

During the period from the Trading Cessation Date until the Deauthorisation, the Fund will only be operated in a limited manner as there will not be any trading of Units and the Fund will have no investment activities from the Trading Cessation Date onwards.

## **4. WAIVER**

### **4.1 Background**

As set out in section 2.3 above, while the Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Fund, the Fund remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Fund maintains its SFC authorisation status, and the Fund maintains its SEHK listing status, until the Deauthorisation Date and Delisting Date.

However, from the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund is no longer marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner.

Accordingly, with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section below.

### **4.2 Publishing of the suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the investor notification requirements under Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the Delisting Date, investors may continue to access further announcements in relation to the Fund via the Manager's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> and HKEX's website (these websites have not been reviewed by the SFC) during such period. Announcements will also be accessible via the Manager's website until Deauthorisation Date.

### 4.3 Updating of the Offering Circular and the KFS

Under Chapters 6.1 and 11.1B of the Code, the Offering Circular and the KFS in respect of the Fund must be up-to-date and must be updated to incorporate any relevant changes to the Fund.

In view of the cessation of trading of Units from the Trading Cessation Date, the Manager considers that it is not necessary to update the Offering Circular and the KFS (which by its nature is an offering document) to reflect any future changes to the Offering Circular and the KFS.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code so that the Offering Circular and the KFS need not be updated from the Trading Cessation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Manager shall promptly notify investors of any changes to the Fund or to the Offering Circular and KFS by means of publishing the announcement(s) on the Fund's and HKEX's websites (these websites have not been reviewed by the SFC) (each, a "**Relevant Future Announcement**"); and
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice, together with the Offering Circular, the KFS and any other Relevant Future Announcement(s).

Accordingly, without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager will continue to manage the Fund without updating the Offering Circular and the KFS in respect of the Fund as required under Chapters 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date.

### 4.4 Waiver from Compliance with Chapter 8.11(a) of the Code

Under Chapter 8.11(a) of the Code, the Units of the Fund must be listed and traded on the SEHK. The Manager has reviewed the requirements and given the cessation of trading of the Fund, full compliance with Chapter 8.11(a) for the trading of the Units of the Fund may not be feasible during the period from the Trading Cessation Date to the Deauthorisation Date. As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(a) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

### 4.5 Provision of last closing Net Asset Value

Under Chapters 8.11(f) of the Code, the Manager is required to publish the Fund's last closing Net Asset Value on the Fund's website at such times and in such manner as may be acceptable to the SFC taking into account the nature of the investments of the Fund.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(f) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Net Asset Value as at the Trading Cessation Date, which will be the last Net Asset Value of the Fund, will be published on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC); and
- (B) the Manager shall update the latest available Net Asset Value of the Fund on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) as soon as practicable should there be any change to the Net Asset Value of the Fund, including but not limited to changes arising from (i) the Interim Distribution; (ii) the Final Distribution; (iii) any Further Distribution (if any); (iv) any change in the market value of any scrip dividend receivable by the Fund; and (v) any adjustments including but not limited to transaction costs or taxes relating to the realisation of assets of the Fund.

#### **4.6 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other applicable laws and regulations in respect of the Fund.

### **5. COSTS**

#### **5.1 Trading on the SEHK**

As indicated in section 2.1 above, investors' stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

#### **5.2 Ongoing charges of the Fund**

The ongoing charges of the Fund over a year is 2.18%. The ongoing charges figure is based on ongoing expenses chargeable to the class (including, where applicable and in accordance with SFC requirements, estimated expenses for investing in shares or units of other funds) expressed as a percentage of the class's average Net Asset Value for the 6 months to the end of September 2023 and then extrapolated to 12 months to give an annualized figure. However, the ongoing charges figure above will no longer be applicable from the date of this Announcement and Notice since a Provision (as defined in section 5.3 below), representing the costs and expenses chargeable to the Fund from the date of this Announcement and Notice until the Termination Date, will be set aside.

The Fund does not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

### 5.3 Provision of costs and expenses

On the date on which this Announcement and Notice is published, a certain portion of the assets of the Fund, amounting to HK\$3,000,000, which is approximately 0.7873% of the Net Asset Value of the Fund as at 4 December 2024 will be set aside immediately after this Announcement and Notice to implement the Plan (the “**Provision**”). This Provision is to discharge one-off maintenance costs (if any) and any future ongoing maintenance of the Fund before Termination, legal costs, and Auditors’ fees for Termination, QFI termination audit fees, QFI tax advisor fees, fees and costs incurred by and payable to the Registrar with respect to the Plan, duties, charges and other costs and expenses that the Trustee and the Manager may incur or make, during the period between the date of this Announcement and Notice and including the Termination Date (including if the Termination Date is extended), in connection with or arising out of the ongoing maintenance of the Fund and the implementation of the Termination (“**Future Costs**”). These costs will be borne by the Fund, that is, indirectly by all the Unitholders before the Deauthorisation and Delisting of the Fund. The Manager will continue to charge a management fee and the Trustee will continue to charge a trustee fee up to and including the Trading Cessation Date. No management fee or trustee fee will be charged from the Trading Cessation Date to the Termination Date. The Trustee will also charge other running costs after the Trading Cessation Date as set out in the Provision above. The Provision will include transaction costs incurred with the Registrar, but exclude unexpected taxes, including PRC tax. For avoidance of doubt, the Future Costs do not include transaction costs and any taxes relating to the realisation of assets of the Fund.

Where the Provision is insufficient to cover any Future Costs, any shortfall will be borne by the Manager from its own assets. Conversely, where the Provision, if any, is in excess of the actual amount of the Future Costs, such excess will be refunded to the Relevant Investors as part of the Final Distribution, expected to be payable around 12 August 2025 in proportion to the Relevant Investor’s Units as at the Distribution Record Date and the Manager will issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date.

The Trustee has confirmed that it has no objection to the amount of the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024, as more particularly described below:**

	Before setting aside the Provision		After setting aside the Provision	
	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)
HSBC China Dragon Fund	381,059,755	16.92	378,059,755	16.79

## 6. OTHER MATTERS

### 6.1 Other implications of the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting

In consequence of this Announcement and Notice and the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting, investors should note and consider the following risks:

**“Delay in distribution risk”** — The Manager will aim to realise all of the assets of the Fund and then proceed with the Interim Distribution, Final Distribution (subject to obtaining PRC tax clearance) and Further Distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Fund in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Interim Distribution, Final Distribution or Further Distribution (if any) to the Relevant Investors may be delayed. In addition, investors should note that the Final Distribution can only be made after PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025 and it is expected that Relevant Investors will receive the Final Distribution five months following the Trading Cessation Date. However, the termination and distribution timeline is subject to the progress of the PRC tax clearance and the actual time of obtaining PRC tax clearance is uncertain. In the event that PRC tax clearance is not obtained after five months following the Trading Cessation Date, the payment of Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, may be further delayed.

**“Liquidity risk”** — As a closed-ended fund, there is no direct creation or redemption of units, and trading prices are determined by market demand and supply. The absence of a market maker means that liquidity on the SEHK is influenced by secondary market dynamics beyond the Manager’s control, potentially leading to substantial discounts to the Fund’s Net Asset Value. Trading of Units in the Fund on the SEHK from the date of this Announcement and Notice may become less liquid.

**“Units trading at a substantial discount or premium”** — Units in the Fund may trade at a substantial discount or premium compared to their Net Asset Value after this Announcement and Notice. This is because many investors may want to sell their Units after the Plan has been announced but there may not be many investors in the market who are willing to purchase the Units. On the other hand, it is also possible that the Units may trade at a premium and consequently the divergence between the supply of and demand for the Units may be larger than usual. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**“Net Asset Value downward adjustment risk”** — Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be significant drop in value of the securities. In addition, the Net Asset Value of the Fund will be reduced as some of the Fund’s assets will be set aside as the Provision on the date on which this Announcement and Notice is published. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.



**“Ceasing to meet investment objectives risk”** — The Manager will aim to realise all securities held by the Fund with effect from the Trading Cessation Date. Thereafter, the Funds’ assets will mainly be in cash. The Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet its investment objectives.

Investor attention is also drawn to the risks disclosed in the Offering Circular and the KFS of the Fund.

## 6.2 Tax implications

**Unitholders should consult their professional advisers on the consequences to them 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. 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.

### *(i) Hong Kong*

- *Profits Tax*

Based on the Manager’s understanding of the law and practice in force at the date of this Announcement and Notice, as the Fund is a collective investment scheme authorised under Section 104 of the SFO, profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution to the extent of distribution of profits and/or capital of the Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Fund are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### *(ii) The PRC*

The Manager, after consultation with the PRC tax advisers, has not made any tax provision with respect to the gross unrealised and realised capital gains derived by the Fund, given that:

- pursuant to “Notice on the temporary exemption of Corporate Income Tax (“CIT”) on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No. 79), QFII/RQFIIs (without a permanent

establishment (“PE”) in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE) are temporarily exempt from CIT on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014; and

- pursuant to “Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) and the “Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127), CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Fund) on the trading of A-Shares through the Stock Connect.

(the above notices are collectively referred to as “Caishui Notices”)

Investors’ attention is drawn to the section headed “Taxation and Regulatory Requirements” in the Offering Circular and section 2.2(ii) above headed “Final Distribution” for information about the PRC tax obligations of the Fund.

The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The final tax amount is subject to the assessment of the relevant PRC tax authorities, so there may be under-provision as currently made by the Fund. The final amount of PRC tax payable will only be determined upon PRC tax clearance.

Investors should note that the termination, deauthorisation and delisting of the Fund are subject to PRC tax clearance. Investors should consult their professional tax advisers for tax advice.

### 6.3 Connected party transaction

Other than disclosed below, no other Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Fund, nor hold any interest in the Fund.

Please also refer to the 2024 annual report of the Fund for disclosures of connected party transaction.

As at 29 November 2024, the following fellow subsidiaries and/or associated companies of the Manager, each a Connected Person of the Manager being entities within the same group (i.e. entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) as the Manager, that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

Name of Entity	Units	Approx.%
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.057%
HSBC International Trustee Limited	22,806	0.101%

Each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it:

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units; and
- has not entered into any outstanding derivative in respect of the Units.

The entities mentioned above may decide to dispose of all or part of their Units, by selling the Units on the SEHK after being informed of the Plan via this Announcement and Notice. Any disposal of Units by the above entities, which is beyond the control of the Manager, may reduce the size of the Fund and impair the Manager's ability to fulfill the investment objectives of the Fund.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set:

- the Trust Deed;
- the audited accounts for the last two financial years for which these have been published and the half-yearly unaudited reports of the Fund; and
- the Offering Circular and the KFS of the Fund.

## 8. ENQUIRIES

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Registrar by calling their enquiry hotline at (852) 2862 8691 during normal business hours (Monday to Friday (excluding public holidays), from 9:00 a.m. to 6:00 p.m.) or contact the Manager in person at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong, or by calling: (852) 2284 1229, or emailing by [hsbc.etf@hsbc.com.hk](mailto:hsbc.etf@hsbc.com.hk), or visiting the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

**HSBC Global Asset Management (Hong Kong) Limited**  
as Manager of the Fund

9 December 2024

*As at the date of this Announcement and Notice, the Board of Directors of the Manager consists of Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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**DEFINITIONS**

In this Announcement and Notice, unless the context otherwise requires, the following terms shall have the following meanings:

CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors
Code	The Code on Unit Trusts and Mutual Funds dated 1 January 2019 issued by the SFC (as amended or replaced from time to time)
Connected Person	Has the meaning as set out in the Code which at the date of this Announcement and Notice means in relation to a company:  (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; 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 that company forms part; or  (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c)
Deauthorisation	The deauthorisation of the Fund and their offering documents by the SFC under section 106 of the SFO
Deauthorisation Date	Expected to be on or around 17 November 2025, being the date on which the Deauthorisation will take place
Delisting	The delisting of the Fund from the SEHK
Delisting Date	Expected to be on or around 17 November 2025, being the date on which the Delisting will take place
Distribution Record Date	By close of business on 17 March 2025, being the date for the purpose of determining the beneficial owners of Units in the Fund who are entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) (which may include any refund of excess of the Provision (if any))
Final Distribution	Has the meaning given to that term in section 2.2 above

Final Distribution Date	Expected to be around 12 August 2025, being the date on which the Final Distribution of the Fund will take place
Further Distribution	Has the meaning given to that term in section 2.2 above
Further Distribution Date	Expected to be around 13 November 2025 (or such other date to be announced), being the date on which the Further Distribution (if any) of the Fund will take place
Fund	HSBC China Dragon Fund
HKSCC	Hong Kong Securities Clearing Company Limited or its successors
Interim Distribution	Has the meaning given to that term in section 2.2 above
Interim Distribution Date	26 March 2025, being the date on which the Interim Distribution of the Fund will take place
KFS	The Product Key Facts in respect to the Fund dated 23 September 2024
Last Trading Day	11 March 2025, being the last day for dealings in the Units on the SEHK
Manager	HSBC Global Asset Management (Hong Kong) Limited or its successors
Net Asset Value	the net asset value of the Fund or, as the context may require, the net asset value of a Unit, calculated pursuant to the Trust Deed
Offering Circular	The Offering Circular of the Fund dated 9 December 2024
Plan	The plan to terminate the Fund, and to voluntarily seek the Deauthorisation and the Delisting
Registrar	Computershare Hong Kong Investor Services Limited or its successors
Relevant Future Announcement	Has the meaning given to that term in section 4.3 above
Relevant Investors	The investors who are still holding Units in the Fund as of the Distribution Record Date
SEHK	The Stock Exchange of Hong Kong Limited or its successors
SFC	The Securities and Futures Commission of Hong Kong or its successors

SFO	The Securities and Futures Ordinance (Cap.571 Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Termination	Termination of the Fund when the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities
Termination Date	Expected to be on or around 14 November 2025, being the date on which the Termination of the Fund will take place
Trading Cessation Date	12 March 2025, being the date on which the dealings in the Units on the SEHK cease
Trust Deed	The trust deed dated 20 June 2007 governing the Fund
Trustee	HSBC Institutional Trust Services (Asia) Limited or its successors
Unitholder	A holder of Units in respect of the Fund
Units	In respect of the Fund, one undivided share in the Fund

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If you are in any doubt about the contents this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your units in the HSBC China Dragon Fund (the “Fund”), you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (the “SEHK”), Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited (“HKEX”) and the Securities and Futures Commission (the “SFC”), take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

SFC authorisation is not a recommendation or an endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Unless otherwise defined in this Announcement and Notice, terms used in this Announcement and Notice shall have the same meanings ascribed to them under the Offering Circular of the Fund.

## **HSBC CHINA DRAGON FUND**

### **滙豐中國翔龍基金**

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

## **ANNOUNCEMENT AND NOTICE OF THE CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE WITH CERTAIN PROVISIONS OF THE CODE**

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the cessation of trading, Termination, Deauthorisation and Delisting of the Fund, and the waivers from strict compliance of certain provisions of the Code for the period from 12 March 2025 (i.e. the Trading Cessation Date) to the Deauthorisation Date. Upon Deauthorisation of the Fund, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. In particular, investors should note that Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, will be made only after PRC tax clearance, which is expected to be obtained in the third quarter of 2025, and the time gap between the Trading Cessation Date and the Final Distribution Date is expected to be five months. Investors should also note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Fund (see details of the factors in section 1 below), the Manager has resolved to exercise its power under Clause 27.3 of the Trust Deed to terminate the Fund with effect from the Termination Date (as defined below);
- the Last Trading Day of the Units in the Fund will be 11 March 2025, i.e. the last day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place;
- the Units of the Fund will cease trading as from 12 March 2025 (the “Trading Cessation Date”); that means, no further buying or selling Units on the SEHK from the Trading Cessation Date onwards;
- immediately after this Announcement and Notice has been published, a certain portion of the assets of the Fund will be set aside as the Provision to discharge any Future Costs. As a result, the Net Asset Value and Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024;
- the Manager will aim to realise all of the assets of the Fund upon consultation with the Trustee, the Fund’s Auditors and the QFI Custodian with effect from the Trading Cessation Date. From the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund will no longer be marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner;
- with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for and has been granted a waiver from strict compliance with certain provisions of the Code on Unit Trusts and Mutual Funds (the “Code”) for the period from the Trading Cessation Date to the Deauthorisation Date: (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) Chapters 6.1 and 11.1B (with regard to updating the Offering Circular and the KFS), and (iii) Chapters 8.11(a) and (f) (with regard to listing, trading and disclosure requirements related to closed-ended funds), the details and the conditions on which such waiver is granted are as described in section 4 below;



- the Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations;
- the Manager will, after having consulted with the Trustee, the Fund’s Auditors and QFI Custodian, declare an Interim Distribution (please refer to section 2.2 below for further information) to the investors who remain so as at 17 March 2025, i.e. the Distribution Record Date. The Interim Distribution will be payable on 26 March 2025 (the “Interim Distribution Date”);
- the Interim Distribution will be calculated based on the available sales proceeds primarily derived from the liquidation of offshore investments, after deducting applicable fees, expenses, and their accruals (please refer to section 2.2 below for further information). The Interim Distribution will be proportionate to each Relevant Investor’s interest in the Fund as of the Distribution Record Date;
- for Final Distribution, (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, its QFI’s Auditor and its QFI’s tax agent, issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date, which is expected to be payable around 12 August 2025 (the “Final Distribution Date”). If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of PRC tax clearance and the updated Final Distribution Date;
- the amount of Final Distribution will equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) less any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments;
- the Manager currently does not expect there will be any Further Distribution after the Final Distribution. If there is any Further Distribution (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, issue an announcement to confirm the amount of Further Distribution at least 7 business days prior to the Further Distribution Date. Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other dates to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution;
- by the date the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the Termination of the Fund, which is expected to be on or around 14 November 2025 (such date being the “Termination Date”);
- Investors should note the Termination, Deauthorisation and Delisting of the Fund are subject to PRC tax clearance;
- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Fund’s SFC authorisation status and the Fund’s SEHK listing status, and, subject to the SEHK’s approval, expects the Delisting to take effect at or around the same time as the Deauthorisation (subject to SFC’s approval);

- the Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively; and
- investors should pay attention to the risk factors as set out in section 6.1 below (including liquidity risk, Units trading at a discount or premium and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, and delay in distribution risk). Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

**Stockbrokers and financial intermediaries are urged to:**

- forward a copy of this Announcement and Notice to their clients holding Units in the Fund, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units in the Fund on or before the Last Trading Day;
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units; and
- inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

**If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (for details, please refer to section 8 below). Any product documents of the Fund should be retained by the investors for personal use only and not for public circulation.**

As at 17 September 2024, the aggregate Net Asset Value of all the Units outstanding in the Fund is less than HK\$400,000,000. The Manager therefore announces that it has resolved to exercise its power in seeking the Termination. The Deauthorisation and Delisting will take place following the termination of the Fund. The Termination, Deauthorisation and Delisting of the Fund (the “**Plan**”) will be subject to the final approval of the SFC and the SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets.

Before the Termination, Deauthorisation and Delisting, the Units of the Fund will cease trading on the SEHK as from 12 March 2025, the Trading Cessation Date. Accordingly, the last day on which the Units of the Fund can be traded on SEHK will be 11 March 2025, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. For the avoidance of doubt, investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date.

The Manager by this Announcement and Notice notifies the investors of the Termination of the Fund. As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is

hereby given to investors, notifying them that the Fund will cease trading from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025.

## **1. TERMINATION OF THE FUND, CESSATION OF TRADING AND LIQUIDATION OF ASSETS**

### **1.1 Termination of the Fund**

According to Clause 27.3 of the Trust Deed, the Fund may be terminated by the Manager in its absolute discretion and the Trustee shall accept the Managers decision, if the aggregate Net Asset Value of all the Units in the Fund outstanding shall be less than HK\$400,000,000. The Trust Deed does not require investors' approval for terminating the Fund on the ground set out in Clause 27.3.

The Net Asset Value and the Net Asset Value per Unit of the Fund as at 4 December 2024 is as follows:

	<b>Net Asset Value</b>	<b>Net Asset Value per Unit</b>
HSBC China Dragon Fund	HK\$381.0598 million	HK\$16.92

Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value and the relatively low trading volume of the Fund, the Manager is of the view that the Termination of the Fund would be in the best interests of the investors in the Fund. Therefore, the Manager has decided to exercise its power under Clause 27.3 to terminate the Fund which Termination shall be completed after the Interim Distribution and Final Distribution (and any Further Distribution, if applicable) on the date on which the Trustee and the Manager form an opinion that the Fund cease to have any contingent or actual assets or liabilities. The Trustee has been notified of the proposed Termination and no objection has been received from the Trustee.

As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is hereby given to investors, notifying them that the Fund will cease trading, from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025. No approval from Unitholders is required.

### **1.2 The cessation of trading**

The Manager will apply to SEHK to have the Units of the Fund cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 12 March 2025. The Manager will aim to realise all of the assets of all the Fund effective from 12 March 2025 in exercise of its investment powers under Clause 12 of the Trust Deed. The realisation of assets of the Fund will not incur any additional cost as compared to the costs associated with a normal realisation of investments.

The Manager will then proceed with the Interim Distribution and Final Distribution as soon as practicable (see details in section 2.2 below). As such, 11 March 2025 will be the Last Trading Day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place.

### **1.3 Impact on the realisation of the assets**

After the realisation of the assets of the Fund (as described in section 1.2 above), the Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet their respective investment objectives.

## **2. WHAT WILL HAPPEN ON OR BEFORE THE LAST TRADING DAY AND FROM THE TRADING CESSATION DATE?**

### **2.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the Fund on the SEHK on investors, a SFC transaction levy (at 0.0027% of the price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the price of the Units) and a trading fee (at 0.00565% of the price of the Units) will be payable by the buyer and the seller of the Units. Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

No stamp duty liability will arise in Hong Kong in respect of any sale or purchase of the Units on the SEHK.

The trading of Units of the Fund are subject to certain risks and may be below or above the Net Asset Value per Unit on the HKEX. Please see section 6.1 below.

### **2.2 Distribution**

#### ***(i) Interim Distribution***

The Manager will, after having consulted with the Trustee, the Fund's Auditor and QFI Custodian for the available principle from its QFI Accounts, declare an Interim Distribution in respect of the Relevant Investors. It is expected that the Interim Distribution will be 17% of the total Net Asset Value based on the current portfolio as of 4 December 2024. Such Interim Distribution will be made on 26 March 2025. The Interim Distribution will be calculated based on the available sales proceeds (as at 18 March 2025, being the latest practicable date of the Interim Distribution announcement) primarily derived from the liquidation of offshore

investments (including stocks on the SEHK, American Depositary Receipts, Global Depositary Receipts, and Exchange-Traded Funds), which will commence on the Trading Cessation Date, after deducting applicable fees, expenses, and their accruals (include but not limited to those payable to the Trustee, Qualified Foreign Investor Custodian, Sub-Custodian, auditor, Qualified Foreign Investor auditor, Qualified Foreign Investor tax advisor, the Manager, legal counsel, the Registrar, and other operational expenses of the Fund). The Manager expects to receive the sale proceeds from offshore investments no later than the fourth business day following the Trading Cessation Date.

The Interim Distribution will be proportionate to each Relevant Investor's interest in the Fund as of the Distribution Record Date. The distribution amount under the Interim Distribution depends on the liquidation of offshore investments (prior to the latest practicable date of the Interim Distribution announcement) and cash reserves post-expense deductions.

The publication of Interim Distribution announcement on the Fund's and HKEX's website disclosing the amount of Interim Distribution and the date of payment will be made on 19 March 2025. The Interim Distribution payable to each Relevant Investor is expected to be paid on 26 March 2025 to accounts of its financial intermediary or stockbroker maintained with CCASS and the Registrar at the Distribution Record Date.

***(ii) Final Distribution***

The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. Upon obtaining PRC tax clearance and after having consulted with the Fund's Auditor, its QFI's Auditor, its QFI's tax agent and the Trustee, the Manager will declare a Final Distribution in respect of the Relevant Investors 7 days before the Final Distribution Date and such Final Distribution will be paid to the Relevant Investors on or around 12 August 2025. It is expected that the Final Distribution will be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024. As advised by the QFI Custodian, according to Article 15 of the "Administrative measures on foreign institutional investors' funds for investing in domestic securities and futures" (Circular PBOC & SAFE Announcement [2024] No.7), in the liquidation of the QFI account, PRC tax clearance must be obtained before the sales proceeds from onshore investments may be repatriated. As a matter of best practice, it is the Manager's decision to adopt the approach to distribute the sale proceeds from onshore investments in the Final Distribution only after obtaining PRC tax clearance. The Manager is of the view that it is in the best interests of the Fund's investors and will not materially prejudice the Relevant Investor's interests. The Manager expects to realise the Fund's onshore investments on the Trading Cessation Date. The Manager expects to receive the sale proceeds from onshore investments five months following the Trading Cessation Date and the realisation of the investments. If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of tax clearance and the updated Final Distribution Date. Each Relevant Investor

will be entitled to a Final Distribution of an amount equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments (e.g. any gain/loss on the foreign exchanges, any interest earned at the Fund level, any outstanding receivables including but not limited to cash dividends, surplus of the Provision) in proportion to the Relevant Investor's interests in the Fund as at the Distribution Record Date.

The Final Distribution payable to each Relevant Investor is expected to be paid around 12 August 2025, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The publication of Final Distribution announcement on the Fund's and HKEX's website disclosing the amount of Final Distribution and the date of payment of the Final Distribution will be made at least 7 business days prior to the Final Distribution Date.

***(iii) Further Distribution***

The Manager currently does not expect that there will be any further distribution after the Final Distribution. Further Distribution is conditional and will only be payable if there is any refund further to the Final Distribution (as a result of any unexpected refund or fee adjustments further to the Final Distribution) and any receivables (for example, cash credit interests received after the Final Distribution). In the event if there is Further Distribution, the Manager will, after having consulted with the Trustee, and the Fund's Auditors, issue an announcement to confirm the amount of Further Distribution and the date of payment of Further Distribution on the Fund's and HKEX's website at least 7 business days prior to the day of the Further Distribution Date and such Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other date to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution.

**IMPORTANT NOTE: Investors should note and consider the risk factors as set out in section 6.1 below and consult with their professional and financial advisers before disposing of any Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Interim Distribution, Final Distribution or Further Distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

**2.3 Immediately from the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units will cease trading on the SEHK, that is, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day which is 11 March 2025 and will not be allowed to do so from the Trading Cessation Date onwards.

## 2.4 During the period from the Trading Cessation Date until the Termination Date

Following the realisation of the assets and the Interim Distribution, Final Distribution and Further Distribution (if any), the Termination Date (which is expected to be on or around 14 November 2025) which is the date on which the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the Termination of the Fund.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Fund will continue to have listing status on the SEHK and the Fund will remain authorized by the SFC, the Fund will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Fund will have no investment activities apart from the realization/liquidation of the remaining assets and other spot or future trades relevant to the foreign exchange activities after the Trading Cessation Date onwards.

The Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively. The Manager expects, subject to the SEHK's approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The Termination, Deauthorisation and Delisting will be subject to the payment of all outstanding fees and expenses (for details, please refer to section 5 below), the discharge of all outstanding liabilities of the Fund, as well as the final approvals of the SFC and the SEHK.

Following Deauthorisation, the Fund will no longer be (i) subject to regulation by the SFC; and (ii) available for public distribution in Hong Kong. Further, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

## 2.5 Important dates

Subject to the SFC's and the SEHK's respective approvals for the arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Fund will be as follows:

Dispatch of this Announcement and Notice and the setting aside of the Provision	After market close on 9 December 2024
Weekly reminder announcements regarding the Last Trading Day, Trading Cessation Date and the Distribution Record Date	From 9 December 2024 to 10 March 2025
Last day for dealings in the Units on the SEHK (the " <b>Last Trading Day</b> ")	11 March 2025

Dealings in the Units on the SEHK cease (the “ <b>Trading Cessation Date</b> ”), i.e. same date on which the Manager will start to realise all the assets of the Funds and the Fund shall no longer be marketed or offered to the public in Hong Kong	12 March 2025
The date as at which an investor needs to be recorded by the HKSCC Nominees Limited as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS (the “ <b>Distribution Record Date</b> ”) to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any)	By close of business on 17 March 2025
The publication of Interim Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Interim Distribution and the date of payment	19 March 2025
Interim Distribution (after the Manager having consulted with the Trustee, the Fund’s Auditors and QFI Custodian for the available principle from its QFI Accounts) will be paid to the Relevant Investors (the “ <b>Interim Distribution Date</b> ”)	26 March 2025
The publication of Final Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Final Distribution and the date of payment upon the receipt of PRC tax clearance	Expected to be on or around 1 August 2025 (at least 7 business days prior to the Final Distribution Date upon the receipt of PRC tax clearance)
(i) Final Distribution (after the Manager having consulted with the Fund’s Auditor, its QFI’s Auditor, its QFI’s tax agent and the Trustee) will be paid to the Relevant Investors (the “ <b>Final Distribution Date</b> ”), or	Expected to be on or around 12 August 2025
(ii) in the event PRC tax clearance is not obtained by 12 August 2025, the publication of an announcement disclosing the estimated time of PRC tax clearance and updated Final Distribution Date	
In the event if there is Further Distribution, the publication of Further Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Further Distribution (if any) and the date of payment	Expected to be on or around 4 November 2025 (at least 7 business days prior to the Further Distribution Date)



For the avoidance of doubt, no announcement will be issued if there is no Further Distribution

Further Distribution (if any) will be paid to the Relevant Investors (the “**Further Distribution Date**”)

Expected to be around  
13 November 2025

Termination of the Fund (the “**Termination Date**”)

Expected to be on or around 14 November 2025, which is the date on which the Manager and the Trustee form an opinion that the Fund cease to have any contingent or actual assets or liabilities

Deauthorisation (the “**Deauthorisation Date**”) and Delisting (the “**Delisting Date**”) of the Fund

Expected to be on or around 17 November 2025, which is the date on which the SFC and SEHK approve the Deauthorisation and Delisting respectively

The Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date

The Manager will issue the following:

- (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (on 19 March 2025) an announcement to inform Relevant Investors of the Interim Distribution and amounts per Unit and the Interim Distribution Date;
- (at least 7 business days prior to the Final Distribution Date) an announcement to inform Relevant Investors of the Final Distribution amounts per Unit and the Final Distribution Date;
- (on or around 12 August 2025), if PRC tax clearance is not obtained by 12 August 2025, an announcement to inform Relevant Investors of this fact and to provide an estimated time of PRC tax clearance;

- (at least 7 business days prior to the Further Distribution Date, if any) an announcement to inform Relevant Investors of the Further Distribution amounts per Unit and the Further Distribution Date. For the avoidance of doubt, no announcement will be issued if there is no Further Distribution; and
- (on or shortly before the Termination Date) an announcement to inform Relevant Investors of the Termination Date, the dates for the Deauthorisation and Delisting, with regard to the Fund,

in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

### **3. CONSEQUENCES OF THE COMMENCEMENT OF THE CESSATION OF TRADING**

#### **3.1 Continued existence of the Fund**

The Fund will maintain its SFC authorisation status and the Fund will maintain its SEHK listing status, until the Deauthorisation and Delisting.

On the Termination Date the Trustee will complete the termination process and the Manager will proceed with applying to the SFC for Deauthorisation, and to the SEHK to complete the Delisting respectively.

Subject to the SFC's and the SEHK's approval respectively, the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively.

Following Deauthorisation, the Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS in respect of the Fund, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product documentation relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

#### **3.2 Limited operation of the Fund**

During the period from the Trading Cessation Date until the Deauthorisation, the Fund will only be operated in a limited manner as there will not be any trading of Units and the Fund will have no investment activities from the Trading Cessation Date onwards.

## **4. WAIVER**

### **4.1 Background**

As set out in section 2.3 above, while the Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Fund, the Fund remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Fund maintains its SFC authorisation status, and the Fund maintains its SEHK listing status, until the Deauthorisation Date and Delisting Date.

However, from the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund is no longer marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner.

Accordingly, with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section below.

### **4.2 Publishing of the suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the investor notification requirements under Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the Delisting Date, investors may continue to access further announcements in relation to the Fund via the Manager's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> and HKEX's website (these websites have not been reviewed by the SFC) during such period. Announcements will also be accessible via the Manager's website until Deauthorisation Date.

### 4.3 Updating of the Offering Circular and the KFS

Under Chapters 6.1 and 11.1B of the Code, the Offering Circular and the KFS in respect of the Fund must be up-to-date and must be updated to incorporate any relevant changes to the Fund.

In view of the cessation of trading of Units from the Trading Cessation Date, the Manager considers that it is not necessary to update the Offering Circular and the KFS (which by its nature is an offering document) to reflect any future changes to the Offering Circular and the KFS.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code so that the Offering Circular and the KFS need not be updated from the Trading Cessation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Manager shall promptly notify investors of any changes to the Fund or to the Offering Circular and KFS by means of publishing the announcement(s) on the Fund's and HKEX's websites (these websites have not been reviewed by the SFC) (each, a "**Relevant Future Announcement**"); and
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice, together with the Offering Circular, the KFS and any other Relevant Future Announcement(s).

Accordingly, without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager will continue to manage the Fund without updating the Offering Circular and the KFS in respect of the Fund as required under Chapters 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date.

### 4.4 Waiver from Compliance with Chapter 8.11(a) of the Code

Under Chapter 8.11(a) of the Code, the Units of the Fund must be listed and traded on the SEHK. The Manager has reviewed the requirements and given the cessation of trading of the Fund, full compliance with Chapter 8.11(a) for the trading of the Units of the Fund may not be feasible during the period from the Trading Cessation Date to the Deauthorisation Date. As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(a) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

### 4.5 Provision of last closing Net Asset Value

Under Chapters 8.11(f) of the Code, the Manager is required to publish the Fund's last closing Net Asset Value on the Fund's website at such times and in such manner as may be acceptable to the SFC taking into account the nature of the investments of the Fund.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(f) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Net Asset Value as at the Trading Cessation Date, which will be the last Net Asset Value of the Fund, will be published on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC); and
- (B) the Manager shall update the latest available Net Asset Value of the Fund on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) as soon as practicable should there be any change to the Net Asset Value of the Fund, including but not limited to changes arising from (i) the Interim Distribution; (ii) the Final Distribution; (iii) any Further Distribution (if any); (iv) any change in the market value of any scrip dividend receivable by the Fund; and (v) any adjustments including but not limited to transaction costs or taxes relating to the realisation of assets of the Fund.

#### **4.6 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other applicable laws and regulations in respect of the Fund.

### **5. COSTS**

#### **5.1 Trading on the SEHK**

As indicated in section 2.1 above, investors' stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

#### **5.2 Ongoing charges of the Fund**

The ongoing charges of the Fund over a year is 2.18%. The ongoing charges figure is based on ongoing expenses chargeable to the class (including, where applicable and in accordance with SFC requirements, estimated expenses for investing in shares or units of other funds) expressed as a percentage of the class's average Net Asset Value for the 6 months to the end of September 2023 and then extrapolated to 12 months to give an annualized figure. However, the ongoing charges figure above will no longer be applicable from the date of this Announcement and Notice since a Provision (as defined in section 5.3 below), representing the costs and expenses chargeable to the Fund from the date of this Announcement and Notice until the Termination Date, will be set aside.

The Fund does not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

### 5.3 Provision of costs and expenses

On the date on which this Announcement and Notice is published, a certain portion of the assets of the Fund, amounting to HK\$3,000,000, which is approximately 0.7873% of the Net Asset Value of the Fund as at 4 December 2024 will be set aside immediately after this Announcement and Notice to implement the Plan (the “**Provision**”). This Provision is to discharge one-off maintenance costs (if any) and any future ongoing maintenance of the Fund before Termination, legal costs, and Auditors’ fees for Termination, QFI termination audit fees, QFI tax advisor fees, fees and costs incurred by and payable to the Registrar with respect to the Plan, duties, charges and other costs and expenses that the Trustee and the Manager may incur or make, during the period between the date of this Announcement and Notice and including the Termination Date (including if the Termination Date is extended), in connection with or arising out of the ongoing maintenance of the Fund and the implementation of the Termination (“**Future Costs**”). These costs will be borne by the Fund, that is, indirectly by all the Unitholders before the Deauthorisation and Delisting of the Fund. The Manager will continue to charge a management fee and the Trustee will continue to charge a trustee fee up to and including the Trading Cessation Date. No management fee or trustee fee will be charged from the Trading Cessation Date to the Termination Date. The Trustee will also charge other running costs after the Trading Cessation Date as set out in the Provision above. The Provision will include transaction costs incurred with the Registrar, but exclude unexpected taxes, including PRC tax. For avoidance of doubt, the Future Costs do not include transaction costs and any taxes relating to the realisation of assets of the Fund.

Where the Provision is insufficient to cover any Future Costs, any shortfall will be borne by the Manager from its own assets. Conversely, where the Provision, if any, is in excess of the actual amount of the Future Costs, such excess will be refunded to the Relevant Investors as part of the Final Distribution, expected to be payable around 12 August 2025 in proportion to the Relevant Investor’s Units as at the Distribution Record Date and the Manager will issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date.

The Trustee has confirmed that it has no objection to the amount of the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024, as more particularly described below:**

	Before setting aside the Provision		After setting aside the Provision	
	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)
HSBC China Dragon Fund	381,059,755	16.92	378,059,755	16.79

## 6. OTHER MATTERS

### 6.1 Other implications of the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting

In consequence of this Announcement and Notice and the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting, investors should note and consider the following risks:

**“Delay in distribution risk”** — The Manager will aim to realise all of the assets of the Fund and then proceed with the Interim Distribution, Final Distribution (subject to obtaining PRC tax clearance) and Further Distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Fund in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Interim Distribution, Final Distribution or Further Distribution (if any) to the Relevant Investors may be delayed. In addition, investors should note that the Final Distribution can only be made after PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025 and it is expected that Relevant Investors will receive the Final Distribution five months following the Trading Cessation Date. However, the termination and distribution timeline is subject to the progress of the PRC tax clearance and the actual time of obtaining PRC tax clearance is uncertain. In the event that PRC tax clearance is not obtained after five months following the Trading Cessation Date, the payment of Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, may be further delayed.

**“Liquidity risk”** — As a closed-ended fund, there is no direct creation or redemption of units, and trading prices are determined by market demand and supply. The absence of a market maker means that liquidity on the SEHK is influenced by secondary market dynamics beyond the Manager’s control, potentially leading to substantial discounts to the Fund’s Net Asset Value. Trading of Units in the Fund on the SEHK from the date of this Announcement and Notice may become less liquid.

**“Units trading at a substantial discount or premium”** — Units in the Fund may trade at a substantial discount or premium compared to their Net Asset Value after this Announcement and Notice. This is because many investors may want to sell their Units after the Plan has been announced but there may not be many investors in the market who are willing to purchase the Units. On the other hand, it is also possible that the Units may trade at a premium and consequently the divergence between the supply of and demand for the Units may be larger than usual. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**“Net Asset Value downward adjustment risk”** — Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be significant drop in value of the securities. In addition, the Net Asset Value of the Fund will be reduced as some of the Fund’s assets will be set aside as the Provision on the date on which this Announcement and Notice is published. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

**“Ceasing to meet investment objectives risk”** — The Manager will aim to realise all securities held by the Fund with effect from the Trading Cessation Date. Thereafter, the Funds’ assets will mainly be in cash. The Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet its investment objectives.

Investor attention is also drawn to the risks disclosed in the Offering Circular and the KFS of the Fund.

## 6.2 Tax implications

**Unitholders should consult their professional advisers on the consequences to them 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. 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.

### (i) *Hong Kong*

- *Profits Tax*

Based on the Manager’s understanding of the law and practice in force at the date of this Announcement and Notice, as the Fund is a collective investment scheme authorised under Section 104 of the SFO, profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution to the extent of distribution of profits and/or capital of the Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Fund are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### (ii) *The PRC*

The Manager, after consultation with the PRC tax advisers, has not made any tax provision with respect to the gross unrealised and realised capital gains derived by the Fund, given that:

- pursuant to “Notice on the temporary exemption of Corporate Income Tax (“CIT”) on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No. 79), QFII/RQFIIs (without a permanent



establishment (“PE”) in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE) are temporarily exempt from CIT on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014; and

- pursuant to “Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) and the “Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127), CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Fund) on the trading of A-Shares through the Stock Connect.

(the above notices are collectively referred to as “Caishui Notices”)

Investors’ attention is drawn to the section headed “Taxation and Regulatory Requirements” in the Offering Circular and section 2.2(ii) above headed “Final Distribution” for information about the PRC tax obligations of the Fund.

The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The final tax amount is subject to the assessment of the relevant PRC tax authorities, so there may be under-provision as currently made by the Fund. The final amount of PRC tax payable will only be determined upon PRC tax clearance.

Investors should note that the termination, deauthorisation and delisting of the Fund are subject to PRC tax clearance. Investors should consult their professional tax advisers for tax advice.

### 6.3 Connected party transaction

Other than disclosed below, no other Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Fund, nor hold any interest in the Fund.

Please also refer to the 2024 annual report of the Fund for disclosures of connected party transaction.

As at 29 November 2024, the following fellow subsidiaries and/or associated companies of the Manager, each a Connected Person of the Manager being entities within the same group (i.e. entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) as the Manager, that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

Name of Entity	Units	Approx.%
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.057%
HSBC International Trustee Limited	22,806	0.101%

Each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it:

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units; and
- has not entered into any outstanding derivative in respect of the Units.

The entities mentioned above may decide to dispose of all or part of their Units, by selling the Units on the SEHK after being informed of the Plan via this Announcement and Notice. Any disposal of Units by the above entities, which is beyond the control of the Manager, may reduce the size of the Fund and impair the Manager's ability to fulfill the investment objectives of the Fund.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set:

- the Trust Deed;
- the audited accounts for the last two financial years for which these have been published and the half-yearly unaudited reports of the Fund; and
- the Offering Circular and the KFS of the Fund.

## 8. ENQUIRIES

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Registrar by calling their enquiry hotline at (852) 2862 8691 during normal business hours (Monday to Friday (excluding public holidays), from 9:00 a.m. to 6:00 p.m.) or contact the Manager in person at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong, or by calling: (852) 2284 1229, or emailing by [hsbc.etf@hsbc.com.hk](mailto:hsbc.etf@hsbc.com.hk), or visiting the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

**HSBC Global Asset Management (Hong Kong) Limited**  
as Manager of the Fund

9 December 2024

*As at the date of this Announcement and Notice, the Board of Directors of the Manager consists of Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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**DEFINITIONS**

In this Announcement and Notice, unless the context otherwise requires, the following terms shall have the following meanings:

CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors
Code	The Code on Unit Trusts and Mutual Funds dated 1 January 2019 issued by the SFC (as amended or replaced from time to time)
Connected Person	Has the meaning as set out in the Code which at the date of this Announcement and Notice means in relation to a company:  (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; 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 that company forms part; or  (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c)
Deauthorisation	The deauthorisation of the Fund and their offering documents by the SFC under section 106 of the SFO
Deauthorisation Date	Expected to be on or around 17 November 2025, being the date on which the Deauthorisation will take place
Delisting	The delisting of the Fund from the SEHK
Delisting Date	Expected to be on or around 17 November 2025, being the date on which the Delisting will take place
Distribution Record Date	By close of business on 17 March 2025, being the date for the purpose of determining the beneficial owners of Units in the Fund who are entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) (which may include any refund of excess of the Provision (if any))
Final Distribution	Has the meaning given to that term in section 2.2 above

Final Distribution Date	Expected to be around 12 August 2025, being the date on which the Final Distribution of the Fund will take place
Further Distribution	Has the meaning given to that term in section 2.2 above
Further Distribution Date	Expected to be around 13 November 2025 (or such other date to be announced), being the date on which the Further Distribution (if any) of the Fund will take place
Fund	HSBC China Dragon Fund
HKSCC	Hong Kong Securities Clearing Company Limited or its successors
Interim Distribution	Has the meaning given to that term in section 2.2 above
Interim Distribution Date	26 March 2025, being the date on which the Interim Distribution of the Fund will take place
KFS	The Product Key Facts in respect to the Fund dated 23 September 2024
Last Trading Day	11 March 2025, being the last day for dealings in the Units on the SEHK
Manager	HSBC Global Asset Management (Hong Kong) Limited or its successors
Net Asset Value	the net asset value of the Fund or, as the context may require, the net asset value of a Unit, calculated pursuant to the Trust Deed
Offering Circular	The Offering Circular of the Fund dated 9 December 2024
Plan	The plan to terminate the Fund, and to voluntarily seek the Deauthorisation and the Delisting
Registrar	Computershare Hong Kong Investor Services Limited or its successors
Relevant Future Announcement	Has the meaning given to that term in section 4.3 above
Relevant Investors	The investors who are still holding Units in the Fund as of the Distribution Record Date
SEHK	The Stock Exchange of Hong Kong Limited or its successors
SFC	The Securities and Futures Commission of Hong Kong or its successors

SFO	The Securities and Futures Ordinance (Cap.571 Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Termination	Termination of the Fund when the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities
Termination Date	Expected to be on or around 14 November 2025, being the date on which the Termination of the Fund will take place
Trading Cessation Date	12 March 2025, being the date on which the dealings in the Units on the SEHK cease
Trust Deed	The trust deed dated 20 June 2007 governing the Fund
Trustee	HSBC Institutional Trust Services (Asia) Limited or its successors
Unitholder	A holder of Units in respect of the Fund
Units	In respect of the Fund, one undivided share in the Fund

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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If you are in any doubt about the contents this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your units in the HSBC China Dragon Fund (the “Fund”), you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (the “SEHK”), Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited (“HKEX”) and the Securities and Futures Commission (the “SFC”), take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

SFC authorisation is not a recommendation or an endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Unless otherwise defined in this Announcement and Notice, terms used in this Announcement and Notice shall have the same meanings ascribed to them under the Offering Circular of the Fund.

## **HSBC CHINA DRAGON FUND**

### **滙豐中國翔龍基金**

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

## **ANNOUNCEMENT AND NOTICE OF THE CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE WITH CERTAIN PROVISIONS OF THE CODE**

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the cessation of trading, Termination, Deauthorisation and Delisting of the Fund, and the waivers from strict compliance of certain provisions of the Code for the period from 12 March 2025 (i.e. the Trading Cessation Date) to the Deauthorisation Date. Upon Deauthorisation of the Fund, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. In particular, investors should note that Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, will be made only after PRC tax clearance, which is expected to be obtained in the third quarter of 2025, and the time gap between the Trading Cessation Date and the Final Distribution Date is expected to be five months. Investors should also note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Fund (see details of the factors in section 1 below), the Manager has resolved to exercise its power under Clause 27.3 of the Trust Deed to terminate the Fund with effect from the Termination Date (as defined below);
- the Last Trading Day of the Units in the Fund will be 11 March 2025, i.e. the last day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place;
- the Units of the Fund will cease trading as from 12 March 2025 (the “Trading Cessation Date”); that means, no further buying or selling Units on the SEHK from the Trading Cessation Date onwards;
- immediately after this Announcement and Notice has been published, a certain portion of the assets of the Fund will be set aside as the Provision to discharge any Future Costs. As a result, the Net Asset Value and Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024;
- the Manager will aim to realise all of the assets of the Fund upon consultation with the Trustee, the Fund’s Auditors and the QFI Custodian with effect from the Trading Cessation Date. From the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund will no longer be marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner;
- with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for and has been granted a waiver from strict compliance with certain provisions of the Code on Unit Trusts and Mutual Funds (the “Code”) for the period from the Trading Cessation Date to the Deauthorisation Date: (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) Chapters 6.1 and 11.1B (with regard to updating the Offering Circular and the KFS), and (iii) Chapters 8.11(a) and (f) (with regard to listing, trading and disclosure requirements related to closed-ended funds), the details and the conditions on which such waiver is granted are as described in section 4 below;

- the Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations;
- the Manager will, after having consulted with the Trustee, the Fund’s Auditors and QFI Custodian, declare an Interim Distribution (please refer to section 2.2 below for further information) to the investors who remain so as at 17 March 2025, i.e. the Distribution Record Date. The Interim Distribution will be payable on 26 March 2025 (the “Interim Distribution Date”);
- the Interim Distribution will be calculated based on the available sales proceeds primarily derived from the liquidation of offshore investments, after deducting applicable fees, expenses, and their accruals (please refer to section 2.2 below for further information). The Interim Distribution will be proportionate to each Relevant Investor’s interest in the Fund as of the Distribution Record Date;
- for Final Distribution, (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, its QFI’s Auditor and its QFI’s tax agent, issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date, which is expected to be payable around 12 August 2025 (the “Final Distribution Date”). If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of PRC tax clearance and the updated Final Distribution Date;
- the amount of Final Distribution will equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) less any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments;
- the Manager currently does not expect there will be any Further Distribution after the Final Distribution. If there is any Further Distribution (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, issue an announcement to confirm the amount of Further Distribution at least 7 business days prior to the Further Distribution Date. Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other dates to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution;
- by the date the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the Termination of the Fund, which is expected to be on or around 14 November 2025 (such date being the “Termination Date”);
- Investors should note the Termination, Deauthorisation and Delisting of the Fund are subject to PRC tax clearance;
- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Fund’s SFC authorisation status and the Fund’s SEHK listing status, and, subject to the SEHK’s approval, expects the Delisting to take effect at or around the same time as the Deauthorisation (subject to SFC’s approval);



- the Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively; and
- investors should pay attention to the risk factors as set out in section 6.1 below (including liquidity risk, Units trading at a discount or premium and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, and delay in distribution risk). Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

**Stockbrokers and financial intermediaries are urged to:**

- forward a copy of this Announcement and Notice to their clients holding Units in the Fund, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units in the Fund on or before the Last Trading Day;
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units; and
- inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

**If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (for details, please refer to section 8 below). Any product documents of the Fund should be retained by the investors for personal use only and not for public circulation.**

As at 17 September 2024, the aggregate Net Asset Value of all the Units outstanding in the Fund is less than HK\$400,000,000. The Manager therefore announces that it has resolved to exercise its power in seeking the Termination. The Deauthorisation and Delisting will take place following the termination of the Fund. The Termination, Deauthorisation and Delisting of the Fund (the “**Plan**”) will be subject to the final approval of the SFC and the SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets.

Before the Termination, Deauthorisation and Delisting, the Units of the Fund will cease trading on the SEHK as from 12 March 2025, the Trading Cessation Date. Accordingly, the last day on which the Units of the Fund can be traded on SEHK will be 11 March 2025, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. For the avoidance of doubt, investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date.

The Manager by this Announcement and Notice notifies the investors of the Termination of the Fund. As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is

hereby given to investors, notifying them that the Fund will cease trading from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025.

## **1. TERMINATION OF THE FUND, CESSATION OF TRADING AND LIQUIDATION OF ASSETS**

### **1.1 Termination of the Fund**

According to Clause 27.3 of the Trust Deed, the Fund may be terminated by the Manager in its absolute discretion and the Trustee shall accept the Managers decision, if the aggregate Net Asset Value of all the Units in the Fund outstanding shall be less than HK\$400,000,000. The Trust Deed does not require investors' approval for terminating the Fund on the ground set out in Clause 27.3.

The Net Asset Value and the Net Asset Value per Unit of the Fund as at 4 December 2024 is as follows:

	<b>Net Asset Value</b>	<b>Net Asset Value per Unit</b>
HSBC China Dragon Fund	HK\$381.0598 million	HK\$16.92

Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value and the relatively low trading volume of the Fund, the Manager is of the view that the Termination of the Fund would be in the best interests of the investors in the Fund. Therefore, the Manager has decided to exercise its power under Clause 27.3 to terminate the Fund which Termination shall be completed after the Interim Distribution and Final Distribution (and any Further Distribution, if applicable) on the date on which the Trustee and the Manager form an opinion that the Fund cease to have any contingent or actual assets or liabilities. The Trustee has been notified of the proposed Termination and no objection has been received from the Trustee.

As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is hereby given to investors, notifying them that the Fund will cease trading, from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025. No approval from Unitholders is required.

### **1.2 The cessation of trading**

The Manager will apply to SEHK to have the Units of the Fund cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 12 March 2025. The Manager will aim to realise all of the assets of all the Fund effective from 12 March 2025 in exercise of its investment powers under Clause 12 of the Trust Deed. The realisation of assets of the Fund will not incur any additional cost as compared to the costs associated with a normal realisation of investments.

The Manager will then proceed with the Interim Distribution and Final Distribution as soon as practicable (see details in section 2.2 below). As such, 11 March 2025 will be the Last Trading Day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place.

### **1.3 Impact on the realisation of the assets**

After the realisation of the assets of the Fund (as described in section 1.2 above), the Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet their respective investment objectives.

## **2. WHAT WILL HAPPEN ON OR BEFORE THE LAST TRADING DAY AND FROM THE TRADING CESSATION DATE?**

### **2.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the Fund on the SEHK on investors, a SFC transaction levy (at 0.0027% of the price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the price of the Units) and a trading fee (at 0.00565% of the price of the Units) will be payable by the buyer and the seller of the Units. Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

No stamp duty liability will arise in Hong Kong in respect of any sale or purchase of the Units on the SEHK.

The trading of Units of the Fund are subject to certain risks and may be below or above the Net Asset Value per Unit on the HKEX. Please see section 6.1 below.

### **2.2 Distribution**

#### ***(i) Interim Distribution***

The Manager will, after having consulted with the Trustee, the Fund's Auditor and QFI Custodian for the available principle from its QFI Accounts, declare an Interim Distribution in respect of the Relevant Investors. It is expected that the Interim Distribution will be 17% of the total Net Asset Value based on the current portfolio as of 4 December 2024. Such Interim Distribution will be made on 26 March 2025. The Interim Distribution will be calculated based on the available sales proceeds (as at 18 March 2025, being the latest practicable date of the Interim Distribution announcement) primarily derived from the liquidation of offshore

investments (including stocks on the SEHK, American Depositary Receipts, Global Depositary Receipts, and Exchange-Traded Funds), which will commence on the Trading Cessation Date, after deducting applicable fees, expenses, and their accruals (include but not limited to those payable to the Trustee, Qualified Foreign Investor Custodian, Sub-Custodian, auditor, Qualified Foreign Investor auditor, Qualified Foreign Investor tax advisor, the Manager, legal counsel, the Registrar, and other operational expenses of the Fund). The Manager expects to receive the sale proceeds from offshore investments no later than the fourth business day following the Trading Cessation Date.

The Interim Distribution will be proportionate to each Relevant Investor's interest in the Fund as of the Distribution Record Date. The distribution amount under the Interim Distribution depends on the liquidation of offshore investments (prior to the latest practicable date of the Interim Distribution announcement) and cash reserves post-expense deductions.

The publication of Interim Distribution announcement on the Fund's and HKEX's website disclosing the amount of Interim Distribution and the date of payment will be made on 19 March 2025. The Interim Distribution payable to each Relevant Investor is expected to be paid on 26 March 2025 to accounts of its financial intermediary or stockbroker maintained with CCASS and the Registrar at the Distribution Record Date.

***(ii) Final Distribution***

The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. Upon obtaining PRC tax clearance and after having consulted with the Fund's Auditor, its QFI's Auditor, its QFI's tax agent and the Trustee, the Manager will declare a Final Distribution in respect of the Relevant Investors 7 days before the Final Distribution Date and such Final Distribution will be paid to the Relevant Investors on or around 12 August 2025. It is expected that the Final Distribution will be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024. As advised by the QFI Custodian, according to Article 15 of the "Administrative measures on foreign institutional investors' funds for investing in domestic securities and futures" (Circular PBOC & SAFE Announcement [2024] No.7), in the liquidation of the QFI account, PRC tax clearance must be obtained before the sales proceeds from onshore investments may be repatriated. As a matter of best practice, it is the Manager's decision to adopt the approach to distribute the sale proceeds from onshore investments in the Final Distribution only after obtaining PRC tax clearance. The Manager is of the view that it is in the best interests of the Fund's investors and will not materially prejudice the Relevant Investor's interests. The Manager expects to realise the Fund's onshore investments on the Trading Cessation Date. The Manager expects to receive the sale proceeds from onshore investments five months following the Trading Cessation Date and the realisation of the investments. If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of tax clearance and the updated Final Distribution Date. Each Relevant Investor

will be entitled to a Final Distribution of an amount equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments (e.g. any gain/loss on the foreign exchanges, any interest earned at the Fund level, any outstanding receivables including but not limited to cash dividends, surplus of the Provision) in proportion to the Relevant Investor's interests in the Fund as at the Distribution Record Date.

The Final Distribution payable to each Relevant Investor is expected to be paid around 12 August 2025, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The publication of Final Distribution announcement on the Fund's and HKEX's website disclosing the amount of Final Distribution and the date of payment of the Final Distribution will be made at least 7 business days prior to the Final Distribution Date.

***(iii) Further Distribution***

The Manager currently does not expect that there will be any further distribution after the Final Distribution. Further Distribution is conditional and will only be payable if there is any refund further to the Final Distribution (as a result of any unexpected refund or fee adjustments further to the Final Distribution) and any receivables (for example, cash credit interests received after the Final Distribution). In the event if there is Further Distribution, the Manager will, after having consulted with the Trustee, and the Fund's Auditors, issue an announcement to confirm the amount of Further Distribution and the date of payment of Further Distribution on the Fund's and HKEX's website at least 7 business days prior to the day of the Further Distribution Date and such Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other date to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution.

**IMPORTANT NOTE: Investors should note and consider the risk factors as set out in section 6.1 below and consult with their professional and financial advisers before disposing of any Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Interim Distribution, Final Distribution or Further Distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

**2.3 Immediately from the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units will cease trading on the SEHK, that is, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day which is 11 March 2025 and will not be allowed to do so from the Trading Cessation Date onwards.

## 2.4 During the period from the Trading Cessation Date until the Termination Date

Following the realisation of the assets and the Interim Distribution, Final Distribution and Further Distribution (if any), the Termination Date (which is expected to be on or around 14 November 2025) which is the date on which the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the Termination of the Fund.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Fund will continue to have listing status on the SEHK and the Fund will remain authorized by the SFC, the Fund will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Fund will have no investment activities apart from the realization/liquidation of the remaining assets and other spot or future trades relevant to the foreign exchange activities after the Trading Cessation Date onwards.

The Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively. The Manager expects, subject to the SEHK's approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The Termination, Deauthorisation and Delisting will be subject to the payment of all outstanding fees and expenses (for details, please refer to section 5 below), the discharge of all outstanding liabilities of the Fund, as well as the final approvals of the SFC and the SEHK.

Following Deauthorisation, the Fund will no longer be (i) subject to regulation by the SFC; and (ii) available for public distribution in Hong Kong. Further, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

## 2.5 Important dates

Subject to the SFC's and the SEHK's respective approvals for the arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Fund will be as follows:

Dispatch of this Announcement and Notice and the setting aside of the Provision	After market close on 9 December 2024
Weekly reminder announcements regarding the Last Trading Day, Trading Cessation Date and the Distribution Record Date	From 9 December 2024 to 10 March 2025
Last day for dealings in the Units on the SEHK (the " <b>Last Trading Day</b> ")	11 March 2025

Dealings in the Units on the SEHK cease (the “ <b>Trading Cessation Date</b> ”), i.e. same date on which the Manager will start to realise all the assets of the Funds and the Fund shall no longer be marketed or offered to the public in Hong Kong	12 March 2025
The date as at which an investor needs to be recorded by the HKSCC Nominees Limited as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS (the “ <b>Distribution Record Date</b> ”) to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any)	By close of business on 17 March 2025
The publication of Interim Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Interim Distribution and the date of payment	19 March 2025
Interim Distribution (after the Manager having consulted with the Trustee, the Fund’s Auditors and QFI Custodian for the available principle from its QFI Accounts) will be paid to the Relevant Investors (the “ <b>Interim Distribution Date</b> ”)	26 March 2025
The publication of Final Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Final Distribution and the date of payment upon the receipt of PRC tax clearance	Expected to be on or around 1 August 2025 (at least 7 business days prior to the Final Distribution Date upon the receipt of PRC tax clearance)
(i) Final Distribution (after the Manager having consulted with the Fund’s Auditor, its QFI’s Auditor, its QFI’s tax agent and the Trustee) will be paid to the Relevant Investors (the “ <b>Final Distribution Date</b> ”), or	Expected to be on or around 12 August 2025
(ii) in the event PRC tax clearance is not obtained by 12 August 2025, the publication of an announcement disclosing the estimated time of PRC tax clearance and updated Final Distribution Date	
In the event if there is Further Distribution, the publication of Further Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Further Distribution (if any) and the date of payment	Expected to be on or around 4 November 2025 (at least 7 business days prior to the Further Distribution Date)

For the avoidance of doubt, no announcement will be issued if there is no Further Distribution

Further Distribution (if any) will be paid to the Relevant Investors (the “**Further Distribution Date**”)

Expected to be around  
13 November 2025

Termination of the Fund (the “**Termination Date**”)

Expected to be on or around 14 November 2025, which is the date on which the Manager and the Trustee form an opinion that the Fund cease to have any contingent or actual assets or liabilities

Deauthorisation (the “**Deauthorisation Date**”) and Delisting (the “**Delisting Date**”) of the Fund

Expected to be on or around 17 November 2025, which is the date on which the SFC and SEHK approve the Deauthorisation and Delisting respectively

The Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date

The Manager will issue the following:

- (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (on 19 March 2025) an announcement to inform Relevant Investors of the Interim Distribution and amounts per Unit and the Interim Distribution Date;
- (at least 7 business days prior to the Final Distribution Date) an announcement to inform Relevant Investors of the Final Distribution amounts per Unit and the Final Distribution Date;
- (on or around 12 August 2025), if PRC tax clearance is not obtained by 12 August 2025, an announcement to inform Relevant Investors of this fact and to provide an estimated time of PRC tax clearance;



- (at least 7 business days prior to the Further Distribution Date, if any) an announcement to inform Relevant Investors of the Further Distribution amounts per Unit and the Further Distribution Date. For the avoidance of doubt, no announcement will be issued if there is no Further Distribution; and
- (on or shortly before the Termination Date) an announcement to inform Relevant Investors of the Termination Date, the dates for the Deauthorisation and Delisting, with regard to the Fund,

in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

### **3. CONSEQUENCES OF THE COMMENCEMENT OF THE CESSATION OF TRADING**

#### **3.1 Continued existence of the Fund**

The Fund will maintain its SFC authorisation status and the Fund will maintain its SEHK listing status, until the Deauthorisation and Delisting.

On the Termination Date the Trustee will complete the termination process and the Manager will proceed with applying to the SFC for Deauthorisation, and to the SEHK to complete the Delisting respectively.

Subject to the SFC's and the SEHK's approval respectively, the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively.

Following Deauthorisation, the Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS in respect of the Fund, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product documentation relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

#### **3.2 Limited operation of the Fund**

During the period from the Trading Cessation Date until the Deauthorisation, the Fund will only be operated in a limited manner as there will not be any trading of Units and the Fund will have no investment activities from the Trading Cessation Date onwards.

## **4. WAIVER**

### **4.1 Background**

As set out in section 2.3 above, while the Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Fund, the Fund remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Fund maintains its SFC authorisation status, and the Fund maintains its SEHK listing status, until the Deauthorisation Date and Delisting Date.

However, from the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund is no longer marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner.

Accordingly, with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section below.

### **4.2 Publishing of the suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the investor notification requirements under Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the Delisting Date, investors may continue to access further announcements in relation to the Fund via the Manager's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> and HKEX's website (these websites have not been reviewed by the SFC) during such period. Announcements will also be accessible via the Manager's website until Deauthorisation Date.

### 4.3 Updating of the Offering Circular and the KFS

Under Chapters 6.1 and 11.1B of the Code, the Offering Circular and the KFS in respect of the Fund must be up-to-date and must be updated to incorporate any relevant changes to the Fund.

In view of the cessation of trading of Units from the Trading Cessation Date, the Manager considers that it is not necessary to update the Offering Circular and the KFS (which by its nature is an offering document) to reflect any future changes to the Offering Circular and the KFS.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code so that the Offering Circular and the KFS need not be updated from the Trading Cessation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Manager shall promptly notify investors of any changes to the Fund or to the Offering Circular and KFS by means of publishing the announcement(s) on the Fund's and HKEX's websites (these websites have not been reviewed by the SFC) (each, a "**Relevant Future Announcement**"); and
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice, together with the Offering Circular, the KFS and any other Relevant Future Announcement(s).

Accordingly, without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager will continue to manage the Fund without updating the Offering Circular and the KFS in respect of the Fund as required under Chapters 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date.

### 4.4 Waiver from Compliance with Chapter 8.11(a) of the Code

Under Chapter 8.11(a) of the Code, the Units of the Fund must be listed and traded on the SEHK. The Manager has reviewed the requirements and given the cessation of trading of the Fund, full compliance with Chapter 8.11(a) for the trading of the Units of the Fund may not be feasible during the period from the Trading Cessation Date to the Deauthorisation Date. As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(a) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

### 4.5 Provision of last closing Net Asset Value

Under Chapters 8.11(f) of the Code, the Manager is required to publish the Fund's last closing Net Asset Value on the Fund's website at such times and in such manner as may be acceptable to the SFC taking into account the nature of the investments of the Fund.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(f) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Net Asset Value as at the Trading Cessation Date, which will be the last Net Asset Value of the Fund, will be published on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC); and
- (B) the Manager shall update the latest available Net Asset Value of the Fund on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) as soon as practicable should there be any change to the Net Asset Value of the Fund, including but not limited to changes arising from (i) the Interim Distribution; (ii) the Final Distribution; (iii) any Further Distribution (if any); (iv) any change in the market value of any scrip dividend receivable by the Fund; and (v) any adjustments including but not limited to transaction costs or taxes relating to the realisation of assets of the Fund.

#### **4.6 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other applicable laws and regulations in respect of the Fund.

### **5. COSTS**

#### **5.1 Trading on the SEHK**

As indicated in section 2.1 above, investors' stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

#### **5.2 Ongoing charges of the Fund**

The ongoing charges of the Fund over a year is 2.18%. The ongoing charges figure is based on ongoing expenses chargeable to the class (including, where applicable and in accordance with SFC requirements, estimated expenses for investing in shares or units of other funds) expressed as a percentage of the class's average Net Asset Value for the 6 months to the end of September 2023 and then extrapolated to 12 months to give an annualized figure. However, the ongoing charges figure above will no longer be applicable from the date of this Announcement and Notice since a Provision (as defined in section 5.3 below), representing the costs and expenses chargeable to the Fund from the date of this Announcement and Notice until the Termination Date, will be set aside.

The Fund does not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

### 5.3 Provision of costs and expenses

On the date on which this Announcement and Notice is published, a certain portion of the assets of the Fund, amounting to HK\$3,000,000, which is approximately 0.7873% of the Net Asset Value of the Fund as at 4 December 2024 will be set aside immediately after this Announcement and Notice to implement the Plan (the “**Provision**”). This Provision is to discharge one-off maintenance costs (if any) and any future ongoing maintenance of the Fund before Termination, legal costs, and Auditors’ fees for Termination, QFI termination audit fees, QFI tax advisor fees, fees and costs incurred by and payable to the Registrar with respect to the Plan, duties, charges and other costs and expenses that the Trustee and the Manager may incur or make, during the period between the date of this Announcement and Notice and including the Termination Date (including if the Termination Date is extended), in connection with or arising out of the ongoing maintenance of the Fund and the implementation of the Termination (“**Future Costs**”). These costs will be borne by the Fund, that is, indirectly by all the Unitholders before the Deauthorisation and Delisting of the Fund. The Manager will continue to charge a management fee and the Trustee will continue to charge a trustee fee up to and including the Trading Cessation Date. No management fee or trustee fee will be charged from the Trading Cessation Date to the Termination Date. The Trustee will also charge other running costs after the Trading Cessation Date as set out in the Provision above. The Provision will include transaction costs incurred with the Registrar, but exclude unexpected taxes, including PRC tax. For avoidance of doubt, the Future Costs do not include transaction costs and any taxes relating to the realisation of assets of the Fund.

Where the Provision is insufficient to cover any Future Costs, any shortfall will be borne by the Manager from its own assets. Conversely, where the Provision, if any, is in excess of the actual amount of the Future Costs, such excess will be refunded to the Relevant Investors as part of the Final Distribution, expected to be payable around 12 August 2025 in proportion to the Relevant Investor’s Units as at the Distribution Record Date and the Manager will issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date.

The Trustee has confirmed that it has no objection to the amount of the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024, as more particularly described below:**

	Before setting aside the Provision		After setting aside the Provision	
	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)
HSBC China Dragon Fund	381,059,755	16.92	378,059,755	16.79

## 6. OTHER MATTERS

### 6.1 Other implications of the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting

In consequence of this Announcement and Notice and the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting, investors should note and consider the following risks:

**“Delay in distribution risk”** — The Manager will aim to realise all of the assets of the Fund and then proceed with the Interim Distribution, Final Distribution (subject to obtaining PRC tax clearance) and Further Distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Fund in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Interim Distribution, Final Distribution or Further Distribution (if any) to the Relevant Investors may be delayed. In addition, investors should note that the Final Distribution can only be made after PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025 and it is expected that Relevant Investors will receive the Final Distribution five months following the Trading Cessation Date. However, the termination and distribution timeline is subject to the progress of the PRC tax clearance and the actual time of obtaining PRC tax clearance is uncertain. In the event that PRC tax clearance is not obtained after five months following the Trading Cessation Date, the payment of Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, may be further delayed.

**“Liquidity risk”** — As a closed-ended fund, there is no direct creation or redemption of units, and trading prices are determined by market demand and supply. The absence of a market maker means that liquidity on the SEHK is influenced by secondary market dynamics beyond the Manager’s control, potentially leading to substantial discounts to the Fund’s Net Asset Value. Trading of Units in the Fund on the SEHK from the date of this Announcement and Notice may become less liquid.

**“Units trading at a substantial discount or premium”** — Units in the Fund may trade at a substantial discount or premium compared to their Net Asset Value after this Announcement and Notice. This is because many investors may want to sell their Units after the Plan has been announced but there may not be many investors in the market who are willing to purchase the Units. On the other hand, it is also possible that the Units may trade at a premium and consequently the divergence between the supply of and demand for the Units may be larger than usual. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**“Net Asset Value downward adjustment risk”** — Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be significant drop in value of the securities. In addition, the Net Asset Value of the Fund will be reduced as some of the Fund’s assets will be set aside as the Provision on the date on which this Announcement and Notice is published. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

**“Ceasing to meet investment objectives risk”** — The Manager will aim to realise all securities held by the Fund with effect from the Trading Cessation Date. Thereafter, the Funds’ assets will mainly be in cash. The Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet its investment objectives.

Investor attention is also drawn to the risks disclosed in the Offering Circular and the KFS of the Fund.

## 6.2 Tax implications

**Unitholders should consult their professional advisers on the consequences to them 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. 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.

### (i) *Hong Kong*

- *Profits Tax*

Based on the Manager’s understanding of the law and practice in force at the date of this Announcement and Notice, as the Fund is a collective investment scheme authorised under Section 104 of the SFO, profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution to the extent of distribution of profits and/or capital of the Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Fund are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### (ii) *The PRC*

The Manager, after consultation with the PRC tax advisers, has not made any tax provision with respect to the gross unrealised and realised capital gains derived by the Fund, given that:

- pursuant to “Notice on the temporary exemption of Corporate Income Tax (“CIT”) on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No. 79), QFII/RQFIIs (without a permanent

establishment (“PE”) in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE) are temporarily exempt from CIT on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014; and

- pursuant to “Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) and the “Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127), CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Fund) on the trading of A-Shares through the Stock Connect.

(the above notices are collectively referred to as “Caishui Notices”)

Investors’ attention is drawn to the section headed “Taxation and Regulatory Requirements” in the Offering Circular and section 2.2(ii) above headed “Final Distribution” for information about the PRC tax obligations of the Fund.

The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The final tax amount is subject to the assessment of the relevant PRC tax authorities, so there may be under-provision as currently made by the Fund. The final amount of PRC tax payable will only be determined upon PRC tax clearance.

Investors should note that the termination, deauthorisation and delisting of the Fund are subject to PRC tax clearance. Investors should consult their professional tax advisers for tax advice.

### 6.3 Connected party transaction

Other than disclosed below, no other Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Fund, nor hold any interest in the Fund.

Please also refer to the 2024 annual report of the Fund for disclosures of connected party transaction.

As at 29 November 2024, the following fellow subsidiaries and/or associated companies of the Manager, each a Connected Person of the Manager being entities within the same group (i.e. entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) as the Manager, that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

Name of Entity	Units	Approx.%
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.057%
HSBC International Trustee Limited	22,806	0.101%



Each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it:

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units; and
- has not entered into any outstanding derivative in respect of the Units.

The entities mentioned above may decide to dispose of all or part of their Units, by selling the Units on the SEHK after being informed of the Plan via this Announcement and Notice. Any disposal of Units by the above entities, which is beyond the control of the Manager, may reduce the size of the Fund and impair the Manager's ability to fulfill the investment objectives of the Fund.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set:

- the Trust Deed;
- the audited accounts for the last two financial years for which these have been published and the half-yearly unaudited reports of the Fund; and
- the Offering Circular and the KFS of the Fund.

## 8. ENQUIRIES

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Registrar by calling their enquiry hotline at (852) 2862 8691 during normal business hours (Monday to Friday (excluding public holidays), from 9:00 a.m. to 6:00 p.m.) or contact the Manager in person at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong, or by calling: (852) 2284 1229, or emailing by [hsbc.etf@hsbc.com.hk](mailto:hsbc.etf@hsbc.com.hk), or visiting the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

**HSBC Global Asset Management (Hong Kong) Limited**  
as Manager of the Fund

9 December 2024

*As at the date of this Announcement and Notice, the Board of Directors of the Manager consists of Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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**DEFINITIONS**

In this Announcement and Notice, unless the context otherwise requires, the following terms shall have the following meanings:

CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors
Code	The Code on Unit Trusts and Mutual Funds dated 1 January 2019 issued by the SFC (as amended or replaced from time to time)
Connected Person	Has the meaning as set out in the Code which at the date of this Announcement and Notice means in relation to a company:  (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; 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 that company forms part; or  (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c)
Deauthorisation	The deauthorisation of the Fund and their offering documents by the SFC under section 106 of the SFO
Deauthorisation Date	Expected to be on or around 17 November 2025, being the date on which the Deauthorisation will take place
Delisting	The delisting of the Fund from the SEHK
Delisting Date	Expected to be on or around 17 November 2025, being the date on which the Delisting will take place
Distribution Record Date	By close of business on 17 March 2025, being the date for the purpose of determining the beneficial owners of Units in the Fund who are entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) (which may include any refund of excess of the Provision (if any))
Final Distribution	Has the meaning given to that term in section 2.2 above

Final Distribution Date	Expected to be around 12 August 2025, being the date on which the Final Distribution of the Fund will take place
Further Distribution	Has the meaning given to that term in section 2.2 above
Further Distribution Date	Expected to be around 13 November 2025 (or such other date to be announced), being the date on which the Further Distribution (if any) of the Fund will take place
Fund	HSBC China Dragon Fund
HKSCC	Hong Kong Securities Clearing Company Limited or its successors
Interim Distribution	Has the meaning given to that term in section 2.2 above
Interim Distribution Date	26 March 2025, being the date on which the Interim Distribution of the Fund will take place
KFS	The Product Key Facts in respect to the Fund dated 23 September 2024
Last Trading Day	11 March 2025, being the last day for dealings in the Units on the SEHK
Manager	HSBC Global Asset Management (Hong Kong) Limited or its successors
Net Asset Value	the net asset value of the Fund or, as the context may require, the net asset value of a Unit, calculated pursuant to the Trust Deed
Offering Circular	The Offering Circular of the Fund dated 9 December 2024
Plan	The plan to terminate the Fund, and to voluntarily seek the Deauthorisation and the Delisting
Registrar	Computershare Hong Kong Investor Services Limited or its successors
Relevant Future Announcement	Has the meaning given to that term in section 4.3 above
Relevant Investors	The investors who are still holding Units in the Fund as of the Distribution Record Date
SEHK	The Stock Exchange of Hong Kong Limited or its successors
SFC	The Securities and Futures Commission of Hong Kong or its successors

SFO	The Securities and Futures Ordinance (Cap.571 Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Termination	Termination of the Fund when the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities
Termination Date	Expected to be on or around 14 November 2025, being the date on which the Termination of the Fund will take place
Trading Cessation Date	12 March 2025, being the date on which the dealings in the Units on the SEHK cease
Trust Deed	The trust deed dated 20 June 2007 governing the Fund
Trustee	HSBC Institutional Trust Services (Asia) Limited or its successors
Unitholder	A holder of Units in respect of the Fund
Units	In respect of the Fund, one undivided share in the Fund

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If you are in any doubt about the contents this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your units in the HSBC China Dragon Fund (the “Fund”), you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (the “SEHK”), Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited (“HKEX”) and the Securities and Futures Commission (the “SFC”), take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

SFC authorisation is not a recommendation or an endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Unless otherwise defined in this Announcement and Notice, terms used in this Announcement and Notice shall have the same meanings ascribed to them under the Offering Circular of the Fund.

## **HSBC CHINA DRAGON FUND**

### **滙豐中國翔龍基金**

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

## **ANNOUNCEMENT AND NOTICE OF THE CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE WITH CERTAIN PROVISIONS OF THE CODE**

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the cessation of trading, Termination, Deauthorisation and Delisting of the Fund, and the waivers from strict compliance of certain provisions of the Code for the period from 12 March 2025 (i.e. the Trading Cessation Date) to the Deauthorisation Date. Upon Deauthorisation of the Fund, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. In particular, investors should note that Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, will be made only after PRC tax clearance, which is expected to be obtained in the third quarter of 2025, and the time gap between the Trading Cessation Date and the Final Distribution Date is expected to be five months. Investors should also note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Fund (see details of the factors in section 1 below), the Manager has resolved to exercise its power under Clause 27.3 of the Trust Deed to terminate the Fund with effect from the Termination Date (as defined below);
- the Last Trading Day of the Units in the Fund will be 11 March 2025, i.e. the last day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place;
- the Units of the Fund will cease trading as from 12 March 2025 (the “Trading Cessation Date”); that means, no further buying or selling Units on the SEHK from the Trading Cessation Date onwards;
- immediately after this Announcement and Notice has been published, a certain portion of the assets of the Fund will be set aside as the Provision to discharge any Future Costs. As a result, the Net Asset Value and Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024;
- the Manager will aim to realise all of the assets of the Fund upon consultation with the Trustee, the Fund’s Auditors and the QFI Custodian with effect from the Trading Cessation Date. From the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund will no longer be marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner;
- with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for and has been granted a waiver from strict compliance with certain provisions of the Code on Unit Trusts and Mutual Funds (the “Code”) for the period from the Trading Cessation Date to the Deauthorisation Date: (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) Chapters 6.1 and 11.1B (with regard to updating the Offering Circular and the KFS), and (iii) Chapters 8.11(a) and (f) (with regard to listing, trading and disclosure requirements related to closed-ended funds), the details and the conditions on which such waiver is granted are as described in section 4 below;

- the Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations;
- the Manager will, after having consulted with the Trustee, the Fund’s Auditors and QFI Custodian, declare an Interim Distribution (please refer to section 2.2 below for further information) to the investors who remain so as at 17 March 2025, i.e. the Distribution Record Date. The Interim Distribution will be payable on 26 March 2025 (the “Interim Distribution Date”);
- the Interim Distribution will be calculated based on the available sales proceeds primarily derived from the liquidation of offshore investments, after deducting applicable fees, expenses, and their accruals (please refer to section 2.2 below for further information). The Interim Distribution will be proportionate to each Relevant Investor’s interest in the Fund as of the Distribution Record Date;
- for Final Distribution, (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, its QFI’s Auditor and its QFI’s tax agent, issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date, which is expected to be payable around 12 August 2025 (the “Final Distribution Date”). If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of PRC tax clearance and the updated Final Distribution Date;
- the amount of Final Distribution will equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) less any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments;
- the Manager currently does not expect there will be any Further Distribution after the Final Distribution. If there is any Further Distribution (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, issue an announcement to confirm the amount of Further Distribution at least 7 business days prior to the Further Distribution Date. Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other dates to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution;
- by the date the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the Termination of the Fund, which is expected to be on or around 14 November 2025 (such date being the “Termination Date”);
- Investors should note the Termination, Deauthorisation and Delisting of the Fund are subject to PRC tax clearance;
- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Fund’s SFC authorisation status and the Fund’s SEHK listing status, and, subject to the SEHK’s approval, expects the Delisting to take effect at or around the same time as the Deauthorisation (subject to SFC’s approval);

- the Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively; and
- investors should pay attention to the risk factors as set out in section 6.1 below (including liquidity risk, Units trading at a discount or premium and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, and delay in distribution risk). Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

**Stockbrokers and financial intermediaries are urged to:**

- forward a copy of this Announcement and Notice to their clients holding Units in the Fund, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units in the Fund on or before the Last Trading Day;
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units; and
- inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

**If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (for details, please refer to section 8 below). Any product documents of the Fund should be retained by the investors for personal use only and not for public circulation.**

As at 17 September 2024, the aggregate Net Asset Value of all the Units outstanding in the Fund is less than HK\$400,000,000. The Manager therefore announces that it has resolved to exercise its power in seeking the Termination. The Deauthorisation and Delisting will take place following the termination of the Fund. The Termination, Deauthorisation and Delisting of the Fund (the “**Plan**”) will be subject to the final approval of the SFC and the SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets.

Before the Termination, Deauthorisation and Delisting, the Units of the Fund will cease trading on the SEHK as from 12 March 2025, the Trading Cessation Date. Accordingly, the last day on which the Units of the Fund can be traded on SEHK will be 11 March 2025, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. For the avoidance of doubt, investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date.

The Manager by this Announcement and Notice notifies the investors of the Termination of the Fund. As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is



hereby given to investors, notifying them that the Fund will cease trading from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025.

## **1. TERMINATION OF THE FUND, CESSATION OF TRADING AND LIQUIDATION OF ASSETS**

### **1.1 Termination of the Fund**

According to Clause 27.3 of the Trust Deed, the Fund may be terminated by the Manager in its absolute discretion and the Trustee shall accept the Managers decision, if the aggregate Net Asset Value of all the Units in the Fund outstanding shall be less than HK\$400,000,000. The Trust Deed does not require investors' approval for terminating the Fund on the ground set out in Clause 27.3.

The Net Asset Value and the Net Asset Value per Unit of the Fund as at 4 December 2024 is as follows:

	<b>Net Asset Value</b>	<b>Net Asset Value per Unit</b>
HSBC China Dragon Fund	HK\$381.0598 million	HK\$16.92

Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value and the relatively low trading volume of the Fund, the Manager is of the view that the Termination of the Fund would be in the best interests of the investors in the Fund. Therefore, the Manager has decided to exercise its power under Clause 27.3 to terminate the Fund which Termination shall be completed after the Interim Distribution and Final Distribution (and any Further Distribution, if applicable) on the date on which the Trustee and the Manager form an opinion that the Fund cease to have any contingent or actual assets or liabilities. The Trustee has been notified of the proposed Termination and no objection has been received from the Trustee.

As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is hereby given to investors, notifying them that the Fund will cease trading, from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025. No approval from Unitholders is required.

### **1.2 The cessation of trading**

The Manager will apply to SEHK to have the Units of the Fund cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 12 March 2025. The Manager will aim to realise all of the assets of all the Fund effective from 12 March 2025 in exercise of its investment powers under Clause 12 of the Trust Deed. The realisation of assets of the Fund will not incur any additional cost as compared to the costs associated with a normal realisation of investments.

The Manager will then proceed with the Interim Distribution and Final Distribution as soon as practicable (see details in section 2.2 below). As such, 11 March 2025 will be the Last Trading Day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place.

### **1.3 Impact on the realisation of the assets**

After the realisation of the assets of the Fund (as described in section 1.2 above), the Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet their respective investment objectives.

## **2. WHAT WILL HAPPEN ON OR BEFORE THE LAST TRADING DAY AND FROM THE TRADING CESSATION DATE?**

### **2.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the Fund on the SEHK on investors, a SFC transaction levy (at 0.0027% of the price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the price of the Units) and a trading fee (at 0.00565% of the price of the Units) will be payable by the buyer and the seller of the Units. Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

No stamp duty liability will arise in Hong Kong in respect of any sale or purchase of the Units on the SEHK.

The trading of Units of the Fund are subject to certain risks and may be below or above the Net Asset Value per Unit on the HKEX. Please see section 6.1 below.

### **2.2 Distribution**

#### ***(i) Interim Distribution***

The Manager will, after having consulted with the Trustee, the Fund's Auditor and QFI Custodian for the available principle from its QFI Accounts, declare an Interim Distribution in respect of the Relevant Investors. It is expected that the Interim Distribution will be 17% of the total Net Asset Value based on the current portfolio as of 4 December 2024. Such Interim Distribution will be made on 26 March 2025. The Interim Distribution will be calculated based on the available sales proceeds (as at 18 March 2025, being the latest practicable date of the Interim Distribution announcement) primarily derived from the liquidation of offshore

investments (including stocks on the SEHK, American Depositary Receipts, Global Depositary Receipts, and Exchange-Traded Funds), which will commence on the Trading Cessation Date, after deducting applicable fees, expenses, and their accruals (include but not limited to those payable to the Trustee, Qualified Foreign Investor Custodian, Sub-Custodian, auditor, Qualified Foreign Investor auditor, Qualified Foreign Investor tax advisor, the Manager, legal counsel, the Registrar, and other operational expenses of the Fund). The Manager expects to receive the sale proceeds from offshore investments no later than the fourth business day following the Trading Cessation Date.

The Interim Distribution will be proportionate to each Relevant Investor's interest in the Fund as of the Distribution Record Date. The distribution amount under the Interim Distribution depends on the liquidation of offshore investments (prior to the latest practicable date of the Interim Distribution announcement) and cash reserves post-expense deductions.

The publication of Interim Distribution announcement on the Fund's and HKEX's website disclosing the amount of Interim Distribution and the date of payment will be made on 19 March 2025. The Interim Distribution payable to each Relevant Investor is expected to be paid on 26 March 2025 to accounts of its financial intermediary or stockbroker maintained with CCASS and the Registrar at the Distribution Record Date.

***(ii) Final Distribution***

The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. Upon obtaining PRC tax clearance and after having consulted with the Fund's Auditor, its QFI's Auditor, its QFI's tax agent and the Trustee, the Manager will declare a Final Distribution in respect of the Relevant Investors 7 days before the Final Distribution Date and such Final Distribution will be paid to the Relevant Investors on or around 12 August 2025. It is expected that the Final Distribution will be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024. As advised by the QFI Custodian, according to Article 15 of the "Administrative measures on foreign institutional investors' funds for investing in domestic securities and futures" (Circular PBOC & SAFE Announcement [2024] No.7), in the liquidation of the QFI account, PRC tax clearance must be obtained before the sales proceeds from onshore investments may be repatriated. As a matter of best practice, it is the Manager's decision to adopt the approach to distribute the sale proceeds from onshore investments in the Final Distribution only after obtaining PRC tax clearance. The Manager is of the view that it is in the best interests of the Fund's investors and will not materially prejudice the Relevant Investor's interests. The Manager expects to realise the Fund's onshore investments on the Trading Cessation Date. The Manager expects to receive the sale proceeds from onshore investments five months following the Trading Cessation Date and the realisation of the investments. If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of tax clearance and the updated Final Distribution Date. Each Relevant Investor

will be entitled to a Final Distribution of an amount equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments (e.g. any gain/loss on the foreign exchanges, any interest earned at the Fund level, any outstanding receivables including but not limited to cash dividends, surplus of the Provision) in proportion to the Relevant Investor's interests in the Fund as at the Distribution Record Date.

The Final Distribution payable to each Relevant Investor is expected to be paid around 12 August 2025, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The publication of Final Distribution announcement on the Fund's and HKEX's website disclosing the amount of Final Distribution and the date of payment of the Final Distribution will be made at least 7 business days prior to the Final Distribution Date.

***(iii) Further Distribution***

The Manager currently does not expect that there will be any further distribution after the Final Distribution. Further Distribution is conditional and will only be payable if there is any refund further to the Final Distribution (as a result of any unexpected refund or fee adjustments further to the Final Distribution) and any receivables (for example, cash credit interests received after the Final Distribution). In the event if there is Further Distribution, the Manager will, after having consulted with the Trustee, and the Fund's Auditors, issue an announcement to confirm the amount of Further Distribution and the date of payment of Further Distribution on the Fund's and HKEX's website at least 7 business days prior to the day of the Further Distribution Date and such Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other date to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution.

**IMPORTANT NOTE: Investors should note and consider the risk factors as set out in section 6.1 below and consult with their professional and financial advisers before disposing of any Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Interim Distribution, Final Distribution or Further Distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

**2.3 Immediately from the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units will cease trading on the SEHK, that is, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day which is 11 March 2025 and will not be allowed to do so from the Trading Cessation Date onwards.

## 2.4 During the period from the Trading Cessation Date until the Termination Date

Following the realisation of the assets and the Interim Distribution, Final Distribution and Further Distribution (if any), the Termination Date (which is expected to be on or around 14 November 2025) which is the date on which the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the Termination of the Fund.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Fund will continue to have listing status on the SEHK and the Fund will remain authorized by the SFC, the Fund will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Fund will have no investment activities apart from the realization/liquidation of the remaining assets and other spot or future trades relevant to the foreign exchange activities after the Trading Cessation Date onwards.

The Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively. The Manager expects, subject to the SEHK's approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The Termination, Deauthorisation and Delisting will be subject to the payment of all outstanding fees and expenses (for details, please refer to section 5 below), the discharge of all outstanding liabilities of the Fund, as well as the final approvals of the SFC and the SEHK.

Following Deauthorisation, the Fund will no longer be (i) subject to regulation by the SFC; and (ii) available for public distribution in Hong Kong. Further, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

## 2.5 Important dates

Subject to the SFC's and the SEHK's respective approvals for the arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Fund will be as follows:

Dispatch of this Announcement and Notice and the setting aside of the Provision	After market close on 9 December 2024
Weekly reminder announcements regarding the Last Trading Day, Trading Cessation Date and the Distribution Record Date	From 9 December 2024 to 10 March 2025
Last day for dealings in the Units on the SEHK (the " <b>Last Trading Day</b> ")	11 March 2025

Dealings in the Units on the SEHK cease (the “ <b>Trading Cessation Date</b> ”), i.e. same date on which the Manager will start to realise all the assets of the Funds and the Fund shall no longer be marketed or offered to the public in Hong Kong	12 March 2025
The date as at which an investor needs to be recorded by the HKSCC Nominees Limited as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS (the “ <b>Distribution Record Date</b> ”) to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any)	By close of business on 17 March 2025
The publication of Interim Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Interim Distribution and the date of payment	19 March 2025
Interim Distribution (after the Manager having consulted with the Trustee, the Fund’s Auditors and QFI Custodian for the available principle from its QFI Accounts) will be paid to the Relevant Investors (the “ <b>Interim Distribution Date</b> ”)	26 March 2025
The publication of Final Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Final Distribution and the date of payment upon the receipt of PRC tax clearance	Expected to be on or around 1 August 2025 (at least 7 business days prior to the Final Distribution Date upon the receipt of PRC tax clearance)
(i) Final Distribution (after the Manager having consulted with the Fund’s Auditor, its QFI’s Auditor, its QFI’s tax agent and the Trustee) will be paid to the Relevant Investors (the “ <b>Final Distribution Date</b> ”), or	Expected to be on or around 12 August 2025
(ii) in the event PRC tax clearance is not obtained by 12 August 2025, the publication of an announcement disclosing the estimated time of PRC tax clearance and updated Final Distribution Date	
In the event if there is Further Distribution, the publication of Further Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Further Distribution (if any) and the date of payment	Expected to be on or around 4 November 2025 (at least 7 business days prior to the Further Distribution Date)

For the avoidance of doubt, no announcement will be issued if there is no Further Distribution

Further Distribution (if any) will be paid to the Relevant Investors (the “**Further Distribution Date**”)

Expected to be around  
13 November 2025

Termination of the Fund (the “**Termination Date**”)

Expected to be on or around 14 November 2025, which is the date on which the Manager and the Trustee form an opinion that the Fund cease to have any contingent or actual assets or liabilities

Deauthorisation (the “**Deauthorisation Date**”) and Delisting (the “**Delisting Date**”) of the Fund

Expected to be on or around 17 November 2025, which is the date on which the SFC and SEHK approve the Deauthorisation and Delisting respectively

The Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date

The Manager will issue the following:

- (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (on 19 March 2025) an announcement to inform Relevant Investors of the Interim Distribution and amounts per Unit and the Interim Distribution Date;
- (at least 7 business days prior to the Final Distribution Date) an announcement to inform Relevant Investors of the Final Distribution amounts per Unit and the Final Distribution Date;
- (on or around 12 August 2025), if PRC tax clearance is not obtained by 12 August 2025, an announcement to inform Relevant Investors of this fact and to provide an estimated time of PRC tax clearance;

- (at least 7 business days prior to the Further Distribution Date, if any) an announcement to inform Relevant Investors of the Further Distribution amounts per Unit and the Further Distribution Date. For the avoidance of doubt, no announcement will be issued if there is no Further Distribution; and
- (on or shortly before the Termination Date) an announcement to inform Relevant Investors of the Termination Date, the dates for the Deauthorisation and Delisting, with regard to the Fund,

in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

### **3. CONSEQUENCES OF THE COMMENCEMENT OF THE CESSATION OF TRADING**

#### **3.1 Continued existence of the Fund**

The Fund will maintain its SFC authorisation status and the Fund will maintain its SEHK listing status, until the Deauthorisation and Delisting.

On the Termination Date the Trustee will complete the termination process and the Manager will proceed with applying to the SFC for Deauthorisation, and to the SEHK to complete the Delisting respectively.

Subject to the SFC's and the SEHK's approval respectively, the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively.

Following Deauthorisation, the Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS in respect of the Fund, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product documentation relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

#### **3.2 Limited operation of the Fund**

During the period from the Trading Cessation Date until the Deauthorisation, the Fund will only be operated in a limited manner as there will not be any trading of Units and the Fund will have no investment activities from the Trading Cessation Date onwards.



## **4. WAIVER**

### **4.1 Background**

As set out in section 2.3 above, while the Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Fund, the Fund remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Fund maintains its SFC authorisation status, and the Fund maintains its SEHK listing status, until the Deauthorisation Date and Delisting Date.

However, from the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund is no longer marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner.

Accordingly, with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section below.

### **4.2 Publishing of the suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the investor notification requirements under Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the Delisting Date, investors may continue to access further announcements in relation to the Fund via the Manager's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> and HKEX's website (these websites have not been reviewed by the SFC) during such period. Announcements will also be accessible via the Manager's website until Deauthorisation Date.

### 4.3 Updating of the Offering Circular and the KFS

Under Chapters 6.1 and 11.1B of the Code, the Offering Circular and the KFS in respect of the Fund must be up-to-date and must be updated to incorporate any relevant changes to the Fund.

In view of the cessation of trading of Units from the Trading Cessation Date, the Manager considers that it is not necessary to update the Offering Circular and the KFS (which by its nature is an offering document) to reflect any future changes to the Offering Circular and the KFS.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code so that the Offering Circular and the KFS need not be updated from the Trading Cessation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Manager shall promptly notify investors of any changes to the Fund or to the Offering Circular and KFS by means of publishing the announcement(s) on the Fund's and HKEX's websites (these websites have not been reviewed by the SFC) (each, a "**Relevant Future Announcement**"); and
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice, together with the Offering Circular, the KFS and any other Relevant Future Announcement(s).

Accordingly, without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager will continue to manage the Fund without updating the Offering Circular and the KFS in respect of the Fund as required under Chapters 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date.

### 4.4 Waiver from Compliance with Chapter 8.11(a) of the Code

Under Chapter 8.11(a) of the Code, the Units of the Fund must be listed and traded on the SEHK. The Manager has reviewed the requirements and given the cessation of trading of the Fund, full compliance with Chapter 8.11(a) for the trading of the Units of the Fund may not be feasible during the period from the Trading Cessation Date to the Deauthorisation Date. As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(a) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

### 4.5 Provision of last closing Net Asset Value

Under Chapters 8.11(f) of the Code, the Manager is required to publish the Fund's last closing Net Asset Value on the Fund's website at such times and in such manner as may be acceptable to the SFC taking into account the nature of the investments of the Fund.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(f) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Net Asset Value as at the Trading Cessation Date, which will be the last Net Asset Value of the Fund, will be published on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC); and
- (B) the Manager shall update the latest available Net Asset Value of the Fund on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) as soon as practicable should there be any change to the Net Asset Value of the Fund, including but not limited to changes arising from (i) the Interim Distribution; (ii) the Final Distribution; (iii) any Further Distribution (if any); (iv) any change in the market value of any scrip dividend receivable by the Fund; and (v) any adjustments including but not limited to transaction costs or taxes relating to the realisation of assets of the Fund.

#### **4.6 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other applicable laws and regulations in respect of the Fund.

### **5. COSTS**

#### **5.1 Trading on the SEHK**

As indicated in section 2.1 above, investors' stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

#### **5.2 Ongoing charges of the Fund**

The ongoing charges of the Fund over a year is 2.18%. The ongoing charges figure is based on ongoing expenses chargeable to the class (including, where applicable and in accordance with SFC requirements, estimated expenses for investing in shares or units of other funds) expressed as a percentage of the class's average Net Asset Value for the 6 months to the end of September 2023 and then extrapolated to 12 months to give an annualized figure. However, the ongoing charges figure above will no longer be applicable from the date of this Announcement and Notice since a Provision (as defined in section 5.3 below), representing the costs and expenses chargeable to the Fund from the date of this Announcement and Notice until the Termination Date, will be set aside.

The Fund does not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

### 5.3 Provision of costs and expenses

On the date on which this Announcement and Notice is published, a certain portion of the assets of the Fund, amounting to HK\$3,000,000, which is approximately 0.7873% of the Net Asset Value of the Fund as at 4 December 2024 will be set aside immediately after this Announcement and Notice to implement the Plan (the “**Provision**”). This Provision is to discharge one-off maintenance costs (if any) and any future ongoing maintenance of the Fund before Termination, legal costs, and Auditors’ fees for Termination, QFI termination audit fees, QFI tax advisor fees, fees and costs incurred by and payable to the Registrar with respect to the Plan, duties, charges and other costs and expenses that the Trustee and the Manager may incur or make, during the period between the date of this Announcement and Notice and including the Termination Date (including if the Termination Date is extended), in connection with or arising out of the ongoing maintenance of the Fund and the implementation of the Termination (“**Future Costs**”). These costs will be borne by the Fund, that is, indirectly by all the Unitholders before the Deauthorisation and Delisting of the Fund. The Manager will continue to charge a management fee and the Trustee will continue to charge a trustee fee up to and including the Trading Cessation Date. No management fee or trustee fee will be charged from the Trading Cessation Date to the Termination Date. The Trustee will also charge other running costs after the Trading Cessation Date as set out in the Provision above. The Provision will include transaction costs incurred with the Registrar, but exclude unexpected taxes, including PRC tax. For avoidance of doubt, the Future Costs do not include transaction costs and any taxes relating to the realisation of assets of the Fund.

Where the Provision is insufficient to cover any Future Costs, any shortfall will be borne by the Manager from its own assets. Conversely, where the Provision, if any, is in excess of the actual amount of the Future Costs, such excess will be refunded to the Relevant Investors as part of the Final Distribution, expected to be payable around 12 August 2025 in proportion to the Relevant Investor’s Units as at the Distribution Record Date and the Manager will issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date.

The Trustee has confirmed that it has no objection to the amount of the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024, as more particularly described below:**

	Before setting aside the Provision		After setting aside the Provision	
	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)
HSBC China Dragon Fund	381,059,755	16.92	378,059,755	16.79

## 6. OTHER MATTERS

### 6.1 Other implications of the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting

In consequence of this Announcement and Notice and the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting, investors should note and consider the following risks:

**“Delay in distribution risk”** — The Manager will aim to realise all of the assets of the Fund and then proceed with the Interim Distribution, Final Distribution (subject to obtaining PRC tax clearance) and Further Distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Fund in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Interim Distribution, Final Distribution or Further Distribution (if any) to the Relevant Investors may be delayed. In addition, investors should note that the Final Distribution can only be made after PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025 and it is expected that Relevant Investors will receive the Final Distribution five months following the Trading Cessation Date. However, the termination and distribution timeline is subject to the progress of the PRC tax clearance and the actual time of obtaining PRC tax clearance is uncertain. In the event that PRC tax clearance is not obtained after five months following the Trading Cessation Date, the payment of Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, may be further delayed.

**“Liquidity risk”** — As a closed-ended fund, there is no direct creation or redemption of units, and trading prices are determined by market demand and supply. The absence of a market maker means that liquidity on the SEHK is influenced by secondary market dynamics beyond the Manager’s control, potentially leading to substantial discounts to the Fund’s Net Asset Value. Trading of Units in the Fund on the SEHK from the date of this Announcement and Notice may become less liquid.

**“Units trading at a substantial discount or premium”** — Units in the Fund may trade at a substantial discount or premium compared to their Net Asset Value after this Announcement and Notice. This is because many investors may want to sell their Units after the Plan has been announced but there may not be many investors in the market who are willing to purchase the Units. On the other hand, it is also possible that the Units may trade at a premium and consequently the divergence between the supply of and demand for the Units may be larger than usual. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**“Net Asset Value downward adjustment risk”** — Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be significant drop in value of the securities. In addition, the Net Asset Value of the Fund will be reduced as some of the Fund’s assets will be set aside as the Provision on the date on which this Announcement and Notice is published. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

**“Ceasing to meet investment objectives risk”** — The Manager will aim to realise all securities held by the Fund with effect from the Trading Cessation Date. Thereafter, the Funds’ assets will mainly be in cash. The Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet its investment objectives.

Investor attention is also drawn to the risks disclosed in the Offering Circular and the KFS of the Fund.

## 6.2 Tax implications

**Unitholders should consult their professional advisers on the consequences to them 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. 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.

### *(i) Hong Kong*

- *Profits Tax*

Based on the Manager’s understanding of the law and practice in force at the date of this Announcement and Notice, as the Fund is a collective investment scheme authorised under Section 104 of the SFO, profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution to the extent of distribution of profits and/or capital of the Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Fund are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### *(ii) The PRC*

The Manager, after consultation with the PRC tax advisers, has not made any tax provision with respect to the gross unrealised and realised capital gains derived by the Fund, given that:

- pursuant to “Notice on the temporary exemption of Corporate Income Tax (“CIT”) on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No. 79), QFII/RQFIIs (without a permanent

establishment (“PE”) in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE) are temporarily exempt from CIT on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014; and

- pursuant to “Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) and the “Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127), CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Fund) on the trading of A-Shares through the Stock Connect.

(the above notices are collectively referred to as “Caishui Notices”)

Investors’ attention is drawn to the section headed “Taxation and Regulatory Requirements” in the Offering Circular and section 2.2(ii) above headed “Final Distribution” for information about the PRC tax obligations of the Fund.

The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The final tax amount is subject to the assessment of the relevant PRC tax authorities, so there may be under-provision as currently made by the Fund. The final amount of PRC tax payable will only be determined upon PRC tax clearance.

Investors should note that the termination, deauthorisation and delisting of the Fund are subject to PRC tax clearance. Investors should consult their professional tax advisers for tax advice.

### 6.3 Connected party transaction

Other than disclosed below, no other Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Fund, nor hold any interest in the Fund.

Please also refer to the 2024 annual report of the Fund for disclosures of connected party transaction.

As at 29 November 2024, the following fellow subsidiaries and/or associated companies of the Manager, each a Connected Person of the Manager being entities within the same group (i.e. entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) as the Manager, that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

Name of Entity	Units	Approx.%
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.057%
HSBC International Trustee Limited	22,806	0.101%

Each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it:

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units; and
- has not entered into any outstanding derivative in respect of the Units.

The entities mentioned above may decide to dispose of all or part of their Units, by selling the Units on the SEHK after being informed of the Plan via this Announcement and Notice. Any disposal of Units by the above entities, which is beyond the control of the Manager, may reduce the size of the Fund and impair the Manager's ability to fulfill the investment objectives of the Fund.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set:

- the Trust Deed;
- the audited accounts for the last two financial years for which these have been published and the half-yearly unaudited reports of the Fund; and
- the Offering Circular and the KFS of the Fund.

## 8. ENQUIRIES

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Registrar by calling their enquiry hotline at (852) 2862 8691 during normal business hours (Monday to Friday (excluding public holidays), from 9:00 a.m. to 6:00 p.m.) or contact the Manager in person at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong, or by calling: (852) 2284 1229, or emailing by [hsbc.etf@hsbc.com.hk](mailto:hsbc.etf@hsbc.com.hk), or visiting the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

**HSBC Global Asset Management (Hong Kong) Limited**  
as Manager of the Fund

9 December 2024

*As at the date of this Announcement and Notice, the Board of Directors of the Manager consists of Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*



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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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**DEFINITIONS**

In this Announcement and Notice, unless the context otherwise requires, the following terms shall have the following meanings:

CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors
Code	The Code on Unit Trusts and Mutual Funds dated 1 January 2019 issued by the SFC (as amended or replaced from time to time)
Connected Person	Has the meaning as set out in the Code which at the date of this Announcement and Notice means in relation to a company:  (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; 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 that company forms part; or  (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c)
Deauthorisation	The deauthorisation of the Fund and their offering documents by the SFC under section 106 of the SFO
Deauthorisation Date	Expected to be on or around 17 November 2025, being the date on which the Deauthorisation will take place
Delisting	The delisting of the Fund from the SEHK
Delisting Date	Expected to be on or around 17 November 2025, being the date on which the Delisting will take place
Distribution Record Date	By close of business on 17 March 2025, being the date for the purpose of determining the beneficial owners of Units in the Fund who are entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) (which may include any refund of excess of the Provision (if any))
Final Distribution	Has the meaning given to that term in section 2.2 above

Final Distribution Date	Expected to be around 12 August 2025, being the date on which the Final Distribution of the Fund will take place
Further Distribution	Has the meaning given to that term in section 2.2 above
Further Distribution Date	Expected to be around 13 November 2025 (or such other date to be announced), being the date on which the Further Distribution (if any) of the Fund will take place
Fund	HSBC China Dragon Fund
HKSCC	Hong Kong Securities Clearing Company Limited or its successors
Interim Distribution	Has the meaning given to that term in section 2.2 above
Interim Distribution Date	26 March 2025, being the date on which the Interim Distribution of the Fund will take place
KFS	The Product Key Facts in respect to the Fund dated 23 September 2024
Last Trading Day	11 March 2025, being the last day for dealings in the Units on the SEHK
Manager	HSBC Global Asset Management (Hong Kong) Limited or its successors
Net Asset Value	the net asset value of the Fund or, as the context may require, the net asset value of a Unit, calculated pursuant to the Trust Deed
Offering Circular	The Offering Circular of the Fund dated 9 December 2024
Plan	The plan to terminate the Fund, and to voluntarily seek the Deauthorisation and the Delisting
Registrar	Computershare Hong Kong Investor Services Limited or its successors
Relevant Future Announcement	Has the meaning given to that term in section 4.3 above
Relevant Investors	The investors who are still holding Units in the Fund as of the Distribution Record Date
SEHK	The Stock Exchange of Hong Kong Limited or its successors
SFC	The Securities and Futures Commission of Hong Kong or its successors

SFO	The Securities and Futures Ordinance (Cap.571 Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Termination	Termination of the Fund when the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities
Termination Date	Expected to be on or around 14 November 2025, being the date on which the Termination of the Fund will take place
Trading Cessation Date	12 March 2025, being the date on which the dealings in the Units on the SEHK cease
Trust Deed	The trust deed dated 20 June 2007 governing the Fund
Trustee	HSBC Institutional Trust Services (Asia) Limited or its successors
Unitholder	A holder of Units in respect of the Fund
Units	In respect of the Fund, one undivided share in the Fund

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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If you are in any doubt about the contents this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your units in the HSBC China Dragon Fund (the “Fund”), you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (the “SEHK”), Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited (“HKEX”) and the Securities and Futures Commission (the “SFC”), take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

SFC authorisation is not a recommendation or an endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Unless otherwise defined in this Announcement and Notice, terms used in this Announcement and Notice shall have the same meanings ascribed to them under the Offering Circular of the Fund.

## **HSBC CHINA DRAGON FUND**

### **滙豐中國翔龍基金**

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

## **ANNOUNCEMENT AND NOTICE OF THE CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE WITH CERTAIN PROVISIONS OF THE CODE**

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the cessation of trading, Termination, Deauthorisation and Delisting of the Fund, and the waivers from strict compliance of certain provisions of the Code for the period from 12 March 2025 (i.e. the Trading Cessation Date) to the Deauthorisation Date. Upon Deauthorisation of the Fund, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. In particular, investors should note that Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, will be made only after PRC tax clearance, which is expected to be obtained in the third quarter of 2025, and the time gap between the Trading Cessation Date and the Final Distribution Date is expected to be five months. Investors should also note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Fund (see details of the factors in section 1 below), the Manager has resolved to exercise its power under Clause 27.3 of the Trust Deed to terminate the Fund with effect from the Termination Date (as defined below);
- the Last Trading Day of the Units in the Fund will be 11 March 2025, i.e. the last day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place;
- the Units of the Fund will cease trading as from 12 March 2025 (the “Trading Cessation Date”); that means, no further buying or selling Units on the SEHK from the Trading Cessation Date onwards;
- immediately after this Announcement and Notice has been published, a certain portion of the assets of the Fund will be set aside as the Provision to discharge any Future Costs. As a result, the Net Asset Value and Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024;
- the Manager will aim to realise all of the assets of the Fund upon consultation with the Trustee, the Fund’s Auditors and the QFI Custodian with effect from the Trading Cessation Date. From the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund will no longer be marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner;
- with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for and has been granted a waiver from strict compliance with certain provisions of the Code on Unit Trusts and Mutual Funds (the “Code”) for the period from the Trading Cessation Date to the Deauthorisation Date: (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) Chapters 6.1 and 11.1B (with regard to updating the Offering Circular and the KFS), and (iii) Chapters 8.11(a) and (f) (with regard to listing, trading and disclosure requirements related to closed-ended funds), the details and the conditions on which such waiver is granted are as described in section 4 below;

- the Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations;
- the Manager will, after having consulted with the Trustee, the Fund’s Auditors and QFI Custodian, declare an Interim Distribution (please refer to section 2.2 below for further information) to the investors who remain so as at 17 March 2025, i.e. the Distribution Record Date. The Interim Distribution will be payable on 26 March 2025 (the “Interim Distribution Date”);
- the Interim Distribution will be calculated based on the available sales proceeds primarily derived from the liquidation of offshore investments, after deducting applicable fees, expenses, and their accruals (please refer to section 2.2 below for further information). The Interim Distribution will be proportionate to each Relevant Investor’s interest in the Fund as of the Distribution Record Date;
- for Final Distribution, (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, its QFI’s Auditor and its QFI’s tax agent, issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date, which is expected to be payable around 12 August 2025 (the “Final Distribution Date”). If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of PRC tax clearance and the updated Final Distribution Date;
- the amount of Final Distribution will equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) less any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments;
- the Manager currently does not expect there will be any Further Distribution after the Final Distribution. If there is any Further Distribution (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, issue an announcement to confirm the amount of Further Distribution at least 7 business days prior to the Further Distribution Date. Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other dates to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution;
- by the date the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the Termination of the Fund, which is expected to be on or around 14 November 2025 (such date being the “Termination Date”);
- Investors should note the Termination, Deauthorisation and Delisting of the Fund are subject to PRC tax clearance;
- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Fund’s SFC authorisation status and the Fund’s SEHK listing status, and, subject to the SEHK’s approval, expects the Delisting to take effect at or around the same time as the Deauthorisation (subject to SFC’s approval);

- the Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively; and
- investors should pay attention to the risk factors as set out in section 6.1 below (including liquidity risk, Units trading at a discount or premium and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, and delay in distribution risk). Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

**Stockbrokers and financial intermediaries are urged to:**

- forward a copy of this Announcement and Notice to their clients holding Units in the Fund, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units in the Fund on or before the Last Trading Day;
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units; and
- inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

**If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (for details, please refer to section 8 below). Any product documents of the Fund should be retained by the investors for personal use only and not for public circulation.**

As at 17 September 2024, the aggregate Net Asset Value of all the Units outstanding in the Fund is less than HK\$400,000,000. The Manager therefore announces that it has resolved to exercise its power in seeking the Termination. The Deauthorisation and Delisting will take place following the termination of the Fund. The Termination, Deauthorisation and Delisting of the Fund (the “**Plan**”) will be subject to the final approval of the SFC and the SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets.

Before the Termination, Deauthorisation and Delisting, the Units of the Fund will cease trading on the SEHK as from 12 March 2025, the Trading Cessation Date. Accordingly, the last day on which the Units of the Fund can be traded on SEHK will be 11 March 2025, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. For the avoidance of doubt, investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date.

The Manager by this Announcement and Notice notifies the investors of the Termination of the Fund. As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is

hereby given to investors, notifying them that the Fund will cease trading from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025.

## **1. TERMINATION OF THE FUND, CESSATION OF TRADING AND LIQUIDATION OF ASSETS**

### **1.1 Termination of the Fund**

According to Clause 27.3 of the Trust Deed, the Fund may be terminated by the Manager in its absolute discretion and the Trustee shall accept the Managers decision, if the aggregate Net Asset Value of all the Units in the Fund outstanding shall be less than HK\$400,000,000. The Trust Deed does not require investors' approval for terminating the Fund on the ground set out in Clause 27.3.

The Net Asset Value and the Net Asset Value per Unit of the Fund as at 4 December 2024 is as follows:

	<b>Net Asset Value</b>	<b>Net Asset Value per Unit</b>
HSBC China Dragon Fund	HK\$381.0598 million	HK\$16.92

Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value and the relatively low trading volume of the Fund, the Manager is of the view that the Termination of the Fund would be in the best interests of the investors in the Fund. Therefore, the Manager has decided to exercise its power under Clause 27.3 to terminate the Fund which Termination shall be completed after the Interim Distribution and Final Distribution (and any Further Distribution, if applicable) on the date on which the Trustee and the Manager form an opinion that the Fund cease to have any contingent or actual assets or liabilities. The Trustee has been notified of the proposed Termination and no objection has been received from the Trustee.

As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is hereby given to investors, notifying them that the Fund will cease trading, from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025. No approval from Unitholders is required.

### **1.2 The cessation of trading**

The Manager will apply to SEHK to have the Units of the Fund cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 12 March 2025. The Manager will aim to realise all of the assets of all the Fund effective from 12 March 2025 in exercise of its investment powers under Clause 12 of the Trust Deed. The realisation of assets of the Fund will not incur any additional cost as compared to the costs associated with a normal realisation of investments.



The Manager will then proceed with the Interim Distribution and Final Distribution as soon as practicable (see details in section 2.2 below). As such, 11 March 2025 will be the Last Trading Day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place.

### **1.3 Impact on the realisation of the assets**

After the realisation of the assets of the Fund (as described in section 1.2 above), the Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet their respective investment objectives.

## **2. WHAT WILL HAPPEN ON OR BEFORE THE LAST TRADING DAY AND FROM THE TRADING CESSATION DATE?**

### **2.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the Fund on the SEHK on investors, a SFC transaction levy (at 0.0027% of the price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the price of the Units) and a trading fee (at 0.00565% of the price of the Units) will be payable by the buyer and the seller of the Units. Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

No stamp duty liability will arise in Hong Kong in respect of any sale or purchase of the Units on the SEHK.

The trading of Units of the Fund are subject to certain risks and may be below or above the Net Asset Value per Unit on the HKEX. Please see section 6.1 below.

### **2.2 Distribution**

#### ***(i) Interim Distribution***

The Manager will, after having consulted with the Trustee, the Fund's Auditor and QFI Custodian for the available principle from its QFI Accounts, declare an Interim Distribution in respect of the Relevant Investors. It is expected that the Interim Distribution will be 17% of the total Net Asset Value based on the current portfolio as of 4 December 2024. Such Interim Distribution will be made on 26 March 2025. The Interim Distribution will be calculated based on the available sales proceeds (as at 18 March 2025, being the latest practicable date of the Interim Distribution announcement) primarily derived from the liquidation of offshore

investments (including stocks on the SEHK, American Depositary Receipts, Global Depositary Receipts, and Exchange-Traded Funds), which will commence on the Trading Cessation Date, after deducting applicable fees, expenses, and their accruals (include but not limited to those payable to the Trustee, Qualified Foreign Investor Custodian, Sub-Custodian, auditor, Qualified Foreign Investor auditor, Qualified Foreign Investor tax advisor, the Manager, legal counsel, the Registrar, and other operational expenses of the Fund). The Manager expects to receive the sale proceeds from offshore investments no later than the fourth business day following the Trading Cessation Date.

The Interim Distribution will be proportionate to each Relevant Investor's interest in the Fund as of the Distribution Record Date. The distribution amount under the Interim Distribution depends on the liquidation of offshore investments (prior to the latest practicable date of the Interim Distribution announcement) and cash reserves post-expense deductions.

The publication of Interim Distribution announcement on the Fund's and HKEX's website disclosing the amount of Interim Distribution and the date of payment will be made on 19 March 2025. The Interim Distribution payable to each Relevant Investor is expected to be paid on 26 March 2025 to accounts of its financial intermediary or stockbroker maintained with CCASS and the Registrar at the Distribution Record Date.

***(ii) Final Distribution***

The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. Upon obtaining PRC tax clearance and after having consulted with the Fund's Auditor, its QFI's Auditor, its QFI's tax agent and the Trustee, the Manager will declare a Final Distribution in respect of the Relevant Investors 7 days before the Final Distribution Date and such Final Distribution will be paid to the Relevant Investors on or around 12 August 2025. It is expected that the Final Distribution will be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024. As advised by the QFI Custodian, according to Article 15 of the "Administrative measures on foreign institutional investors' funds for investing in domestic securities and futures" (Circular PBOC & SAFE Announcement [2024] No.7), in the liquidation of the QFI account, PRC tax clearance must be obtained before the sales proceeds from onshore investments may be repatriated. As a matter of best practice, it is the Manager's decision to adopt the approach to distribute the sale proceeds from onshore investments in the Final Distribution only after obtaining PRC tax clearance. The Manager is of the view that it is in the best interests of the Fund's investors and will not materially prejudice the Relevant Investor's interests. The Manager expects to realise the Fund's onshore investments on the Trading Cessation Date. The Manager expects to receive the sale proceeds from onshore investments five months following the Trading Cessation Date and the realisation of the investments. If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of tax clearance and the updated Final Distribution Date. Each Relevant Investor

will be entitled to a Final Distribution of an amount equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments (e.g. any gain/loss on the foreign exchanges, any interest earned at the Fund level, any outstanding receivables including but not limited to cash dividends, surplus of the Provision) in proportion to the Relevant Investor's interests in the Fund as at the Distribution Record Date.

The Final Distribution payable to each Relevant Investor is expected to be paid around 12 August 2025, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The publication of Final Distribution announcement on the Fund's and HKEX's website disclosing the amount of Final Distribution and the date of payment of the Final Distribution will be made at least 7 business days prior to the Final Distribution Date.

***(iii) Further Distribution***

The Manager currently does not expect that there will be any further distribution after the Final Distribution. Further Distribution is conditional and will only be payable if there is any refund further to the Final Distribution (as a result of any unexpected refund or fee adjustments further to the Final Distribution) and any receivables (for example, cash credit interests received after the Final Distribution). In the event if there is Further Distribution, the Manager will, after having consulted with the Trustee, and the Fund's Auditors, issue an announcement to confirm the amount of Further Distribution and the date of payment of Further Distribution on the Fund's and HKEX's website at least 7 business days prior to the day of the Further Distribution Date and such Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other date to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution.

**IMPORTANT NOTE: Investors should note and consider the risk factors as set out in section 6.1 below and consult with their professional and financial advisers before disposing of any Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Interim Distribution, Final Distribution or Further Distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

**2.3 Immediately from the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units will cease trading on the SEHK, that is, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day which is 11 March 2025 and will not be allowed to do so from the Trading Cessation Date onwards.

## 2.4 During the period from the Trading Cessation Date until the Termination Date

Following the realisation of the assets and the Interim Distribution, Final Distribution and Further Distribution (if any), the Termination Date (which is expected to be on or around 14 November 2025) which is the date on which the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the Termination of the Fund.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Fund will continue to have listing status on the SEHK and the Fund will remain authorized by the SFC, the Fund will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Fund will have no investment activities apart from the realization/liquidation of the remaining assets and other spot or future trades relevant to the foreign exchange activities after the Trading Cessation Date onwards.

The Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively. The Manager expects, subject to the SEHK's approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The Termination, Deauthorisation and Delisting will be subject to the payment of all outstanding fees and expenses (for details, please refer to section 5 below), the discharge of all outstanding liabilities of the Fund, as well as the final approvals of the SFC and the SEHK.

Following Deauthorisation, the Fund will no longer be (i) subject to regulation by the SFC; and (ii) available for public distribution in Hong Kong. Further, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

## 2.5 Important dates

Subject to the SFC's and the SEHK's respective approvals for the arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Fund will be as follows:

Dispatch of this Announcement and Notice and the setting aside of the Provision	After market close on 9 December 2024
Weekly reminder announcements regarding the Last Trading Day, Trading Cessation Date and the Distribution Record Date	From 9 December 2024 to 10 March 2025
Last day for dealings in the Units on the SEHK (the " <b>Last Trading Day</b> ")	11 March 2025

Dealings in the Units on the SEHK cease (the “ <b>Trading Cessation Date</b> ”), i.e. same date on which the Manager will start to realise all the assets of the Funds and the Fund shall no longer be marketed or offered to the public in Hong Kong	12 March 2025
The date as at which an investor needs to be recorded by the HKSCC Nominees Limited as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS (the “ <b>Distribution Record Date</b> ”) to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any)	By close of business on 17 March 2025
The publication of Interim Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Interim Distribution and the date of payment	19 March 2025
Interim Distribution (after the Manager having consulted with the Trustee, the Fund’s Auditors and QFI Custodian for the available principle from its QFI Accounts) will be paid to the Relevant Investors (the “ <b>Interim Distribution Date</b> ”)	26 March 2025
The publication of Final Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Final Distribution and the date of payment upon the receipt of PRC tax clearance	Expected to be on or around 1 August 2025 (at least 7 business days prior to the Final Distribution Date upon the receipt of PRC tax clearance)
(i) Final Distribution (after the Manager having consulted with the Fund’s Auditor, its QFI’s Auditor, its QFI’s tax agent and the Trustee) will be paid to the Relevant Investors (the “ <b>Final Distribution Date</b> ”), or	Expected to be on or around 12 August 2025
(ii) in the event PRC tax clearance is not obtained by 12 August 2025, the publication of an announcement disclosing the estimated time of PRC tax clearance and updated Final Distribution Date	
In the event if there is Further Distribution, the publication of Further Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Further Distribution (if any) and the date of payment	Expected to be on or around 4 November 2025 (at least 7 business days prior to the Further Distribution Date)

For the avoidance of doubt, no announcement will be issued if there is no Further Distribution

Further Distribution (if any) will be paid to the Relevant Investors (the “**Further Distribution Date**”)

Expected to be around  
13 November 2025

Termination of the Fund (the “**Termination Date**”)

Expected to be on or around 14 November 2025, which is the date on which the Manager and the Trustee form an opinion that the Fund cease to have any contingent or actual assets or liabilities

Deauthorisation (the “**Deauthorisation Date**”) and Delisting (the “**Delisting Date**”) of the Fund

Expected to be on or around 17 November 2025, which is the date on which the SFC and SEHK approve the Deauthorisation and Delisting respectively

The Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date

The Manager will issue the following:

- (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (on 19 March 2025) an announcement to inform Relevant Investors of the Interim Distribution and amounts per Unit and the Interim Distribution Date;
- (at least 7 business days prior to the Final Distribution Date) an announcement to inform Relevant Investors of the Final Distribution amounts per Unit and the Final Distribution Date;
- (on or around 12 August 2025), if PRC tax clearance is not obtained by 12 August 2025, an announcement to inform Relevant Investors of this fact and to provide an estimated time of PRC tax clearance;

- (at least 7 business days prior to the Further Distribution Date, if any) an announcement to inform Relevant Investors of the Further Distribution amounts per Unit and the Further Distribution Date. For the avoidance of doubt, no announcement will be issued if there is no Further Distribution; and
- (on or shortly before the Termination Date) an announcement to inform Relevant Investors of the Termination Date, the dates for the Deauthorisation and Delisting, with regard to the Fund,

in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

### **3. CONSEQUENCES OF THE COMMENCEMENT OF THE CESSATION OF TRADING**

#### **3.1 Continued existence of the Fund**

The Fund will maintain its SFC authorisation status and the Fund will maintain its SEHK listing status, until the Deauthorisation and Delisting.

On the Termination Date the Trustee will complete the termination process and the Manager will proceed with applying to the SFC for Deauthorisation, and to the SEHK to complete the Delisting respectively.

Subject to the SFC's and the SEHK's approval respectively, the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively.

Following Deauthorisation, the Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS in respect of the Fund, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product documentation relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

#### **3.2 Limited operation of the Fund**

During the period from the Trading Cessation Date until the Deauthorisation, the Fund will only be operated in a limited manner as there will not be any trading of Units and the Fund will have no investment activities from the Trading Cessation Date onwards.

## **4. WAIVER**

### **4.1 Background**

As set out in section 2.3 above, while the Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Fund, the Fund remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Fund maintains its SFC authorisation status, and the Fund maintains its SEHK listing status, until the Deauthorisation Date and Delisting Date.

However, from the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund is no longer marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner.

Accordingly, with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section below.

### **4.2 Publishing of the suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the investor notification requirements under Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the Delisting Date, investors may continue to access further announcements in relation to the Fund via the Manager's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> and HKEX's website (these websites have not been reviewed by the SFC) during such period. Announcements will also be accessible via the Manager's website until Deauthorisation Date.



### 4.3 Updating of the Offering Circular and the KFS

Under Chapters 6.1 and 11.1B of the Code, the Offering Circular and the KFS in respect of the Fund must be up-to-date and must be updated to incorporate any relevant changes to the Fund.

In view of the cessation of trading of Units from the Trading Cessation Date, the Manager considers that it is not necessary to update the Offering Circular and the KFS (which by its nature is an offering document) to reflect any future changes to the Offering Circular and the KFS.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code so that the Offering Circular and the KFS need not be updated from the Trading Cessation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Manager shall promptly notify investors of any changes to the Fund or to the Offering Circular and KFS by means of publishing the announcement(s) on the Fund's and HKEX's websites (these websites have not been reviewed by the SFC) (each, a "**Relevant Future Announcement**"); and
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice, together with the Offering Circular, the KFS and any other Relevant Future Announcement(s).

Accordingly, without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager will continue to manage the Fund without updating the Offering Circular and the KFS in respect of the Fund as required under Chapters 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date.

### 4.4 Waiver from Compliance with Chapter 8.11(a) of the Code

Under Chapter 8.11(a) of the Code, the Units of the Fund must be listed and traded on the SEHK. The Manager has reviewed the requirements and given the cessation of trading of the Fund, full compliance with Chapter 8.11(a) for the trading of the Units of the Fund may not be feasible during the period from the Trading Cessation Date to the Deauthorisation Date. As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(a) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

### 4.5 Provision of last closing Net Asset Value

Under Chapters 8.11(f) of the Code, the Manager is required to publish the Fund's last closing Net Asset Value on the Fund's website at such times and in such manner as may be acceptable to the SFC taking into account the nature of the investments of the Fund.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(f) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Net Asset Value as at the Trading Cessation Date, which will be the last Net Asset Value of the Fund, will be published on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC); and
- (B) the Manager shall update the latest available Net Asset Value of the Fund on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) as soon as practicable should there be any change to the Net Asset Value of the Fund, including but not limited to changes arising from (i) the Interim Distribution; (ii) the Final Distribution; (iii) any Further Distribution (if any); (iv) any change in the market value of any scrip dividend receivable by the Fund; and (v) any adjustments including but not limited to transaction costs or taxes relating to the realisation of assets of the Fund.

#### **4.6 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other applicable laws and regulations in respect of the Fund.

### **5. COSTS**

#### **5.1 Trading on the SEHK**

As indicated in section 2.1 above, investors' stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

#### **5.2 Ongoing charges of the Fund**

The ongoing charges of the Fund over a year is 2.18%. The ongoing charges figure is based on ongoing expenses chargeable to the class (including, where applicable and in accordance with SFC requirements, estimated expenses for investing in shares or units of other funds) expressed as a percentage of the class's average Net Asset Value for the 6 months to the end of September 2023 and then extrapolated to 12 months to give an annualized figure. However, the ongoing charges figure above will no longer be applicable from the date of this Announcement and Notice since a Provision (as defined in section 5.3 below), representing the costs and expenses chargeable to the Fund from the date of this Announcement and Notice until the Termination Date, will be set aside.

The Fund does not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

### 5.3 Provision of costs and expenses

On the date on which this Announcement and Notice is published, a certain portion of the assets of the Fund, amounting to HK\$3,000,000, which is approximately 0.7873% of the Net Asset Value of the Fund as at 4 December 2024 will be set aside immediately after this Announcement and Notice to implement the Plan (the “**Provision**”). This Provision is to discharge one-off maintenance costs (if any) and any future ongoing maintenance of the Fund before Termination, legal costs, and Auditors’ fees for Termination, QFI termination audit fees, QFI tax advisor fees, fees and costs incurred by and payable to the Registrar with respect to the Plan, duties, charges and other costs and expenses that the Trustee and the Manager may incur or make, during the period between the date of this Announcement and Notice and including the Termination Date (including if the Termination Date is extended), in connection with or arising out of the ongoing maintenance of the Fund and the implementation of the Termination (“**Future Costs**”). These costs will be borne by the Fund, that is, indirectly by all the Unitholders before the Deauthorisation and Delisting of the Fund. The Manager will continue to charge a management fee and the Trustee will continue to charge a trustee fee up to and including the Trading Cessation Date. No management fee or trustee fee will be charged from the Trading Cessation Date to the Termination Date. The Trustee will also charge other running costs after the Trading Cessation Date as set out in the Provision above. The Provision will include transaction costs incurred with the Registrar, but exclude unexpected taxes, including PRC tax. For avoidance of doubt, the Future Costs do not include transaction costs and any taxes relating to the realisation of assets of the Fund.

Where the Provision is insufficient to cover any Future Costs, any shortfall will be borne by the Manager from its own assets. Conversely, where the Provision, if any, is in excess of the actual amount of the Future Costs, such excess will be refunded to the Relevant Investors as part of the Final Distribution, expected to be payable around 12 August 2025 in proportion to the Relevant Investor’s Units as at the Distribution Record Date and the Manager will issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date.

The Trustee has confirmed that it has no objection to the amount of the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024, as more particularly described below:**

	Before setting aside the Provision		After setting aside the Provision	
	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)
HSBC China Dragon Fund	381,059,755	16.92	378,059,755	16.79

## 6. OTHER MATTERS

### 6.1 Other implications of the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting

In consequence of this Announcement and Notice and the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting, investors should note and consider the following risks:

**“Delay in distribution risk”** — The Manager will aim to realise all of the assets of the Fund and then proceed with the Interim Distribution, Final Distribution (subject to obtaining PRC tax clearance) and Further Distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Fund in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Interim Distribution, Final Distribution or Further Distribution (if any) to the Relevant Investors may be delayed. In addition, investors should note that the Final Distribution can only be made after PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025 and it is expected that Relevant Investors will receive the Final Distribution five months following the Trading Cessation Date. However, the termination and distribution timeline is subject to the progress of the PRC tax clearance and the actual time of obtaining PRC tax clearance is uncertain. In the event that PRC tax clearance is not obtained after five months following the Trading Cessation Date, the payment of Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, may be further delayed.

**“Liquidity risk”** — As a closed-ended fund, there is no direct creation or redemption of units, and trading prices are determined by market demand and supply. The absence of a market maker means that liquidity on the SEHK is influenced by secondary market dynamics beyond the Manager’s control, potentially leading to substantial discounts to the Fund’s Net Asset Value. Trading of Units in the Fund on the SEHK from the date of this Announcement and Notice may become less liquid.

**“Units trading at a substantial discount or premium”** — Units in the Fund may trade at a substantial discount or premium compared to their Net Asset Value after this Announcement and Notice. This is because many investors may want to sell their Units after the Plan has been announced but there may not be many investors in the market who are willing to purchase the Units. On the other hand, it is also possible that the Units may trade at a premium and consequently the divergence between the supply of and demand for the Units may be larger than usual. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**“Net Asset Value downward adjustment risk”** — Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be significant drop in value of the securities. In addition, the Net Asset Value of the Fund will be reduced as some of the Fund’s assets will be set aside as the Provision on the date on which this Announcement and Notice is published. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

**“Ceasing to meet investment objectives risk”** — The Manager will aim to realise all securities held by the Fund with effect from the Trading Cessation Date. Thereafter, the Funds’ assets will mainly be in cash. The Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet its investment objectives.

Investor attention is also drawn to the risks disclosed in the Offering Circular and the KFS of the Fund.

## 6.2 Tax implications

**Unitholders should consult their professional advisers on the consequences to them 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. 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.

### *(i) Hong Kong*

- *Profits Tax*

Based on the Manager’s understanding of the law and practice in force at the date of this Announcement and Notice, as the Fund is a collective investment scheme authorised under Section 104 of the SFO, profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution to the extent of distribution of profits and/or capital of the Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Fund are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### *(ii) The PRC*

The Manager, after consultation with the PRC tax advisers, has not made any tax provision with respect to the gross unrealised and realised capital gains derived by the Fund, given that:

- pursuant to “Notice on the temporary exemption of Corporate Income Tax (“CIT”) on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No. 79), QFII/RQFIIs (without a permanent

establishment (“PE”) in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE) are temporarily exempt from CIT on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014; and

- pursuant to “Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) and the “Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127), CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Fund) on the trading of A-Shares through the Stock Connect.

(the above notices are collectively referred to as “Caishui Notices”)

Investors’ attention is drawn to the section headed “Taxation and Regulatory Requirements” in the Offering Circular and section 2.2(ii) above headed “Final Distribution” for information about the PRC tax obligations of the Fund.

The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The final tax amount is subject to the assessment of the relevant PRC tax authorities, so there may be under-provision as currently made by the Fund. The final amount of PRC tax payable will only be determined upon PRC tax clearance.

Investors should note that the termination, deauthorisation and delisting of the Fund are subject to PRC tax clearance. Investors should consult their professional tax advisers for tax advice.

### 6.3 Connected party transaction

Other than disclosed below, no other Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Fund, nor hold any interest in the Fund.

Please also refer to the 2024 annual report of the Fund for disclosures of connected party transaction.

As at 29 November 2024, the following fellow subsidiaries and/or associated companies of the Manager, each a Connected Person of the Manager being entities within the same group (i.e. entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) as the Manager, that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

Name of Entity	Units	Approx.%
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.057%
HSBC International Trustee Limited	22,806	0.101%

Each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it:

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units; and
- has not entered into any outstanding derivative in respect of the Units.

The entities mentioned above may decide to dispose of all or part of their Units, by selling the Units on the SEHK after being informed of the Plan via this Announcement and Notice. Any disposal of Units by the above entities, which is beyond the control of the Manager, may reduce the size of the Fund and impair the Manager's ability to fulfill the investment objectives of the Fund.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set:

- the Trust Deed;
- the audited accounts for the last two financial years for which these have been published and the half-yearly unaudited reports of the Fund; and
- the Offering Circular and the KFS of the Fund.

## 8. ENQUIRIES

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Registrar by calling their enquiry hotline at (852) 2862 8691 during normal business hours (Monday to Friday (excluding public holidays), from 9:00 a.m. to 6:00 p.m.) or contact the Manager in person at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong, or by calling: (852) 2284 1229, or emailing by [hsbc.etf@hsbc.com.hk](mailto:hsbc.etf@hsbc.com.hk), or visiting the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

**HSBC Global Asset Management (Hong Kong) Limited**  
as Manager of the Fund

9 December 2024

*As at the date of this Announcement and Notice, the Board of Directors of the Manager consists of Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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**DEFINITIONS**

In this Announcement and Notice, unless the context otherwise requires, the following terms shall have the following meanings:

CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors
Code	The Code on Unit Trusts and Mutual Funds dated 1 January 2019 issued by the SFC (as amended or replaced from time to time)
Connected Person	Has the meaning as set out in the Code which at the date of this Announcement and Notice means in relation to a company:  (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; 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 that company forms part; or  (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c)
Deauthorisation	The deauthorisation of the Fund and their offering documents by the SFC under section 106 of the SFO
Deauthorisation Date	Expected to be on or around 17 November 2025, being the date on which the Deauthorisation will take place
Delisting	The delisting of the Fund from the SEHK
Delisting Date	Expected to be on or around 17 November 2025, being the date on which the Delisting will take place
Distribution Record Date	By close of business on 17 March 2025, being the date for the purpose of determining the beneficial owners of Units in the Fund who are entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) (which may include any refund of excess of the Provision (if any))
Final Distribution	Has the meaning given to that term in section 2.2 above



Final Distribution Date	Expected to be around 12 August 2025, being the date on which the Final Distribution of the Fund will take place
Further Distribution	Has the meaning given to that term in section 2.2 above
Further Distribution Date	Expected to be around 13 November 2025 (or such other date to be announced), being the date on which the Further Distribution (if any) of the Fund will take place
Fund	HSBC China Dragon Fund
HKSCC	Hong Kong Securities Clearing Company Limited or its successors
Interim Distribution	Has the meaning given to that term in section 2.2 above
Interim Distribution Date	26 March 2025, being the date on which the Interim Distribution of the Fund will take place
KFS	The Product Key Facts in respect to the Fund dated 23 September 2024
Last Trading Day	11 March 2025, being the last day for dealings in the Units on the SEHK
Manager	HSBC Global Asset Management (Hong Kong) Limited or its successors
Net Asset Value	the net asset value of the Fund or, as the context may require, the net asset value of a Unit, calculated pursuant to the Trust Deed
Offering Circular	The Offering Circular of the Fund dated 9 December 2024
Plan	The plan to terminate the Fund, and to voluntarily seek the Deauthorisation and the Delisting
Registrar	Computershare Hong Kong Investor Services Limited or its successors
Relevant Future Announcement	Has the meaning given to that term in section 4.3 above
Relevant Investors	The investors who are still holding Units in the Fund as of the Distribution Record Date
SEHK	The Stock Exchange of Hong Kong Limited or its successors
SFC	The Securities and Futures Commission of Hong Kong or its successors

SFO	The Securities and Futures Ordinance (Cap.571 Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Termination	Termination of the Fund when the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities
Termination Date	Expected to be on or around 14 November 2025, being the date on which the Termination of the Fund will take place
Trading Cessation Date	12 March 2025, being the date on which the dealings in the Units on the SEHK cease
Trust Deed	The trust deed dated 20 June 2007 governing the Fund
Trustee	HSBC Institutional Trust Services (Asia) Limited or its successors
Unitholder	A holder of Units in respect of the Fund
Units	In respect of the Fund, one undivided share in the Fund

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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**If you are in any doubt** about the contents this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

**If you have sold or transferred** all your units in the HSBC China Dragon Fund (the “**Fund**”), you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (the “**SEHK**”), Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited (“**HKEX**”) and the Securities and Futures Commission (the “**SFC**”), take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

SFC authorisation is not a recommendation or an endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Unless otherwise defined in this Announcement and Notice, terms used in this Announcement and Notice shall have the same meanings ascribed to them under the Offering Circular of the Fund.

## **HSBC CHINA DRAGON FUND**

### **滙豐中國翔龍基金**

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

## **ANNOUNCEMENT AND NOTICE OF THE CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE WITH CERTAIN PROVISIONS OF THE CODE**

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the cessation of trading, Termination, Deauthorisation and Delisting of the Fund, and the waivers from strict compliance of certain provisions of the Code for the period from 12 March 2025 (i.e. the Trading Cessation Date) to the Deauthorisation Date. Upon Deauthorisation of the Fund, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. In particular, investors should note that Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, will be made only after PRC tax clearance, which is expected to be obtained in the third quarter of 2025, and the time gap between the Trading Cessation Date and the Final Distribution Date is expected to be five months. Investors should also note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Fund (see details of the factors in section 1 below), the Manager has resolved to exercise its power under Clause 27.3 of the Trust Deed to terminate the Fund with effect from the Termination Date (as defined below);
- the Last Trading Day of the Units in the Fund will be 11 March 2025, i.e. the last day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place;
- the Units of the Fund will cease trading as from 12 March 2025 (the “Trading Cessation Date”); that means, no further buying or selling Units on the SEHK from the Trading Cessation Date onwards;
- immediately after this Announcement and Notice has been published, a certain portion of the assets of the Fund will be set aside as the Provision to discharge any Future Costs. As a result, the Net Asset Value and Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024;
- the Manager will aim to realise all of the assets of the Fund upon consultation with the Trustee, the Fund’s Auditors and the QFI Custodian with effect from the Trading Cessation Date. From the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund will no longer be marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner;
- with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for and has been granted a waiver from strict compliance with certain provisions of the Code on Unit Trusts and Mutual Funds (the “Code”) for the period from the Trading Cessation Date to the Deauthorisation Date: (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) Chapters 6.1 and 11.1B (with regard to updating the Offering Circular and the KFS), and (iii) Chapters 8.11(a) and (f) (with regard to listing, trading and disclosure requirements related to closed-ended funds), the details and the conditions on which such waiver is granted are as described in section 4 below;

- the Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations;
- the Manager will, after having consulted with the Trustee, the Fund’s Auditors and QFI Custodian, declare an Interim Distribution (please refer to section 2.2 below for further information) to the investors who remain so as at 17 March 2025, i.e. the Distribution Record Date. The Interim Distribution will be payable on 26 March 2025 (the “Interim Distribution Date”);
- the Interim Distribution will be calculated based on the available sales proceeds primarily derived from the liquidation of offshore investments, after deducting applicable fees, expenses, and their accruals (please refer to section 2.2 below for further information). The Interim Distribution will be proportionate to each Relevant Investor’s interest in the Fund as of the Distribution Record Date;
- for Final Distribution, (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, its QFI’s Auditor and its QFI’s tax agent, issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date, which is expected to be payable around 12 August 2025 (the “Final Distribution Date”). If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of PRC tax clearance and the updated Final Distribution Date;
- the amount of Final Distribution will equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) less any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments;
- the Manager currently does not expect there will be any Further Distribution after the Final Distribution. If there is any Further Distribution (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, issue an announcement to confirm the amount of Further Distribution at least 7 business days prior to the Further Distribution Date. Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other dates to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution;
- by the date the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the Termination of the Fund, which is expected to be on or around 14 November 2025 (such date being the “Termination Date”);
- Investors should note the Termination, Deauthorisation and Delisting of the Fund are subject to PRC tax clearance;
- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Fund’s SFC authorisation status and the Fund’s SEHK listing status, and, subject to the SEHK’s approval, expects the Delisting to take effect at or around the same time as the Deauthorisation (subject to SFC’s approval);

- the Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively; and
- investors should pay attention to the risk factors as set out in section 6.1 below (including liquidity risk, Units trading at a discount or premium and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, and delay in distribution risk). Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

**Stockbrokers and financial intermediaries are urged to:**

- forward a copy of this Announcement and Notice to their clients holding Units in the Fund, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units in the Fund on or before the Last Trading Day;
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units; and
- inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

**If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (for details, please refer to section 8 below). Any product documents of the Fund should be retained by the investors for personal use only and not for public circulation.**

As at 17 September 2024, the aggregate Net Asset Value of all the Units outstanding in the Fund is less than HK\$400,000,000. The Manager therefore announces that it has resolved to exercise its power in seeking the Termination. The Deauthorisation and Delisting will take place following the termination of the Fund. The Termination, Deauthorisation and Delisting of the Fund (the “**Plan**”) will be subject to the final approval of the SFC and the SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets.

Before the Termination, Deauthorisation and Delisting, the Units of the Fund will cease trading on the SEHK as from 12 March 2025, the Trading Cessation Date. Accordingly, the last day on which the Units of the Fund can be traded on SEHK will be 11 March 2025, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. For the avoidance of doubt, investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date.

The Manager by this Announcement and Notice notifies the investors of the Termination of the Fund. As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is

hereby given to investors, notifying them that the Fund will cease trading from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025.

## **1. TERMINATION OF THE FUND, CESSATION OF TRADING AND LIQUIDATION OF ASSETS**

### **1.1 Termination of the Fund**

According to Clause 27.3 of the Trust Deed, the Fund may be terminated by the Manager in its absolute discretion and the Trustee shall accept the Managers decision, if the aggregate Net Asset Value of all the Units in the Fund outstanding shall be less than HK\$400,000,000. The Trust Deed does not require investors' approval for terminating the Fund on the ground set out in Clause 27.3.

The Net Asset Value and the Net Asset Value per Unit of the Fund as at 4 December 2024 is as follows:

	<b>Net Asset Value</b>	<b>Net Asset Value per Unit</b>
HSBC China Dragon Fund	HK\$381.0598 million	HK\$16.92

Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value and the relatively low trading volume of the Fund, the Manager is of the view that the Termination of the Fund would be in the best interests of the investors in the Fund. Therefore, the Manager has decided to exercise its power under Clause 27.3 to terminate the Fund which Termination shall be completed after the Interim Distribution and Final Distribution (and any Further Distribution, if applicable) on the date on which the Trustee and the Manager form an opinion that the Fund cease to have any contingent or actual assets or liabilities. The Trustee has been notified of the proposed Termination and no objection has been received from the Trustee.

As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is hereby given to investors, notifying them that the Fund will cease trading, from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025. No approval from Unitholders is required.

### **1.2 The cessation of trading**

The Manager will apply to SEHK to have the Units of the Fund cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 12 March 2025. The Manager will aim to realise all of the assets of all the Fund effective from 12 March 2025 in exercise of its investment powers under Clause 12 of the Trust Deed. The realisation of assets of the Fund will not incur any additional cost as compared to the costs associated with a normal realisation of investments.

The Manager will then proceed with the Interim Distribution and Final Distribution as soon as practicable (see details in section 2.2 below). As such, 11 March 2025 will be the Last Trading Day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place.

### **1.3 Impact on the realisation of the assets**

After the realisation of the assets of the Fund (as described in section 1.2 above), the Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet their respective investment objectives.

## **2. WHAT WILL HAPPEN ON OR BEFORE THE LAST TRADING DAY AND FROM THE TRADING CESSATION DATE?**

### **2.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the Fund on the SEHK on investors, a SFC transaction levy (at 0.0027% of the price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the price of the Units) and a trading fee (at 0.00565% of the price of the Units) will be payable by the buyer and the seller of the Units. Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

No stamp duty liability will arise in Hong Kong in respect of any sale or purchase of the Units on the SEHK.

The trading of Units of the Fund are subject to certain risks and may be below or above the Net Asset Value per Unit on the HKEX. Please see section 6.1 below.

### **2.2 Distribution**

#### ***(i) Interim Distribution***

The Manager will, after having consulted with the Trustee, the Fund's Auditor and QFI Custodian for the available principle from its QFI Accounts, declare an Interim Distribution in respect of the Relevant Investors. It is expected that the Interim Distribution will be 17% of the total Net Asset Value based on the current portfolio as of 4 December 2024. Such Interim Distribution will be made on 26 March 2025. The Interim Distribution will be calculated based on the available sales proceeds (as at 18 March 2025, being the latest practicable date of the Interim Distribution announcement) primarily derived from the liquidation of offshore



investments (including stocks on the SEHK, American Depositary Receipts, Global Depositary Receipts, and Exchange-Traded Funds), which will commence on the Trading Cessation Date, after deducting applicable fees, expenses, and their accruals (include but not limited to those payable to the Trustee, Qualified Foreign Investor Custodian, Sub-Custodian, auditor, Qualified Foreign Investor auditor, Qualified Foreign Investor tax advisor, the Manager, legal counsel, the Registrar, and other operational expenses of the Fund). The Manager expects to receive the sale proceeds from offshore investments no later than the fourth business day following the Trading Cessation Date.

The Interim Distribution will be proportionate to each Relevant Investor's interest in the Fund as of the Distribution Record Date. The distribution amount under the Interim Distribution depends on the liquidation of offshore investments (prior to the latest practicable date of the Interim Distribution announcement) and cash reserves post-expense deductions.

The publication of Interim Distribution announcement on the Fund's and HKEX's website disclosing the amount of Interim Distribution and the date of payment will be made on 19 March 2025. The Interim Distribution payable to each Relevant Investor is expected to be paid on 26 March 2025 to accounts of its financial intermediary or stockbroker maintained with CCASS and the Registrar at the Distribution Record Date.

***(ii) Final Distribution***

The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. Upon obtaining PRC tax clearance and after having consulted with the Fund's Auditor, its QFI's Auditor, its QFI's tax agent and the Trustee, the Manager will declare a Final Distribution in respect of the Relevant Investors 7 days before the Final Distribution Date and such Final Distribution will be paid to the Relevant Investors on or around 12 August 2025. It is expected that the Final Distribution will be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024. As advised by the QFI Custodian, according to Article 15 of the "Administrative measures on foreign institutional investors' funds for investing in domestic securities and futures" (Circular PBOC & SAFE Announcement [2024] No.7), in the liquidation of the QFI account, PRC tax clearance must be obtained before the sales proceeds from onshore investments may be repatriated. As a matter of best practice, it is the Manager's decision to adopt the approach to distribute the sale proceeds from onshore investments in the Final Distribution only after obtaining PRC tax clearance. The Manager is of the view that it is in the best interests of the Fund's investors and will not materially prejudice the Relevant Investor's interests. The Manager expects to realise the Fund's onshore investments on the Trading Cessation Date. The Manager expects to receive the sale proceeds from onshore investments five months following the Trading Cessation Date and the realisation of the investments. If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of tax clearance and the updated Final Distribution Date. Each Relevant Investor

will be entitled to a Final Distribution of an amount equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments (e.g. any gain/loss on the foreign exchanges, any interest earned at the Fund level, any outstanding receivables including but not limited to cash dividends, surplus of the Provision) in proportion to the Relevant Investor's interests in the Fund as at the Distribution Record Date.

The Final Distribution payable to each Relevant Investor is expected to be paid around 12 August 2025, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The publication of Final Distribution announcement on the Fund's and HKEX's website disclosing the amount of Final Distribution and the date of payment of the Final Distribution will be made at least 7 business days prior to the Final Distribution Date.

***(iii) Further Distribution***

The Manager currently does not expect that there will be any further distribution after the Final Distribution. Further Distribution is conditional and will only be payable if there is any refund further to the Final Distribution (as a result of any unexpected refund or fee adjustments further to the Final Distribution) and any receivables (for example, cash credit interests received after the Final Distribution). In the event if there is Further Distribution, the Manager will, after having consulted with the Trustee, and the Fund's Auditors, issue an announcement to confirm the amount of Further Distribution and the date of payment of Further Distribution on the Fund's and HKEX's website at least 7 business days prior to the day of the Further Distribution Date and such Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other date to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution.

**IMPORTANT NOTE: Investors should note and consider the risk factors as set out in section 6.1 below and consult with their professional and financial advisers before disposing of any Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Interim Distribution, Final Distribution or Further Distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

**2.3 Immediately from the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units will cease trading on the SEHK, that is, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day which is 11 March 2025 and will not be allowed to do so from the Trading Cessation Date onwards.

## 2.4 During the period from the Trading Cessation Date until the Termination Date

Following the realisation of the assets and the Interim Distribution, Final Distribution and Further Distribution (if any), the Termination Date (which is expected to be on or around 14 November 2025) which is the date on which the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the Termination of the Fund.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Fund will continue to have listing status on the SEHK and the Fund will remain authorized by the SFC, the Fund will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Fund will have no investment activities apart from the realization/liquidation of the remaining assets and other spot or future trades relevant to the foreign exchange activities after the Trading Cessation Date onwards.

The Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively. The Manager expects, subject to the SEHK's approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The Termination, Deauthorisation and Delisting will be subject to the payment of all outstanding fees and expenses (for details, please refer to section 5 below), the discharge of all outstanding liabilities of the Fund, as well as the final approvals of the SFC and the SEHK.

Following Deauthorisation, the Fund will no longer be (i) subject to regulation by the SFC; and (ii) available for public distribution in Hong Kong. Further, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

## 2.5 Important dates

Subject to the SFC's and the SEHK's respective approvals for the arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Fund will be as follows:

Dispatch of this Announcement and Notice and the setting aside of the Provision	After market close on 9 December 2024
Weekly reminder announcements regarding the Last Trading Day, Trading Cessation Date and the Distribution Record Date	From 9 December 2024 to 10 March 2025
Last day for dealings in the Units on the SEHK (the " <b>Last Trading Day</b> ")	11 March 2025

Dealings in the Units on the SEHK cease (the “ <b>Trading Cessation Date</b> ”), i.e. same date on which the Manager will start to realise all the assets of the Funds and the Fund shall no longer be marketed or offered to the public in Hong Kong	12 March 2025
The date as at which an investor needs to be recorded by the HKSCC Nominees Limited as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS (the “ <b>Distribution Record Date</b> ”) to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any)	By close of business on 17 March 2025
The publication of Interim Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Interim Distribution and the date of payment	19 March 2025
Interim Distribution (after the Manager having consulted with the Trustee, the Fund’s Auditors and QFI Custodian for the available principle from its QFI Accounts) will be paid to the Relevant Investors (the “ <b>Interim Distribution Date</b> ”)	26 March 2025
The publication of Final Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Final Distribution and the date of payment upon the receipt of PRC tax clearance	Expected to be on or around 1 August 2025 (at least 7 business days prior to the Final Distribution Date upon the receipt of PRC tax clearance)
(i) Final Distribution (after the Manager having consulted with the Fund’s Auditor, its QFI’s Auditor, its QFI’s tax agent and the Trustee) will be paid to the Relevant Investors (the “ <b>Final Distribution Date</b> ”), or	Expected to be on or around 12 August 2025
(ii) in the event PRC tax clearance is not obtained by 12 August 2025, the publication of an announcement disclosing the estimated time of PRC tax clearance and updated Final Distribution Date	
In the event if there is Further Distribution, the publication of Further Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Further Distribution (if any) and the date of payment	Expected to be on or around 4 November 2025 (at least 7 business days prior to the Further Distribution Date)

For the avoidance of doubt, no announcement will be issued if there is no Further Distribution

Further Distribution (if any) will be paid to the Relevant Investors (the “**Further Distribution Date**”)

Expected to be around  
13 November 2025

Termination of the Fund (the “**Termination Date**”)

Expected to be on or around  
14 November 2025, which is  
the date on which the Manager  
and the Trustee form an  
opinion that the Fund cease to  
have any contingent or actual  
assets or liabilities

Deauthorisation (the “**Deauthorisation Date**”) and Delisting (the “**Delisting Date**”) of the Fund

Expected to be on or around  
17 November 2025, which is  
the date on which the SFC and  
SEHK approve the  
Deauthorisation and Delisting  
respectively

The Manager expects that the  
Deauthorisation and Delisting  
will take place either on the  
Termination Date or  
immediately after the  
Termination Date

The Manager will issue the following:

- (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (on 19 March 2025) an announcement to inform Relevant Investors of the Interim Distribution and amounts per Unit and the Interim Distribution Date;
- (at least 7 business days prior to the Final Distribution Date) an announcement to inform Relevant Investors of the Final Distribution amounts per Unit and the Final Distribution Date;
- (on or around 12 August 2025), if PRC tax clearance is not obtained by 12 August 2025, an announcement to inform Relevant Investors of this fact and to provide an estimated time of PRC tax clearance;

- (at least 7 business days prior to the Further Distribution Date, if any) an announcement to inform Relevant Investors of the Further Distribution amounts per Unit and the Further Distribution Date. For the avoidance of doubt, no announcement will be issued if there is no Further Distribution; and
- (on or shortly before the Termination Date) an announcement to inform Relevant Investors of the Termination Date, the dates for the Deauthorisation and Delisting, with regard to the Fund,

in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

### **3. CONSEQUENCES OF THE COMMENCEMENT OF THE CESSATION OF TRADING**

#### **3.1 Continued existence of the Fund**

The Fund will maintain its SFC authorisation status and the Fund will maintain its SEHK listing status, until the Deauthorisation and Delisting.

On the Termination Date the Trustee will complete the termination process and the Manager will proceed with applying to the SFC for Deauthorisation, and to the SEHK to complete the Delisting respectively.

Subject to the SFC's and the SEHK's approval respectively, the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively.

Following Deauthorisation, the Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS in respect of the Fund, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product documentation relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

#### **3.2 Limited operation of the Fund**

During the period from the Trading Cessation Date until the Deauthorisation, the Fund will only be operated in a limited manner as there will not be any trading of Units and the Fund will have no investment activities from the Trading Cessation Date onwards.

## **4. WAIVER**

### **4.1 Background**

As set out in section 2.3 above, while the Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Fund, the Fund remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Fund maintains its SFC authorisation status, and the Fund maintains its SEHK listing status, until the Deauthorisation Date and Delisting Date.

However, from the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund is no longer marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner.

Accordingly, with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section below.

### **4.2 Publishing of the suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the investor notification requirements under Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the Delisting Date, investors may continue to access further announcements in relation to the Fund via the Manager's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> and HKEX's website (these websites have not been reviewed by the SFC) during such period. Announcements will also be accessible via the Manager's website until Deauthorisation Date.

### 4.3 Updating of the Offering Circular and the KFS

Under Chapters 6.1 and 11.1B of the Code, the Offering Circular and the KFS in respect of the Fund must be up-to-date and must be updated to incorporate any relevant changes to the Fund.

In view of the cessation of trading of Units from the Trading Cessation Date, the Manager considers that it is not necessary to update the Offering Circular and the KFS (which by its nature is an offering document) to reflect any future changes to the Offering Circular and the KFS.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code so that the Offering Circular and the KFS need not be updated from the Trading Cessation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Manager shall promptly notify investors of any changes to the Fund or to the Offering Circular and KFS by means of publishing the announcement(s) on the Fund's and HKEX's websites (these websites have not been reviewed by the SFC) (each, a "**Relevant Future Announcement**"); and
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice, together with the Offering Circular, the KFS and any other Relevant Future Announcement(s).

Accordingly, without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager will continue to manage the Fund without updating the Offering Circular and the KFS in respect of the Fund as required under Chapters 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date.

### 4.4 Waiver from Compliance with Chapter 8.11(a) of the Code

Under Chapter 8.11(a) of the Code, the Units of the Fund must be listed and traded on the SEHK. The Manager has reviewed the requirements and given the cessation of trading of the Fund, full compliance with Chapter 8.11(a) for the trading of the Units of the Fund may not be feasible during the period from the Trading Cessation Date to the Deauthorisation Date. As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(a) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

### 4.5 Provision of last closing Net Asset Value

Under Chapters 8.11(f) of the Code, the Manager is required to publish the Fund's last closing Net Asset Value on the Fund's website at such times and in such manner as may be acceptable to the SFC taking into account the nature of the investments of the Fund.



The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(f) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Net Asset Value as at the Trading Cessation Date, which will be the last Net Asset Value of the Fund, will be published on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC); and
- (B) the Manager shall update the latest available Net Asset Value of the Fund on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) as soon as practicable should there be any change to the Net Asset Value of the Fund, including but not limited to changes arising from (i) the Interim Distribution; (ii) the Final Distribution; (iii) any Further Distribution (if any); (iv) any change in the market value of any scrip dividend receivable by the Fund; and (v) any adjustments including but not limited to transaction costs or taxes relating to the realisation of assets of the Fund.

#### **4.6 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other applicable laws and regulations in respect of the Fund.

### **5. COSTS**

#### **5.1 Trading on the SEHK**

As indicated in section 2.1 above, investors' stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

#### **5.2 Ongoing charges of the Fund**

The ongoing charges of the Fund over a year is 2.18%. The ongoing charges figure is based on ongoing expenses chargeable to the class (including, where applicable and in accordance with SFC requirements, estimated expenses for investing in shares or units of other funds) expressed as a percentage of the class's average Net Asset Value for the 6 months to the end of September 2023 and then extrapolated to 12 months to give an annualized figure. However, the ongoing charges figure above will no longer be applicable from the date of this Announcement and Notice since a Provision (as defined in section 5.3 below), representing the costs and expenses chargeable to the Fund from the date of this Announcement and Notice until the Termination Date, will be set aside.

The Fund does not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

### 5.3 Provision of costs and expenses

On the date on which this Announcement and Notice is published, a certain portion of the assets of the Fund, amounting to HK\$3,000,000, which is approximately 0.7873% of the Net Asset Value of the Fund as at 4 December 2024 will be set aside immediately after this Announcement and Notice to implement the Plan (the “**Provision**”). This Provision is to discharge one-off maintenance costs (if any) and any future ongoing maintenance of the Fund before Termination, legal costs, and Auditors’ fees for Termination, QFI termination audit fees, QFI tax advisor fees, fees and costs incurred by and payable to the Registrar with respect to the Plan, duties, charges and other costs and expenses that the Trustee and the Manager may incur or make, during the period between the date of this Announcement and Notice and including the Termination Date (including if the Termination Date is extended), in connection with or arising out of the ongoing maintenance of the Fund and the implementation of the Termination (“**Future Costs**”). These costs will be borne by the Fund, that is, indirectly by all the Unitholders before the Deauthorisation and Delisting of the Fund. The Manager will continue to charge a management fee and the Trustee will continue to charge a trustee fee up to and including the Trading Cessation Date. No management fee or trustee fee will be charged from the Trading Cessation Date to the Termination Date. The Trustee will also charge other running costs after the Trading Cessation Date as set out in the Provision above. The Provision will include transaction costs incurred with the Registrar, but exclude unexpected taxes, including PRC tax. For avoidance of doubt, the Future Costs do not include transaction costs and any taxes relating to the realisation of assets of the Fund.

Where the Provision is insufficient to cover any Future Costs, any shortfall will be borne by the Manager from its own assets. Conversely, where the Provision, if any, is in excess of the actual amount of the Future Costs, such excess will be refunded to the Relevant Investors as part of the Final Distribution, expected to be payable around 12 August 2025 in proportion to the Relevant Investor’s Units as at the Distribution Record Date and the Manager will issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date.

The Trustee has confirmed that it has no objection to the amount of the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024, as more particularly described below:**

	Before setting aside the Provision		After setting aside the Provision	
	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)
HSBC China Dragon Fund	381,059,755	16.92	378,059,755	16.79

## 6. OTHER MATTERS

### 6.1 Other implications of the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting

In consequence of this Announcement and Notice and the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting, investors should note and consider the following risks:

**“Delay in distribution risk”** — The Manager will aim to realise all of the assets of the Fund and then proceed with the Interim Distribution, Final Distribution (subject to obtaining PRC tax clearance) and Further Distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Fund in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Interim Distribution, Final Distribution or Further Distribution (if any) to the Relevant Investors may be delayed. In addition, investors should note that the Final Distribution can only be made after PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025 and it is expected that Relevant Investors will receive the Final Distribution five months following the Trading Cessation Date. However, the termination and distribution timeline is subject to the progress of the PRC tax clearance and the actual time of obtaining PRC tax clearance is uncertain. In the event that PRC tax clearance is not obtained after five months following the Trading Cessation Date, the payment of Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, may be further delayed.

**“Liquidity risk”** — As a closed-ended fund, there is no direct creation or redemption of units, and trading prices are determined by market demand and supply. The absence of a market maker means that liquidity on the SEHK is influenced by secondary market dynamics beyond the Manager’s control, potentially leading to substantial discounts to the Fund’s Net Asset Value. Trading of Units in the Fund on the SEHK from the date of this Announcement and Notice may become less liquid.

**“Units trading at a substantial discount or premium”** — Units in the Fund may trade at a substantial discount or premium compared to their Net Asset Value after this Announcement and Notice. This is because many investors may want to sell their Units after the Plan has been announced but there may not be many investors in the market who are willing to purchase the Units. On the other hand, it is also possible that the Units may trade at a premium and consequently the divergence between the supply of and demand for the Units may be larger than usual. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**“Net Asset Value downward adjustment risk”** — Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be significant drop in value of the securities. In addition, the Net Asset Value of the Fund will be reduced as some of the Fund’s assets will be set aside as the Provision on the date on which this Announcement and Notice is published. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

**“Ceasing to meet investment objectives risk”** — The Manager will aim to realise all securities held by the Fund with effect from the Trading Cessation Date. Thereafter, the Funds’ assets will mainly be in cash. The Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet its investment objectives.

Investor attention is also drawn to the risks disclosed in the Offering Circular and the KFS of the Fund.

## 6.2 Tax implications

**Unitholders should consult their professional advisers on the consequences to them 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. 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.

### (i) *Hong Kong*

- *Profits Tax*

Based on the Manager’s understanding of the law and practice in force at the date of this Announcement and Notice, as the Fund is a collective investment scheme authorised under Section 104 of the SFO, profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution to the extent of distribution of profits and/or capital of the Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Fund are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### (ii) *The PRC*

The Manager, after consultation with the PRC tax advisers, has not made any tax provision with respect to the gross unrealised and realised capital gains derived by the Fund, given that:

- pursuant to “Notice on the temporary exemption of Corporate Income Tax (“CIT”) on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No. 79), QFII/RQFIIs (without a permanent

establishment (“PE”) in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE) are temporarily exempt from CIT on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014; and

- pursuant to “Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) and the “Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127), CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Fund) on the trading of A-Shares through the Stock Connect.

(the above notices are collectively referred to as “Caishui Notices”)

Investors’ attention is drawn to the section headed “Taxation and Regulatory Requirements” in the Offering Circular and section 2.2(ii) above headed “Final Distribution” for information about the PRC tax obligations of the Fund.

The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The final tax amount is subject to the assessment of the relevant PRC tax authorities, so there may be under-provision as currently made by the Fund. The final amount of PRC tax payable will only be determined upon PRC tax clearance.

Investors should note that the termination, deauthorisation and delisting of the Fund are subject to PRC tax clearance. Investors should consult their professional tax advisers for tax advice.

### 6.3 Connected party transaction

Other than disclosed below, no other Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Fund, nor hold any interest in the Fund.

Please also refer to the 2024 annual report of the Fund for disclosures of connected party transaction.

As at 29 November 2024, the following fellow subsidiaries and/or associated companies of the Manager, each a Connected Person of the Manager being entities within the same group (i.e. entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) as the Manager, that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

Name of Entity	Units	Approx.%
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.057%
HSBC International Trustee Limited	22,806	0.101%

Each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it:

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units; and
- has not entered into any outstanding derivative in respect of the Units.

The entities mentioned above may decide to dispose of all or part of their Units, by selling the Units on the SEHK after being informed of the Plan via this Announcement and Notice. Any disposal of Units by the above entities, which is beyond the control of the Manager, may reduce the size of the Fund and impair the Manager's ability to fulfill the investment objectives of the Fund.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set:

- the Trust Deed;
- the audited accounts for the last two financial years for which these have been published and the half-yearly unaudited reports of the Fund; and
- the Offering Circular and the KFS of the Fund.

## 8. ENQUIRIES

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Registrar by calling their enquiry hotline at (852) 2862 8691 during normal business hours (Monday to Friday (excluding public holidays), from 9:00 a.m. to 6:00 p.m.) or contact the Manager in person at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong, or by calling: (852) 2284 1229, or emailing by [hsbc.etf@hsbc.com.hk](mailto:hsbc.etf@hsbc.com.hk), or visiting the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

**HSBC Global Asset Management (Hong Kong) Limited**  
as Manager of the Fund

9 December 2024

*As at the date of this Announcement and Notice, the Board of Directors of the Manager consists of Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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**DEFINITIONS**

In this Announcement and Notice, unless the context otherwise requires, the following terms shall have the following meanings:

CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors
Code	The Code on Unit Trusts and Mutual Funds dated 1 January 2019 issued by the SFC (as amended or replaced from time to time)
Connected Person	Has the meaning as set out in the Code which at the date of this Announcement and Notice means in relation to a company:  (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; 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 that company forms part; or  (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c)
Deauthorisation	The deauthorisation of the Fund and their offering documents by the SFC under section 106 of the SFO
Deauthorisation Date	Expected to be on or around 17 November 2025, being the date on which the Deauthorisation will take place
Delisting	The delisting of the Fund from the SEHK
Delisting Date	Expected to be on or around 17 November 2025, being the date on which the Delisting will take place
Distribution Record Date	By close of business on 17 March 2025, being the date for the purpose of determining the beneficial owners of Units in the Fund who are entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) (which may include any refund of excess of the Provision (if any))
Final Distribution	Has the meaning given to that term in section 2.2 above

Final Distribution Date	Expected to be around 12 August 2025, being the date on which the Final Distribution of the Fund will take place
Further Distribution	Has the meaning given to that term in section 2.2 above
Further Distribution Date	Expected to be around 13 November 2025 (or such other date to be announced), being the date on which the Further Distribution (if any) of the Fund will take place
Fund	HSBC China Dragon Fund
HKSCC	Hong Kong Securities Clearing Company Limited or its successors
Interim Distribution	Has the meaning given to that term in section 2.2 above
Interim Distribution Date	26 March 2025, being the date on which the Interim Distribution of the Fund will take place
KFS	The Product Key Facts in respect to the Fund dated 23 September 2024
Last Trading Day	11 March 2025, being the last day for dealings in the Units on the SEHK
Manager	HSBC Global Asset Management (Hong Kong) Limited or its successors
Net Asset Value	the net asset value of the Fund or, as the context may require, the net asset value of a Unit, calculated pursuant to the Trust Deed
Offering Circular	The Offering Circular of the Fund dated 9 December 2024
Plan	The plan to terminate the Fund, and to voluntarily seek the Deauthorisation and the Delisting
Registrar	Computershare Hong Kong Investor Services Limited or its successors
Relevant Future Announcement	Has the meaning given to that term in section 4.3 above
Relevant Investors	The investors who are still holding Units in the Fund as of the Distribution Record Date
SEHK	The Stock Exchange of Hong Kong Limited or its successors
SFC	The Securities and Futures Commission of Hong Kong or its successors



SFO	The Securities and Futures Ordinance (Cap.571 Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Termination	Termination of the Fund when the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities
Termination Date	Expected to be on or around 14 November 2025, being the date on which the Termination of the Fund will take place
Trading Cessation Date	12 March 2025, being the date on which the dealings in the Units on the SEHK cease
Trust Deed	The trust deed dated 20 June 2007 governing the Fund
Trustee	HSBC Institutional Trust Services (Asia) Limited or its successors
Unitholder	A holder of Units in respect of the Fund
Units	In respect of the Fund, one undivided share in the Fund

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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If you are in any doubt about the contents this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your units in the HSBC China Dragon Fund (the “Fund”), you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (the “SEHK”), Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited (“HKEX”) and the Securities and Futures Commission (the “SFC”), take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

SFC authorisation is not a recommendation or an endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Unless otherwise defined in this Announcement and Notice, terms used in this Announcement and Notice shall have the same meanings ascribed to them under the Offering Circular of the Fund.

## **HSBC CHINA DRAGON FUND**

### **滙豐中國翔龍基金**

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

## **ANNOUNCEMENT AND NOTICE OF THE CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE WITH CERTAIN PROVISIONS OF THE CODE**

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the cessation of trading, Termination, Deauthorisation and Delisting of the Fund, and the waivers from strict compliance of certain provisions of the Code for the period from 12 March 2025 (i.e. the Trading Cessation Date) to the Deauthorisation Date. Upon Deauthorisation of the Fund, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. In particular, investors should note that Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, will be made only after PRC tax clearance, which is expected to be obtained in the third quarter of 2025, and the time gap between the Trading Cessation Date and the Final Distribution Date is expected to be five months. Investors should also note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Fund (see details of the factors in section 1 below), the Manager has resolved to exercise its power under Clause 27.3 of the Trust Deed to terminate the Fund with effect from the Termination Date (as defined below);
- the Last Trading Day of the Units in the Fund will be 11 March 2025, i.e. the last day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place;
- the Units of the Fund will cease trading as from 12 March 2025 (the “Trading Cessation Date”); that means, no further buying or selling Units on the SEHK from the Trading Cessation Date onwards;
- immediately after this Announcement and Notice has been published, a certain portion of the assets of the Fund will be set aside as the Provision to discharge any Future Costs. As a result, the Net Asset Value and Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024;
- the Manager will aim to realise all of the assets of the Fund upon consultation with the Trustee, the Fund’s Auditors and the QFI Custodian with effect from the Trading Cessation Date. From the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund will no longer be marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner;
- with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for and has been granted a waiver from strict compliance with certain provisions of the Code on Unit Trusts and Mutual Funds (the “Code”) for the period from the Trading Cessation Date to the Deauthorisation Date: (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) Chapters 6.1 and 11.1B (with regard to updating the Offering Circular and the KFS), and (iii) Chapters 8.11(a) and (f) (with regard to listing, trading and disclosure requirements related to closed-ended funds), the details and the conditions on which such waiver is granted are as described in section 4 below;

- the Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations;
- the Manager will, after having consulted with the Trustee, the Fund’s Auditors and QFI Custodian, declare an Interim Distribution (please refer to section 2.2 below for further information) to the investors who remain so as at 17 March 2025, i.e. the Distribution Record Date. The Interim Distribution will be payable on 26 March 2025 (the “Interim Distribution Date”);
- the Interim Distribution will be calculated based on the available sales proceeds primarily derived from the liquidation of offshore investments, after deducting applicable fees, expenses, and their accruals (please refer to section 2.2 below for further information). The Interim Distribution will be proportionate to each Relevant Investor’s interest in the Fund as of the Distribution Record Date;
- for Final Distribution, (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, its QFI’s Auditor and its QFI’s tax agent, issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date, which is expected to be payable around 12 August 2025 (the “Final Distribution Date”). If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of PRC tax clearance and the updated Final Distribution Date;
- the amount of Final Distribution will equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) less any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments;
- the Manager currently does not expect there will be any Further Distribution after the Final Distribution. If there is any Further Distribution (please refer to section 2.2 below for further information), the Manager will, after having consulted with the Trustee, the Fund’s Auditors, issue an announcement to confirm the amount of Further Distribution at least 7 business days prior to the Further Distribution Date. Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other dates to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution;
- by the date the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the Termination of the Fund, which is expected to be on or around 14 November 2025 (such date being the “Termination Date”);
- Investors should note the Termination, Deauthorisation and Delisting of the Fund are subject to PRC tax clearance;
- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Fund’s SFC authorisation status and the Fund’s SEHK listing status, and, subject to the SEHK’s approval, expects the Delisting to take effect at or around the same time as the Deauthorisation (subject to SFC’s approval);

- the Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively; and
- investors should pay attention to the risk factors as set out in section 6.1 below (including liquidity risk, Units trading at a discount or premium and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, and delay in distribution risk). Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

Stockbrokers and financial intermediaries are urged to:

- forward a copy of this Announcement and Notice to their clients holding Units in the Fund, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units in the Fund on or before the Last Trading Day;
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units; and
- inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (for details, please refer to section 8 below). Any product documents of the Fund should be retained by the investors for personal use only and not for public circulation.

As at 17 September 2024, the aggregate Net Asset Value of all the Units outstanding in the Fund is less than HK\$400,000,000. The Manager therefore announces that it has resolved to exercise its power in seeking the Termination. The Deauthorisation and Delisting will take place following the termination of the Fund. The Termination, Deauthorisation and Delisting of the Fund (the “**Plan**”) will be subject to the final approval of the SFC and the SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Fund have no outstanding contingent or actual liabilities or assets.

Before the Termination, Deauthorisation and Delisting, the Units of the Fund will cease trading on the SEHK as from 12 March 2025, the Trading Cessation Date. Accordingly, the last day on which the Units of the Fund can be traded on SEHK will be 11 March 2025, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. For the avoidance of doubt, investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date.

The Manager by this Announcement and Notice notifies the investors of the Termination of the Fund. As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is

hereby given to investors, notifying them that the Fund will cease trading from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025.

## **1. TERMINATION OF THE FUND, CESSATION OF TRADING AND LIQUIDATION OF ASSETS**

### **1.1 Termination of the Fund**

According to Clause 27.3 of the Trust Deed, the Fund may be terminated by the Manager in its absolute discretion and the Trustee shall accept the Managers decision, if the aggregate Net Asset Value of all the Units in the Fund outstanding shall be less than HK\$400,000,000. The Trust Deed does not require investors' approval for terminating the Fund on the ground set out in Clause 27.3.

The Net Asset Value and the Net Asset Value per Unit of the Fund as at 4 December 2024 is as follows:

	<b>Net Asset Value</b>	<b>Net Asset Value per Unit</b>
HSBC China Dragon Fund	HK\$381.0598 million	HK\$16.92

Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value and the relatively low trading volume of the Fund, the Manager is of the view that the Termination of the Fund would be in the best interests of the investors in the Fund. Therefore, the Manager has decided to exercise its power under Clause 27.3 to terminate the Fund which Termination shall be completed after the Interim Distribution and Final Distribution (and any Further Distribution, if applicable) on the date on which the Trustee and the Manager form an opinion that the Fund cease to have any contingent or actual assets or liabilities. The Trustee has been notified of the proposed Termination and no objection has been received from the Trustee.

As required under Clause 27.4 of the Trust Deed, no less than three months' notice is hereby given to Unitholders, notifying them of the Termination of the Fund. Also, as required under Chapter 11.5 of the Code, no less than one month's notice is hereby given to investors, notifying them that the Fund will cease trading, from the Trading Cessation Date and will be terminated which is expected to be on or around 14 November 2025. No approval from Unitholders is required.

### **1.2 The cessation of trading**

The Manager will apply to SEHK to have the Units of the Fund cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 12 March 2025. The Manager will aim to realise all of the assets of all the Fund effective from 12 March 2025 in exercise of its investment powers under Clause 12 of the Trust Deed. The realisation of assets of the Fund will not incur any additional cost as compared to the costs associated with a normal realisation of investments.

The Manager will then proceed with the Interim Distribution and Final Distribution as soon as practicable (see details in section 2.2 below). As such, 11 March 2025 will be the Last Trading Day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place.

### **1.3 Impact on the realisation of the assets**

After the realisation of the assets of the Fund (as described in section 1.2 above), the Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet their respective investment objectives.

## **2. WHAT WILL HAPPEN ON OR BEFORE THE LAST TRADING DAY AND FROM THE TRADING CESSATION DATE?**

### **2.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the Fund on the SEHK on investors, a SFC transaction levy (at 0.0027% of the price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the price of the Units) and a trading fee (at 0.00565% of the price of the Units) will be payable by the buyer and the seller of the Units. Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

No stamp duty liability will arise in Hong Kong in respect of any sale or purchase of the Units on the SEHK.

The trading of Units of the Fund are subject to certain risks and may be below or above the Net Asset Value per Unit on the HKEX. Please see section 6.1 below.

### **2.2 Distribution**

#### ***(i) Interim Distribution***

The Manager will, after having consulted with the Trustee, the Fund's Auditor and QFI Custodian for the available principle from its QFI Accounts, declare an Interim Distribution in respect of the Relevant Investors. It is expected that the Interim Distribution will be 17% of the total Net Asset Value based on the current portfolio as of 4 December 2024. Such Interim Distribution will be made on 26 March 2025. The Interim Distribution will be calculated based on the available sales proceeds (as at 18 March 2025, being the latest practicable date of the Interim Distribution announcement) primarily derived from the liquidation of offshore

investments (including stocks on the SEHK, American Depositary Receipts, Global Depositary Receipts, and Exchange-Traded Funds), which will commence on the Trading Cessation Date, after deducting applicable fees, expenses, and their accruals (include but not limited to those payable to the Trustee, Qualified Foreign Investor Custodian, Sub-Custodian, auditor, Qualified Foreign Investor auditor, Qualified Foreign Investor tax advisor, the Manager, legal counsel, the Registrar, and other operational expenses of the Fund). The Manager expects to receive the sale proceeds from offshore investments no later than the fourth business day following the Trading Cessation Date.

The Interim Distribution will be proportionate to each Relevant Investor's interest in the Fund as of the Distribution Record Date. The distribution amount under the Interim Distribution depends on the liquidation of offshore investments (prior to the latest practicable date of the Interim Distribution announcement) and cash reserves post-expense deductions.

The publication of Interim Distribution announcement on the Fund's and HKEX's website disclosing the amount of Interim Distribution and the date of payment will be made on 19 March 2025. The Interim Distribution payable to each Relevant Investor is expected to be paid on 26 March 2025 to accounts of its financial intermediary or stockbroker maintained with CCASS and the Registrar at the Distribution Record Date.

***(ii) Final Distribution***

The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. Upon obtaining PRC tax clearance and after having consulted with the Fund's Auditor, its QFI's Auditor, its QFI's tax agent and the Trustee, the Manager will declare a Final Distribution in respect of the Relevant Investors 7 days before the Final Distribution Date and such Final Distribution will be paid to the Relevant Investors on or around 12 August 2025. It is expected that the Final Distribution will be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024. As advised by the QFI Custodian, according to Article 15 of the "Administrative measures on foreign institutional investors' funds for investing in domestic securities and futures" (Circular PBOC & SAFE Announcement [2024] No.7), in the liquidation of the QFI account, PRC tax clearance must be obtained before the sales proceeds from onshore investments may be repatriated. As a matter of best practice, it is the Manager's decision to adopt the approach to distribute the sale proceeds from onshore investments in the Final Distribution only after obtaining PRC tax clearance. The Manager is of the view that it is in the best interests of the Fund's investors and will not materially prejudice the Relevant Investor's interests. The Manager expects to realise the Fund's onshore investments on the Trading Cessation Date. The Manager expects to receive the sale proceeds from onshore investments five months following the Trading Cessation Date and the realisation of the investments. If PRC tax clearance is not obtained by 12 August 2025, an announcement will be issued to inform Relevant Investors of the updated expected date of tax clearance and the updated Final Distribution Date. Each Relevant Investor



will be entitled to a Final Distribution of an amount equal to the Net Asset Value of the Fund as at the Trading Cessation Date, less (i) Interim Distribution and (ii) any tax payable (including but not limited to any final tax amount payable to PRC tax authority per PRC tax clearance received), taking into account any upward or downward adjustments (e.g. any gain/loss on the foreign exchanges, any interest earned at the Fund level, any outstanding receivables including but not limited to cash dividends, surplus of the Provision) in proportion to the Relevant Investor's interests in the Fund as at the Distribution Record Date.

The Final Distribution payable to each Relevant Investor is expected to be paid around 12 August 2025, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The publication of Final Distribution announcement on the Fund's and HKEX's website disclosing the amount of Final Distribution and the date of payment of the Final Distribution will be made at least 7 business days prior to the Final Distribution Date.

***(iii) Further Distribution***

The Manager currently does not expect that there will be any further distribution after the Final Distribution. Further Distribution is conditional and will only be payable if there is any refund further to the Final Distribution (as a result of any unexpected refund or fee adjustments further to the Final Distribution) and any receivables (for example, cash credit interests received after the Final Distribution). In the event if there is Further Distribution, the Manager will, after having consulted with the Trustee, and the Fund's Auditors, issue an announcement to confirm the amount of Further Distribution and the date of payment of Further Distribution on the Fund's and HKEX's website at least 7 business days prior to the day of the Further Distribution Date and such Further Distribution (if any) is expected to be payable around 13 November 2025 (or such other date to be announced). For the avoidance of doubt, there will be no such announcement if there is no Further Distribution.

**IMPORTANT NOTE: Investors should note and consider the risk factors as set out in section 6.1 below and consult with their professional and financial advisers before disposing of any Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Interim Distribution, Final Distribution or Further Distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

**2.3 Immediately from the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units will cease trading on the SEHK, that is, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day which is 11 March 2025 and will not be allowed to do so from the Trading Cessation Date onwards.

## 2.4 During the period from the Trading Cessation Date until the Termination Date

Following the realisation of the assets and the Interim Distribution, Final Distribution and Further Distribution (if any), the Termination Date (which is expected to be on or around 14 November 2025) which is the date on which the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the Termination of the Fund.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Fund will continue to have listing status on the SEHK and the Fund will remain authorized by the SFC, the Fund will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Fund will have no investment activities apart from the realization/liquidation of the remaining assets and other spot or future trades relevant to the foreign exchange activities after the Trading Cessation Date onwards.

The Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively. The Manager expects, subject to the SEHK's approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The Termination, Deauthorisation and Delisting will be subject to the payment of all outstanding fees and expenses (for details, please refer to section 5 below), the discharge of all outstanding liabilities of the Fund, as well as the final approvals of the SFC and the SEHK.

Following Deauthorisation, the Fund will no longer be (i) subject to regulation by the SFC; and (ii) available for public distribution in Hong Kong. Further, any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS of the Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

## 2.5 Important dates

Subject to the SFC's and the SEHK's respective approvals for the arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Fund will be as follows:

Dispatch of this Announcement and Notice and the setting aside of the Provision	After market close on 9 December 2024
Weekly reminder announcements regarding the Last Trading Day, Trading Cessation Date and the Distribution Record Date	From 9 December 2024 to 10 March 2025
Last day for dealings in the Units on the SEHK (the " <b>Last Trading Day</b> ")	11 March 2025

Dealings in the Units on the SEHK cease (the “ <b>Trading Cessation Date</b> ”), i.e. same date on which the Manager will start to realise all the assets of the Funds and the Fund shall no longer be marketed or offered to the public in Hong Kong	12 March 2025
The date as at which an investor needs to be recorded by the HKSCC Nominees Limited as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS (the “ <b>Distribution Record Date</b> ”) to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any)	By close of business on 17 March 2025
The publication of Interim Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Interim Distribution and the date of payment	19 March 2025
Interim Distribution (after the Manager having consulted with the Trustee, the Fund’s Auditors and QFI Custodian for the available principle from its QFI Accounts) will be paid to the Relevant Investors (the “ <b>Interim Distribution Date</b> ”)	26 March 2025
The publication of Final Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Final Distribution and the date of payment upon the receipt of PRC tax clearance	Expected to be on or around 1 August 2025 (at least 7 business days prior to the Final Distribution Date upon the receipt of PRC tax clearance)
(i) Final Distribution (after the Manager having consulted with the Fund’s Auditor, its QFI’s Auditor, its QFI’s tax agent and the Trustee) will be paid to the Relevant Investors (the “ <b>Final Distribution Date</b> ”), or	Expected to be on or around 12 August 2025
(ii) in the event PRC tax clearance is not obtained by 12 August 2025, the publication of an announcement disclosing the estimated time of PRC tax clearance and updated Final Distribution Date	
In the event if there is Further Distribution, the publication of Further Distribution announcement on the Fund’s and HKEX’s website disclosing the amount of Further Distribution (if any) and the date of payment	Expected to be on or around 4 November 2025 (at least 7 business days prior to the Further Distribution Date)

For the avoidance of doubt, no announcement will be issued if there is no Further Distribution

Further Distribution (if any) will be paid to the Relevant Investors (the “**Further Distribution Date**”)

Expected to be around 13 November 2025

Termination of the Fund (the “**Termination Date**”)

Expected to be on or around 14 November 2025, which is the date on which the Manager and the Trustee form an opinion that the Fund cease to have any contingent or actual assets or liabilities

Deauthorisation (the “**Deauthorisation Date**”) and Delisting (the “**Delisting Date**”) of the Fund

Expected to be on or around 17 November 2025, which is the date on which the SFC and SEHK approve the Deauthorisation and Delisting respectively

The Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date

The Manager will issue the following:

- (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (on 19 March 2025) an announcement to inform Relevant Investors of the Interim Distribution and amounts per Unit and the Interim Distribution Date;
- (at least 7 business days prior to the Final Distribution Date) an announcement to inform Relevant Investors of the Final Distribution amounts per Unit and the Final Distribution Date;
- (on or around 12 August 2025), if PRC tax clearance is not obtained by 12 August 2025, an announcement to inform Relevant Investors of this fact and to provide an estimated time of PRC tax clearance;

- (at least 7 business days prior to the Further Distribution Date, if any) an announcement to inform Relevant Investors of the Further Distribution amounts per Unit and the Further Distribution Date. For the avoidance of doubt, no announcement will be issued if there is no Further Distribution; and
- (on or shortly before the Termination Date) an announcement to inform Relevant Investors of the Termination Date, the dates for the Deauthorisation and Delisting, with regard to the Fund,

in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

### **3. CONSEQUENCES OF THE COMMENCEMENT OF THE CESSATION OF TRADING**

#### **3.1 Continued existence of the Fund**

The Fund will maintain its SFC authorisation status and the Fund will maintain its SEHK listing status, until the Deauthorisation and Delisting.

On the Termination Date the Trustee will complete the termination process and the Manager will proceed with applying to the SFC for Deauthorisation, and to the SEHK to complete the Delisting respectively.

Subject to the SFC's and the SEHK's approval respectively, the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the SEHK's approval respectively.

Following Deauthorisation, the Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Fund previously issued to investors, including the Offering Circular and the KFS in respect of the Fund, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product documentation relating to the Fund to the public in Hong Kong as this may be in breach of the SFO.

#### **3.2 Limited operation of the Fund**

During the period from the Trading Cessation Date until the Deauthorisation, the Fund will only be operated in a limited manner as there will not be any trading of Units and the Fund will have no investment activities from the Trading Cessation Date onwards.

## **4. WAIVER**

### **4.1 Background**

As set out in section 2.3 above, while the Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Fund, the Fund remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Fund maintains its SFC authorisation status, and the Fund maintains its SEHK listing status, until the Deauthorisation Date and Delisting Date.

However, from the Trading Cessation Date onwards: (i) there will be no further trading of Units; (ii) the Manager will start to realise all the assets of the Fund and the Fund will not be able to meet their respective investment objectives and the Fund is no longer marketed to the public; and (iii) the Fund will mainly hold cash, and the Fund will only be operated in a limited manner.

Accordingly, with a view to minimising the further costs, fees and expenses in managing the Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section below.

### **4.2 Publishing of the suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the investor notification requirements under Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the Delisting Date, investors may continue to access further announcements in relation to the Fund via the Manager's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> and HKEX's website (these websites have not been reviewed by the SFC) during such period. Announcements will also be accessible via the Manager's website until Deauthorisation Date.

### 4.3 Updating of the Offering Circular and the KFS

Under Chapters 6.1 and 11.1B of the Code, the Offering Circular and the KFS in respect of the Fund must be up-to-date and must be updated to incorporate any relevant changes to the Fund.

In view of the cessation of trading of Units from the Trading Cessation Date, the Manager considers that it is not necessary to update the Offering Circular and the KFS (which by its nature is an offering document) to reflect any future changes to the Offering Circular and the KFS.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code so that the Offering Circular and the KFS need not be updated from the Trading Cessation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Manager shall promptly notify investors of any changes to the Fund or to the Offering Circular and KFS by means of publishing the announcement(s) on the Fund's and HKEX's websites (these websites have not been reviewed by the SFC) (each, a "**Relevant Future Announcement**"); and
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice, together with the Offering Circular, the KFS and any other Relevant Future Announcement(s).

Accordingly, without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager will continue to manage the Fund without updating the Offering Circular and the KFS in respect of the Fund as required under Chapters 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date.

### 4.4 Waiver from Compliance with Chapter 8.11(a) of the Code

Under Chapter 8.11(a) of the Code, the Units of the Fund must be listed and traded on the SEHK. The Manager has reviewed the requirements and given the cessation of trading of the Fund, full compliance with Chapter 8.11(a) for the trading of the Units of the Fund may not be feasible during the period from the Trading Cessation Date to the Deauthorisation Date. As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(a) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Fund's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Fund have ceased trading on the SEHK from 12 March 2025 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

### 4.5 Provision of last closing Net Asset Value

Under Chapters 8.11(f) of the Code, the Manager is required to publish the Fund's last closing Net Asset Value on the Fund's website at such times and in such manner as may be acceptable to the SFC taking into account the nature of the investments of the Fund.

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements under Chapter 8.11(f) of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Net Asset Value as at the Trading Cessation Date, which will be the last Net Asset Value of the Fund, will be published on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC); and
- (B) the Manager shall update the latest available Net Asset Value of the Fund on the Fund's website <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> (the website has not been reviewed by the SFC) as soon as practicable should there be any change to the Net Asset Value of the Fund, including but not limited to changes arising from (i) the Interim Distribution; (ii) the Final Distribution; (iii) any Further Distribution (if any); (iv) any change in the market value of any scrip dividend receivable by the Fund; and (v) any adjustments including but not limited to transaction costs or taxes relating to the realisation of assets of the Fund.

#### **4.6 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.5 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other applicable laws and regulations in respect of the Fund.

### **5. COSTS**

#### **5.1 Trading on the SEHK**

As indicated in section 2.1 above, investors' stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

#### **5.2 Ongoing charges of the Fund**

The ongoing charges of the Fund over a year is 2.18%. The ongoing charges figure is based on ongoing expenses chargeable to the class (including, where applicable and in accordance with SFC requirements, estimated expenses for investing in shares or units of other funds) expressed as a percentage of the class's average Net Asset Value for the 6 months to the end of September 2023 and then extrapolated to 12 months to give an annualized figure. However, the ongoing charges figure above will no longer be applicable from the date of this Announcement and Notice since a Provision (as defined in section 5.3 below), representing the costs and expenses chargeable to the Fund from the date of this Announcement and Notice until the Termination Date, will be set aside.

The Fund does not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.



### 5.3 Provision of costs and expenses

On the date on which this Announcement and Notice is published, a certain portion of the assets of the Fund, amounting to HK\$3,000,000, which is approximately 0.7873% of the Net Asset Value of the Fund as at 4 December 2024 will be set aside immediately after this Announcement and Notice to implement the Plan (the “**Provision**”). This Provision is to discharge one-off maintenance costs (if any) and any future ongoing maintenance of the Fund before Termination, legal costs, and Auditors’ fees for Termination, QFI termination audit fees, QFI tax advisor fees, fees and costs incurred by and payable to the Registrar with respect to the Plan, duties, charges and other costs and expenses that the Trustee and the Manager may incur or make, during the period between the date of this Announcement and Notice and including the Termination Date (including if the Termination Date is extended), in connection with or arising out of the ongoing maintenance of the Fund and the implementation of the Termination (“**Future Costs**”). These costs will be borne by the Fund, that is, indirectly by all the Unitholders before the Deauthorisation and Delisting of the Fund. The Manager will continue to charge a management fee and the Trustee will continue to charge a trustee fee up to and including the Trading Cessation Date. No management fee or trustee fee will be charged from the Trading Cessation Date to the Termination Date. The Trustee will also charge other running costs after the Trading Cessation Date as set out in the Provision above. The Provision will include transaction costs incurred with the Registrar, but exclude unexpected taxes, including PRC tax. For avoidance of doubt, the Future Costs do not include transaction costs and any taxes relating to the realisation of assets of the Fund.

Where the Provision is insufficient to cover any Future Costs, any shortfall will be borne by the Manager from its own assets. Conversely, where the Provision, if any, is in excess of the actual amount of the Future Costs, such excess will be refunded to the Relevant Investors as part of the Final Distribution, expected to be payable around 12 August 2025 in proportion to the Relevant Investor’s Units as at the Distribution Record Date and the Manager will issue an announcement to confirm the amount of Final Distribution at least 7 business days prior to the Final Distribution Date.

The Trustee has confirmed that it has no objection to the amount of the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 10 December 2024, as more particularly described below:**

	Before setting aside the Provision		After setting aside the Provision	
	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)	Net Asset Value (HKD)	Net Asset Value per Unit (HKD)
HSBC China Dragon Fund	381,059,755	16.92	378,059,755	16.79

## 6. OTHER MATTERS

### 6.1 Other implications of the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting

In consequence of this Announcement and Notice and the cessation of trading, the Termination of the Fund and the Deauthorisation and Delisting, investors should note and consider the following risks:

**“Delay in distribution risk”** — The Manager will aim to realise all of the assets of the Fund and then proceed with the Interim Distribution, Final Distribution (subject to obtaining PRC tax clearance) and Further Distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Fund in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Interim Distribution, Final Distribution or Further Distribution (if any) to the Relevant Investors may be delayed. In addition, investors should note that the Final Distribution can only be made after PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025 and it is expected that Relevant Investors will receive the Final Distribution five months following the Trading Cessation Date. However, the termination and distribution timeline is subject to the progress of the PRC tax clearance and the actual time of obtaining PRC tax clearance is uncertain. In the event that PRC tax clearance is not obtained after five months following the Trading Cessation Date, the payment of Final Distribution, which is expected to be 83% of the total Net Asset Value based on the current portfolio as of 4 December 2024, may be further delayed.

**“Liquidity risk”** — As a closed-ended fund, there is no direct creation or redemption of units, and trading prices are determined by market demand and supply. The absence of a market maker means that liquidity on the SEHK is influenced by secondary market dynamics beyond the Manager’s control, potentially leading to substantial discounts to the Fund’s Net Asset Value. Trading of Units in the Fund on the SEHK from the date of this Announcement and Notice may become less liquid.

**“Units trading at a substantial discount or premium”** — Units in the Fund may trade at a substantial discount or premium compared to their Net Asset Value after this Announcement and Notice. This is because many investors may want to sell their Units after the Plan has been announced but there may not be many investors in the market who are willing to purchase the Units. On the other hand, it is also possible that the Units may trade at a premium and consequently the divergence between the supply of and demand for the Units may be larger than usual. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**“Net Asset Value downward adjustment risk”** — Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be significant drop in value of the securities. In addition, the Net Asset Value of the Fund will be reduced as some of the Fund’s assets will be set aside as the Provision on the date on which this Announcement and Notice is published. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

**“Ceasing to meet investment objectives risk”** — The Manager will aim to realise all securities held by the Fund with effect from the Trading Cessation Date. Thereafter, the Funds’ assets will mainly be in cash. The Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Fund will not be able to meet its investment objectives.

Investor attention is also drawn to the risks disclosed in the Offering Circular and the KFS of the Fund.

## 6.2 Tax implications

**Unitholders should consult their professional advisers on the consequences to them 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. 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.

### *(i) Hong Kong*

- *Profits Tax*

Based on the Manager’s understanding of the law and practice in force at the date of this Announcement and Notice, as the Fund is a collective investment scheme authorised under Section 104 of the SFO, profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution to the extent of distribution of profits and/or capital of the Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Fund are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### *(ii) The PRC*

The Manager, after consultation with the PRC tax advisers, has not made any tax provision with respect to the gross unrealised and realised capital gains derived by the Fund, given that:

- pursuant to “Notice on the temporary exemption of Corporate Income Tax (“CIT”) on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No. 79), QFII/RQFIIs (without a permanent

establishment (“PE”) in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE) are temporarily exempt from CIT on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014; and

- pursuant to “Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) and the “Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127), CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Fund) on the trading of A-Shares through the Stock Connect.

(the above notices are collectively referred to as “Caishui Notices”)

Investors’ attention is drawn to the section headed “Taxation and Regulatory Requirements” in the Offering Circular and section 2.2(ii) above headed “Final Distribution” for information about the PRC tax obligations of the Fund.

The Manager, in consultation with the PRC tax adviser, is in the process of making the relevant PRC tax filings and seeking PRC tax clearance. The Manager expects to obtain PRC tax clearance in the third quarter of 2025. The final tax amount is subject to the assessment of the relevant PRC tax authorities, so there may be under-provision as currently made by the Fund. The final amount of PRC tax payable will only be determined upon PRC tax clearance.

Investors should note that the termination, deauthorisation and delisting of the Fund are subject to PRC tax clearance. Investors should consult their professional tax advisers for tax advice.

### 6.3 Connected party transaction

Other than disclosed below, no other Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Fund, nor hold any interest in the Fund.

Please also refer to the 2024 annual report of the Fund for disclosures of connected party transaction.

As at 29 November 2024, the following fellow subsidiaries and/or associated companies of the Manager, each a Connected Person of the Manager being entities within the same group (i.e. entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) as the Manager, that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

Name of Entity	Units	Approx.%
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.057%
HSBC International Trustee Limited	22,806	0.101%

Each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it:

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units; and
- has not entered into any outstanding derivative in respect of the Units.

The entities mentioned above may decide to dispose of all or part of their Units, by selling the Units on the SEHK after being informed of the Plan via this Announcement and Notice. Any disposal of Units by the above entities, which is beyond the control of the Manager, may reduce the size of the Fund and impair the Manager's ability to fulfill the investment objectives of the Fund.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set:

- the Trust Deed;
- the audited accounts for the last two financial years for which these have been published and the half-yearly unaudited reports of the Fund; and
- the Offering Circular and the KFS of the Fund.

## 8. ENQUIRIES

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Registrar by calling their enquiry hotline at (852) 2862 8691 during normal business hours (Monday to Friday (excluding public holidays), from 9:00 a.m. to 6:00 p.m.) or contact the Manager in person at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong, or by calling: (852) 2284 1229, or emailing by [hsbc.etf@hsbc.com.hk](mailto:hsbc.etf@hsbc.com.hk), or visiting the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

**HSBC Global Asset Management (Hong Kong) Limited**  
as Manager of the Fund

9 December 2024

*As at the date of this Announcement and Notice, the Board of Directors of the Manager consists of Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS BELOW**

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**DEFINITIONS**

In this Announcement and Notice, unless the context otherwise requires, the following terms shall have the following meanings:

CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors
Code	The Code on Unit Trusts and Mutual Funds dated 1 January 2019 issued by the SFC (as amended or replaced from time to time)
Connected Person	Has the meaning as set out in the Code which at the date of this Announcement and Notice means in relation to a company:  (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; 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 that company forms part; or  (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c)
Deauthorisation	The deauthorisation of the Fund and their offering documents by the SFC under section 106 of the SFO
Deauthorisation Date	Expected to be on or around 17 November 2025, being the date on which the Deauthorisation will take place
Delisting	The delisting of the Fund from the SEHK
Delisting Date	Expected to be on or around 17 November 2025, being the date on which the Delisting will take place
Distribution Record Date	By close of business on 17 March 2025, being the date for the purpose of determining the beneficial owners of Units in the Fund who are entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) (which may include any refund of excess of the Provision (if any))
Final Distribution	Has the meaning given to that term in section 2.2 above

Final Distribution Date	Expected to be around 12 August 2025, being the date on which the Final Distribution of the Fund will take place
Further Distribution	Has the meaning given to that term in section 2.2 above
Further Distribution Date	Expected to be around 13 November 2025 (or such other date to be announced), being the date on which the Further Distribution (if any) of the Fund will take place
Fund	HSBC China Dragon Fund
HKSCC	Hong Kong Securities Clearing Company Limited or its successors
Interim Distribution	Has the meaning given to that term in section 2.2 above
Interim Distribution Date	26 March 2025, being the date on which the Interim Distribution of the Fund will take place
KFS	The Product Key Facts in respect to the Fund dated 23 September 2024
Last Trading Day	11 March 2025, being the last day for dealings in the Units on the SEHK
Manager	HSBC Global Asset Management (Hong Kong) Limited or its successors
Net Asset Value	the net asset value of the Fund or, as the context may require, the net asset value of a Unit, calculated pursuant to the Trust Deed
Offering Circular	The Offering Circular of the Fund dated 9 December 2024
Plan	The plan to terminate the Fund, and to voluntarily seek the Deauthorisation and the Delisting
Registrar	Computershare Hong Kong Investor Services Limited or its successors
Relevant Future Announcement	Has the meaning given to that term in section 4.3 above
Relevant Investors	The investors who are still holding Units in the Fund as of the Distribution Record Date
SEHK	The Stock Exchange of Hong Kong Limited or its successors
SFC	The Securities and Futures Commission of Hong Kong or its successors

SFO	The Securities and Futures Ordinance (Cap.571 Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Termination	Termination of the Fund when the Trustee and the Manager form an opinion that the Fund ceases to have any contingent or actual assets or liabilities
Termination Date	Expected to be on or around 14 November 2025, being the date on which the Termination of the Fund will take place
Trading Cessation Date	12 March 2025, being the date on which the dealings in the Units on the SEHK cease
Trust Deed	The trust deed dated 20 June 2007 governing the Fund
Trustee	HSBC Institutional Trust Services (Asia) Limited or its successors
Unitholder	A holder of Units in respect of the Fund
Units	In respect of the Fund, one undivided share in the Fund



# HSBC CHINA DRAGON FUND

## 滙豐中國翔龍基金

(a Hong Kong unit trust authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(根據《證券及期貨條例》(香港法例第571章)第104條獲認可之香港單位信託基金)

(Stock Code 股份代號：820)

29 November 2024

Dear Unitholders,

### Letter to Existing Unitholders — Election of Means of Receipt and Language of Corporate Communications

The 2024 Interim Report of HSBC China Dragon Fund (the “Fund”) has been prepared in English and Chinese. Copies prepared in the language different from those you have received are available from Computershare Hong Kong Investor Services Limited (the Fund’s Registrar) on request, or on the Fund’s website at [www.assetmanagement.hsbc.com/hk-chinadragonfund](http://www.assetmanagement.hsbc.com/hk-chinadragonfund) and the HKExnews’s at [www.hkexnews.hk](http://www.hkexnews.hk).

You may at any time change your choice of language or means of receipt, free of charge, by completing the attached Change Request Form and returning it to the Fund’s Registrar. You may also send email with a scanned copy of this form to [hsbcchinadragon.ecom@computershare.com.hk](mailto:hsbcchinadragon.ecom@computershare.com.hk).

Should you have any queries relating to this letter, please call the enquiry hotline at (852) 2862 8646 during business hours (9:00 a.m. to 6:00 p.m., Mondays to Fridays).

Yours faithfully,

**HSBC Global Asset Management (Hong Kong) Limited**  
as manager of HSBC China Dragon Fund

各位單位持有人：

### 致現有單位持有人之函件 — 選擇收取公司通訊的方式及語言

滙豐中國翔龍基金（「本基金」）2024中期報告備有英文及中文版。香港中央證券登記有限公司（本基金之過戶登記處）在收到閣下的要求後，可提供閣下所收到的版本以外另一種語言編製的版本。有關文件亦將刊載於本基金網站 [www.assetmanagement.hsbc.com/hk-chinadragonfund](http://www.assetmanagement.hsbc.com/hk-chinadragonfund) 內，並於香港交易所披露易網站 [www.hkexnews.hk](http://www.hkexnews.hk) 登載。

如閣下欲更改已選擇的語言版本及收取方式，可隨時填寫隨附的變更申請表格，費用全免，然後把表格寄交本基金之過戶登記處。你亦可把已填妥之變更申請表格的掃描副本電郵到 [hsbcchinadragon.ecom@computershare.com.hk](mailto:hsbcchinadragon.ecom@computershare.com.hk)。

若閣下對本函件有任何疑問，請於星期一至星期五早上九時至下午六時致電查詢熱線(852) 2862 8646。

滙豐環球投資管理（香港）有限公司  
作為滙豐中國翔龍基金之經理人  
謹啟

2024年11月29日

“Corporate Communications” refer to any documents issued or to be issued by the Fund for the information or action of the Unitholders, including but not limited to annual report, interim report, notice of meeting, listing document, circular and proxy form.

「公司通訊」指本基金發出或將予發出以供基金單位持有人參照或採取行動的任何文件，包括但不限於年報、中期報告、會議通告、上市文件、通函及代表委任表格。

## Change Request Form 變更申請表格

To: HSBC China Dragon Fund (the "Fund")  
c/o Computershare Hong Kong Investor Services Limited  
Hopewell Centre, 183 Queen's Road East,  
Wanchai, Hong Kong

致：滙豐中國翔龍基金（「本基金」）  
經香港中央證券登記有限公司  
香港灣仔皇后大道東183號  
合和中心17M樓

I/We have already received a printed copy of the Current Corporate Communications in Chinese/English or have chosen to read the Current Corporate Communications posted on the Fund's website:

本人/我們已收取本次公司通訊文件之英文/中文印刷本或已選擇瀏覽本基金網站所登載之本次公司通訊文件：

Part A — I/We would like to receive another printed version of the Current Corporate Communications of the Fund as indicated below:

甲部 本人/我們現在希望以下列方式收取 貴基金本次公司通訊文件之另一語言印刷本：

(Please mark **ONLY ONE (X)** of the following boxes 請從下列選擇中，僅在其中一個空格內劃上「X」號)

- I/We would like to receive a **printed copy in English** now.  
本人/我們現在希望收取一份**英文印刷本**。
- I/We would like to receive a **printed copy in Chinese** now.  
本人/我們現在希望收取一份**中文印刷本**。
- I/We would like to receive **both the printed English and Chinese copies** now.  
本人/我們現在希望收取**英文和中文各一份印刷本**。

Part B — I/We would like to change the choice of language and means of receipt of future Corporate Communications of the Fund as indicated below:

乙部 本人/我們現在希望更改以下列方式收取 貴基金日後公司通訊文件之語言版本及收取途徑：

(Please mark **ONLY ONE (X)** of the following boxes 請從下列選擇中，僅在其中一個空格內劃上「X」號)

- read the **Website version** of all future Corporate Communications published on the Fund's website in place of receiving printed copies; **OR**  
瀏覽在本基金網站發表之公司通訊**網上版本**，以代替印刷本；**或**
- to receive the printed **English version** of all future Corporate Communications **ONLY**; **OR**  
僅收取本公司通訊之**英文印刷本**；**或**
- to receive the printed **Chinese version** of all future Corporate Communications **ONLY**; **OR**  
僅收取本公司通訊之**中文印刷本**；**或**
- to receive both printed **English and Chinese versions** of all future Corporate Communications.  
同時收取本公司通訊之**英文及中文印刷本**。

Name(s) of Unitholders#  
基金單位持有人姓名#

Date  
日期

(Please use **ENGLISH BLOCK LETTERS** 請用英文正楷填寫)

Address#  
地址#

(Please use **ENGLISH BLOCK LETTERS** 請用英文正楷填寫)

Contact telephone number  
聯絡電話號碼

Signature(s)  
簽名

# You are required to fill in the details if you download this Change Request Form from the Fund's Website. 假如你從基金網站下載本變更申請表格，請必須填上有關資料。

Notes/附註:

- Please complete all your details clearly.  
請閣下清楚填寫所有資料。
- By selection to read the Website Version of the Corporate Communications published on the Fund's website in place of receiving printed copies, you have expressly consented to waive the right to receive the Corporate Communications in printed form, including the right to receive notice of meeting by post or delivery at your address pursuant to the trust deed constituting the Fund.  
在選擇瀏覽在本基金網站發表之公司通訊網上版本以代替收取印刷本後，閣下已明示同意放棄收取公司通訊印刷本的權利，包括根據成立本基金的信託契據以郵寄或送遞予閣下之地址的方式收取大會通告之權利。
- If your units are held in joint names, the Unitholder whose name stands first on the register of members of the Fund in respect of the joint holding should sign on this Change Request Form in order to be valid.  
如屬聯名基金單位持有人，則本變更申請表格須由該名於基金單位持有人名冊上就聯名持有基金單位其姓名名列首位的基金單位持有人簽署，方為有效。
- The above instruction will apply to all future Corporate Communications to be sent to Unitholders of the Fund until you notify otherwise by reasonable notice in writing to the Fund's Registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or by email to [hsbchinadragon.ecom@computershare.com.hk](mailto:hsbchinadragon.ecom@computershare.com.hk).  
上述指示適用於將來寄發予本基金單位持有人之所有公司通訊，直至閣下發出合理書面通知予本基金之過戶登記處香港中央證券登記有限公司地址為香港灣仔皇后大道東183號合和中心17M樓或以電郵方式發送通知 [hsbchinadragon.ecom@computershare.com.hk](mailto:hsbchinadragon.ecom@computershare.com.hk) 另作選擇為止。
- All Future Corporate Communications in both printed English and Chinese versions will be available for inspection from the Fund's Registrar upon request.  
本基金之過戶登記處將備有所有公司通訊之英文、中文印刷本以供索閱。
- The unitholders are entitled to change the choice of means of receipt or language of the Fund's Corporate Communications at any time by reasonable notice in writing to the Fund's Registrar.  
基金單位持有人有權隨時發出合理書面通知本基金之過戶登記處，要求更改收取公司通訊之語言版本及方式。
- Any form with more than one box marked (X), with no box marked (X), with no signature or otherwise incorrectly completed will be void.  
如在本表格作出超過一項選擇、或未有作出選擇、或未有簽署、或在其他方面填寫不正確，則本表格將會作廢。
- For the avoidance of doubt, we do not accept any special instructions written on this Request Form.  
為免存疑，任何在本申請表格上的額外手寫指示，本公司將不予處理。

### Mailing Label 郵寄標籤

Computershare Hong Kong Investor Services Limited  
香港中央證券登記有限公司  
Freepost No. 簡便回郵號碼: 37  
Hong Kong 香港

Please cut the mailing label and stick it on an envelope  
to return this Change Request Form to us.  
**No postage is necessary if posted in Hong Kong.**

當閣下寄回本變更申請表格時，請將郵寄標籤剪貼於信封上。  
如在本港投寄，閣下無需支付郵費或貼上郵票。

### Get in touch with us 與我們聯繫

Send us an enquiry 垂詢  
Rate our service 評價  
Lodge a complaint 投訴



Contact Us 聯繫我們

[www.computershare.com/hk/contact](http://www.computershare.com/hk/contact)

**IMPORTANT**

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**HSBC CHINA DRAGON FUND**  
**滙豐中國翔龍基金**

(a Hong Kong unit trust authorised under section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong))  
(stock code: 820)

Managed by  
HSBC Global Asset Management (Hong Kong) Limited

**2024 INTERIM RESULTS ANNOUNCEMENT**

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HSBC China Dragon Fund (the “Fund”) is a unit trust constituted by the Trust Deed dated 20 June 2007 (as amended) governed by the laws of Hong Kong. The Manager of the Fund is HSBC Global Asset Management (Hong Kong) Limited.

The board of directors of the Manager is pleased to announce the interim results of the Fund for the period from 1 April 2024 to 30 September 2024.

The interim results of the Fund for the period from 1 April 2024 to 30 September 2024 have been reviewed by the Fund’s Manager and Trustee. This interim results announcement of the Fund is based on the unaudited interim report of the Fund for the period from 1 April 2024 to 30 September 2024.

## Interim statement of assets and liabilities (unaudited)

As at 30 September 2024

	Notes	30 September 2024 (Unaudited) HK\$	31 March 2024 (Audited) HK\$
<b>Assets</b>			
Financial assets at fair value through profit or loss	8,12,13	426,035,564	463,933,205
Interest receivables		2	3
Amounts receivable on sales of investments		2,170,567	–
Cash and cash equivalents	10(d)	7,974,688	199,463
<b>Total assets</b>		<u>436,180,821</u>	<u>464,132,671</u>
<b>Liabilities</b>			
Bank overdraft	10(d)	–	117
Amounts payable on purchases of investments		9,899,203	–
Accrued expenses and other payables		2,103,621	963,633
<b>Total liabilities</b>		<u>12,002,824</u>	<u>963,750</u>
<b>Net assets attributable to unitholders</b>		<u>424,177,997</u>	<u>463,168,921</u>
Representing:			
<b>Total equity</b>		<u>424,177,997</u>	<u>463,168,921</u>
<b>Number of units in issue</b>	10(f),15,16	<u>22,528,663</u>	<u>28,160,756</u>
<b>Net asset value per unit</b>	15	<u>18.83</u>	<u>16.45</u>

## Interim statement of comprehensive income (unaudited) For the six months ended 30 September 2024

	Notes	Six months ended 30 September 2024 (Unaudited) HK\$	30 September 2023 (Unaudited) HK\$
Dividend income	4	13,689,727	12,450,397
Interest income on deposits	5	79,670	3,826
Net gains/(losses) from financial assets at fair value through profit or loss	6	47,975,517	(70,309,744)
Net foreign exchange losses		(100,288)	(124,430)
Other income		112,641	7,077
<b>Total investment income/(loss)</b>		61,757,267	(57,972,874)
Management fees	10(a)	(3,196,630)	(3,693,071)
Transaction costs	9,10(e)	(993,580)	(1,262,068)
Trustee's fees	10(b)	(149,176)	(172,343)
Custodian and administrative fees	10(c)	(316,388)	(348,551)
Auditor's remuneration		(157,001)	(155,934)
Legal and professional fees		(1,685,629)	(931,357)
Other operating expenses		(118,262)	(71,521)
<b>Total operating expenses</b>		(6,616,666)	(6,634,845)
<b>Profit/(loss) before taxation</b>		55,140,601	(64,607,719)
Withholding tax	4,7	(1,368,968)	(1,245,040)
<b>Increase/(decrease) in net assets attributable to unitholders and total comprehensive profit/(loss) for the period</b>		53,771,633	(65,852,759)

## Interim statement of changes in equity (unaudited) For the six months ended 30 September 2024

	Notes	Six months ended	
		30 September 2024 (Unaudited) HK\$	30 September 2023 (Unaudited) HK\$
<b>Balance at the beginning of the period</b>		463,168,921	529,390,097
Increase/(decrease) in net assets attributable to unitholders and total comprehensive profit/ (loss) for the period		53,771,633	(65,852,759)
Redemption of units during the period	16	<u>(92,762,557)</u>	<u>—</u>
<b>Balance at the end of the period</b>		<u>424,177,997</u>	<u>463,537,338</u>
		<b>Units</b>	<b>Units</b>
Number of units in issue brought forward	15	28,160,756	28,160,756
Redemption of units during the period		<u>(5,632,093)</u>	<u>—</u>
Number of units in issue carried forward	15	<u>22,528,663</u>	<u>28,160,756</u>

**Interim statement of changes in equity (unaudited)**  
**For the six months ended 30 September 2024**

	<b>Six months ended</b>	
	<b>30 September 2024</b>	<b>30 September 2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Operating activities</b>		
Interest income received	79,671	3,941
Dividend income received	12,320,759	11,205,357
Management fees paid	(3,269,297)	(3,807,043)
Trustee's fees paid	(152,567)	(177,662)
Transaction cost paid	(993,580)	(1,262,068)
Proceeds from sales of investments	520,899,849	524,479,000
Payments for purchases of investments	(427,298,055)	(529,898,768)
Other operating expenses paid	(1,221,859)	(2,076,794)
<b>Net cash generated from/(used in) operating activities</b>	<b>100,364,921</b>	<b>(1,534,037)</b>
<b>Financing activity</b>		
Payments on redemption of units	(92,762,557)	–
<b>Cash used in financing activity</b>	<b>(92,762,557)</b>	<b>–</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,602,364</b>	<b>(1,534,037)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>199,346</b>	<b>2,025,079</b>
<b>Effect of foreign exchange rates changes</b>	<b>172,978</b>	<b>47,579</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7,974,688</b>	<b>538,621</b>
Cash at Bank	7,974,688	728,403
Bank overdraft	–	(189,782)
<b>Cash and cash equivalents at the cash flow statement</b>	<b>7,974,688</b>	<b>538,621</b>

# Notes to the unaudited interim financial report

## For the six months ended 30 September 2024

### 1 Background

HSBC China Dragon Fund (“the Fund”) is a closed-ended unit trust governed by its Trust Deed dated 20 June 2007, as amended (“the Trust Deed”) made between HSBC Investment Funds (Hong Kong) Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”). The Fund is authorised by the Hong Kong Securities and Futures Commission (“the SFC”) under Section 104 (1) of the Hong Kong Securities and Futures Ordinance (“HKSFO”). The Fund is also listed on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) (a subsidiary of the Hong Kong Exchanges and Clearing Limited). The period fixed for the duration of the Fund is eighty years after the date of inception.

The investment objective of the Fund is to achieve long-term capital growth by investing primarily in A Shares directly through (i) the qualified foreign institutional investor (“QFII”) investment quota of the Manager and (ii) Shenzhen-Hong Kong Stock Connect and any other similar stock connect programme between another city of the People’s Republic of China (“PRC”) and Hong Kong (“Stock Connect”); and indirectly through investment of (i) up to 40% of its net asset value in financial derivative instruments and securities linked to A Shares (such as CAAPs (including A Share participation certificates/notes and/or other access products issued by third party investment banks or brokers)) and (ii) up to 40% of its net asset value in exchange-traded funds (“ETFs”) (including synthetic ETFs) authorised by the SFC with exposure to A Shares; provided that the Fund’s investment in a Chinese A Share access product, being a security linked to A Shares or portfolios of A Shares which aim to replicate synthetically the economic benefit of the relevant A Shares or portfolio of A Shares (“CAAPs”) and ETFs (including synthetic ETFs) authorized by the SFC with exposure to A Shares will not exceed 50% in the aggregate of its net asset value.

The Fund will not invest more than 10% of its net asset value in CAAPs issued by a single issuer and the Fund’s aggregate investment in (i) CAAPs shall not be more than 40% of its net asset value and (ii) A Shares through the Stock Connect shall not be more than 30% of the Fund’s net asset value.

Under the prevailing regulations in the (“PRC”), foreign investors can invest in the PRC A Share market through institutions that have obtained QFII status in the PRC. The Fund itself is not a QFII, but may invest directly in A Shares via the US\$200 million QFII investment quota obtained by the Manager.

### 2 Material accounting policies

#### (a) Statement of compliance

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the relevant disclosure provisions of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC (“the SFC Code”).



The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2024, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ended 31 March 2025. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Manager is included on pages 1 and 2.

The financial information relating to the financial year ended 31 March 2024 that is included in the interim financial report as comparative information does not constitute the Fund's statutory annual financial statements for that financial year but is derived from those financial statements. The auditor has expressed an unqualified opinion on the financial statements for the year ended 31 March 2024 in their report dated 31 July 2024.

**(b) Basis of preparation of the financial statements**

The functional and presentation currency of the Fund is the Hong Kong dollar ("HKD") reflecting the fact that the units of the Fund are issued in Hong Kong dollars.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards ("HKFRSs") requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(c) **Financial instruments**

(i) Classification

On initial recognition, the Fund classifies financial assets as measured at amortised cost or fair value through profit or loss (“FVTPL”).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”).

All other financial assets of the Fund are measured at FVTPL.

*Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the Manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Transfer of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund’s continuing recognition of the assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes amounts receivable on sales of investments, interest receivables and cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes listed equities. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

*Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund’s claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for of the time value of money (e.g. periodical reset of interest rates).

The Fund classifies its investments based on the business model and contractual cash flows assessment. Accordingly, the Fund classifies all its investments, including equities and equity-linked instruments, into financial assets at FVTPL category. Financial assets measured at amortised cost include amounts receivable on sales of investments, interest receivables and cash and cash equivalents. Financial liabilities that are not classified at fair value through profit or loss include bank overdraft, amounts payable on purchases of investments and accrued expenses and other payables.

*Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

(ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

A regular way purchase or sale of financial assets and financial liabilities is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract or the contract is a derivative contract not exempted from the scope of HKFRS 9.

(iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at FVTPL are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at FVTPL are measured at fair value with changes in their fair values recognised in the statement of comprehensive income.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest method less impairment loss, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest method.

(iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid-ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where the quoted price is not within the bid-ask spread, the Manager will determine the points within the bid-ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a financial instrument.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received). If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Fund measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(v) Impairment

At each reporting date, the Fund assesses whether credit risk for financial assets held at amortised cost has increased significantly since initial recognition. If there is a significant increase in credit risk since initial recognition or it is considered as credit impaired, then the Fund measures the loss allowances on financial assets at an amount equal to the lifetime expected credit losses. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowances on financial assets at an amount equal to the expected credit losses for the later of 12 months or the period to maturity, if the amount is material. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered as credit impaired.

(vi) Derecognition

The Fund derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

Assets held for trading that are sold are derecognised and corresponding receivables from the brokers are recognised as of the date the Fund commits to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

The Fund uses the weighted average method to determine realised gains and losses to be recognised in the statement of comprehensive income on derecognition.

(vii) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of assets and liabilities when the Fund has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis, or simultaneously, e.g. through a market clearing mechanism.

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(e) Revenue recognition**

Revenue is recognised in the statement of comprehensive income as follows:

*Interest income*

Interest income is recognised in the statement of comprehensive income as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to gross carrying amount of the financial asset. Interest income on bank deposits is disclosed separately in the statement of comprehensive income.

*Dividend income*

Dividend income from equities is recognised when the share price of the investment goes ex-dividend. Dividends from other investments are recognised in the statement of comprehensive income on the date on which the unconditional right to receive payment is established.

In some cases, the Fund may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases, the Fund recognises the dividend income for the amount of the equivalent cash dividends with the corresponding debit treated as an additional investment.

**(f) Expenses**

All expenses are recognised in the statement of comprehensive income on an accrual basis.

**(g) Income tax and withholding tax**

Income tax for the period comprises current tax during period. Current tax and movements are recognized in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income.

**(h) Foreign exchange gains or losses**

Foreign currency transactions during the periods are translated into Hong Kong dollar at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the foreign exchange rates ruling at the date of the statement of assets and liabilities. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in the statement of comprehensive income line item, “Net foreign exchange losses” is net foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified at Fair value through profit or loss.

**(i) Related parties**

- (a) A person, or a close member of that person’s family, is related to the Fund if that person:
- (i) has control or joint control over the Fund;
  - (ii) has significant influence over the Fund; or
  - (iii) is a member of the key management personnel of the Fund.
- (b) An entity is related to the Fund if any of the following conditions applies:
- (i) The entity and the Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Fund or an entity related to the Fund;
  - (vi) The entity is controlled or jointly controlled by a person identified in note 2 (i)(a);
  - (vii) A person identified in note 2 (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(j) Units in issue**

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has one class of units in issue which is not redeemable by the unitholders. Upon termination of the Fund, the unitholders are entitled to all net cash proceeds derived from the sale or realisation of the assets of the Fund less any liabilities, in accordance with their proportionate interest in the Fund at the date of termination. The units are classified as equity in accordance with HKAS 32.

**(k) Segment reporting**

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Fund is identified as the Manager.

**(l) Transaction costs**

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at FVTPL. They include fees and commissions paid to agents, brokers and dealers. Transaction costs, when incurred, are immediately recognised in statement of comprehensive income as an expense.

### **3 Changes in accounting policies**

The HKICPA has issued certain new amendments to HKFRSs that are first effective for the current accounting period of the Fund. None of these developments have had a material effect on how the Fund's result and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 17).



## 4 Dividend income

The amounts of dividend income and net dividend income, which was net of any non-recoverable withholding taxes, earned by the Fund during the periods are shown as follows.

	<b>Six months ended</b>	
	<b>30 September 2024 (unaudited) HK\$</b>	<b>30 September 2023 (unaudited) HK\$</b>
Dividend income	13,689,727	12,450,397
Withholding taxes	<u>(1,368,968)</u>	<u>(1,245,040)</u>
	<u>12,320,759</u>	<u>11,205,357</u>

## 5 Interest income on deposits

The Fund earned all its interest income from the deposits with banks which are classified as cash and cash equivalents in the statement of assets and liabilities.

## 6 Net gains/(losses) from financial assets at fair value through profit or loss

	<b>Six months ended</b>	
	<b>30 September 2024 (unaudited) HK\$</b>	<b>30 September 2023 (unaudited) HK\$</b>
Realised losses on sale of investments	(6,619,378)	(19,657,204)
Change in unrealised gains/(losses) in value of investments	<u>54,594,895</u>	<u>(50,652,540)</u>
	<u>47,975,517</u>	<u>(70,309,744)</u>

Gains and losses presented above exclude dividend income.

## 7 Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Fund is exempted from taxation under section 26A (1A) of the Hong Kong Inland Revenue Ordinance.

Under the current general provisions of the PRC Corporate Income Tax Law (“CIT”) and published tax circulars, the Fund would be subject to PRC withholding tax at the rate of 10% in respect of its PRC sourced income earned, including capital gains realised on the sale of PRC A Shares, B Shares and H Shares listed companies, dividend income derived from PRC A Shares, B Shares and H Shares listed companies and interest income earned in respect of PRC bank deposits and corporate bonds. This withholding taxation basis should apply as it is intended that the Fund would be managed and operated in such a manner that it would not be considered a tax resident enterprise in China or otherwise as having a taxable permanent establishment in the PRC. The 10% withholding tax rate may be further reduced under an applicable tax treaty, which the PRC has entered into with the jurisdiction in which the beneficial owner of the relevant income is a resident.

The Offering Circular of the Fund gives the Manager the right to provide for withholding tax on such gains or income and withhold the tax for the account of the Fund. On the basis of the available information, the Manager has determined that it is appropriate to provide for PRC taxation at the withholding tax rate of 10% on dividend income from A Shares, B Shares and H Shares and interest income from PRC bank deposits and corporate bonds in the financial statements.

Before 17 November 2014, The Manager had also determined that it was appropriate to provide for PRC taxation at the withholding tax rate of 10% on realised gains on A shares.

The Manager had determined that it was also appropriate to provide for PRC taxation at the withholding tax rate of 10% on unrealised gains on A Shares with effect from 26 July 2013.

On 14 November 2014, the Ministry of Finance, the State Administration of Taxation (“SAT”) and the China Securities Regulatory Commission have jointly promulgated the Circular Concerning the Temporary Exemption of the Corporate Income Tax for Gains Earned by Qualified Foreign Institutional Investors and Renminbi Qualified Foreign Institutional Investors from the Transfer of Domestic Shares and Other Equity Interest Investment in China (“the Circular”).

According to the Circular, QFIIs have been granted a temporary PRC CIT exemption on capital gains deriving from PRC A Shares and other equity interest investments in PRC enterprises on or after 17 November 2014. Realised capital gains generated by QFIIs prior to 17 November 2014 would remain subject to the 10% withholding tax – unless otherwise exempt under the applicable double tax treaty.

As a result of the announcement of the Circular, the most significant change for the Fund was the cessation of withholding 10% of unrealised gains on its investments in A Shares as deferred tax liabilities as at 17 November 2014. The deferred tax liabilities in respect of unrealised gains recognised on A Shares amounted to \$22,547,473 as at 14 November 2014 have been released to the Fund. The Fund also ceased withholding 10% of realised gains on its investments in A Shares with effect from 17 November 2014.

Taxation in the interim statement of comprehensive income represents:

	<b>Six months ended</b>	
	<b>30 September 2024 (unaudited) HK\$</b>	<b>30 September 2023 (unaudited) HK\$</b>
Withholding tax arise from dividend income in PRC	1,368,968	1,245,040

## 8 Financial assets at fair value through profit or loss

	<b>30 September 2024 (unaudited) HK\$</b>	<b>31 March 2024 (audited) HK\$</b>
Listed equities		
– Hong Kong	–	8,200,006
– Outside Hong Kong	426,035,564	455,733,199
Total financial assets at fair value through profit or loss	426,035,564	463,933,205

## 9 Transaction costs

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at FVTPL. They include fees and commissions paid to agents, advisers, brokers and dealers.

## 10 Related party transactions

The following is a summary of significant related party transactions or transactions entered into during the period between the Fund and the Trustee, the Manager and their Connected Persons. Connected Persons are those as defined in the SFC Code, representing any members of the group of which that the Trust forms part. The Connected Persons here including bank, brokers and custodian. All transactions during the period between the Fund and the Trustee, the Manager and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Fund did not have any other transactions with Connected Persons except for those disclosed below.

The Fund has invested directly in A Shares via the US\$200 million QFII investment quota obtained by the Manager.

**(a) Management fees**

For the period during 30 September 2024, the fee payable to the Manager is calculated at the rate of 1.5% (for the period from 1 April 2023 to 30 September 2023: 1.5%) per annum of the net asset value of the Fund payable monthly in arrears. The management fee charged to the Fund in respect of the period and payable at the end of the period amounted to \$3,196,630 (for the period from 1 April 2023 to 30 September 2023: \$3,693,071) and \$453,406 (as at 31 March 2024: \$526,073) respectively.

**(b) Trustee's fees**

For the period during 30 September 2024, the fee payable to the Trustee is calculated at the rate of 0.07% (for the period from 1 April 2023 to 30 September 2023: 0.07%) per annum on the net asset value of the Fund. In addition, the Trustee provides valuation services to the Fund in return for a daily fee. The daily valuation fee is US\$50 for each valuation per unit class. The valuation fee is waived since 1 April 2019. The Trustee's fees charged to the Fund in respect of the period and payable at the end of the period of 30 September 2024 amounted to \$149,176 (for the period from 1 April 2023 to 30 September 2023: \$172,343) and \$21,159 (as at 31 March 2024: \$24,550) respectively.

The Trustee is entitled to receive a financial reporting service fee of US\$5,000 per set of financial statements. The financial reporting fee charged to the Fund during the period and payable at the end of the period of 30 September 2024 is \$39,178 (for the period from 1 April 2023 to 30 September 2023: \$39,053) and \$10,752 (as at 31 March 2024: \$5,000) respectively. The Trustee is also entitled to an SFC fund data reporting fee of US\$125 per report. The SFC fund data reporting fee during the period of 30 September 2024 is \$15,223 (for the period from 1 April 2023 to 30 September 2023: \$15,427).

**(c) Custodian fee and administrative fees**

The custodian fee paid to the Bank of Communications Co. Ltd (the "QFII Custodian") is calculated at the rate of 0.01% (for the period from 1 April 2023 to 30 September 2023: 0.1%) per annum of the net asset value of the assets held by the QFII custodian as determined by the QFII custodian (based on the actual number of calendar days in a year). The custodian fee charged to the Fund in respect of the period amounted to \$140,862 (for the period from 1 April 2023 to 30 September 2023: \$191,957). No custodian fee payable at the end of the reporting period (as at 31 March 2024: \$Nil).

The administrative fee charged to the Fund by The Hongkong and Shanghai Banking Corporation Limited ("HSBC Hong Kong") on purchases and sales of investments and sub-custody of investments during the period of 30 September 2024 is amounted to \$175,526 (for the period from 1 April 2023 to 30 September 2023: \$156,594) and the corresponding payable at the end of the period is \$23,535 (as at 31 March 2024: \$31,541).

**(d) Bank balances**

Bank accounts are maintained with HSBC Hong Kong, which is a member of the HSBC Group, and Bank of Communication Co Ltd, the QFII custodian of the Fund. The bank balances held as at 30 September 2024 amounted to \$67,223 and \$7,907,465 respectively (balances held as at 31 March 2024: \$28,466 and \$170,880 respectively). During the period of 30 September 2024, interest earned from HSBC Hong Kong and Bank of Communications Co. Ltd. amounted to \$36,426 and \$2,520 respectively (for the period from 1 April 2023 to 30 September 2023: \$1,820 and \$2,006 respectively).

**(e) Transaction costs**

During the periods ended 30 September 2024 and 2023, the Fund did not utilise the brokerage services of The Hongkong and Shanghai Banking Corporation Limited, and no commission was paid to the entity.

**(f) Holding of units**

As at 30 September 2024, HSBC Hong Kong held 12,973 units (as at 31 March 2024: 12,973 units) of the Fund. As at 30 September 2024, HSBC International Trustee Limited held 22,807 units (as at 31 March 2024: 64,168 units) of the Fund for its clients on a discretionary basis. HSBC International Trustee Limited redeemed 41,361 units of the Fund during the period ended 30 September 2024 (for the period from 1 April 2023 to 30 September 2023: Nil). Both entities are members of the HSBC Group.

## **11 Soft dollar practices**

The Manager may enter into soft commission arrangements for the provision to the Manager or Connected Persons of goods and services which are of demonstrable benefit to the Unitholders provided that (i) the brokerage rates do not exceed customary institutional full service brokerage rates and the execution of transactions for a Fund is consistent with best execution standards, (ii) periodic disclosure is made in the annual report of the Fund or the relevant 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 it, and (iii) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

During the period ended 30 September 2024, no soft commission arrangements were entered into with brokers. During the year ended 31 March 2024, the Manager had entered into soft commission arrangements with brokers under which certain goods and services used to support investment decision making are received by the Manager. During the period ended 30 September 2023, the Manager did not obtain any services through soft commission arrangements on transactions and no commission is paid from the Fund.

## **12 Financial instruments and associated risks**

The Fund maintains its investment portfolio in a variety of financial instruments as dictated by its investment management strategy.

The risk exposures inherent in the Fund as at 30 September 2024 and 31 March 2024 are summarized below. Details of such investments held as at 30 September 2024 are shown in the investment portfolio.

The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instruments. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

Investors should note that additional information in respect of risks associated with investment in the Fund can be found in the Fund's offering document.

During the periods ended 30 September 2024 and 2023, the Fund invested in financial instruments which the Manager considered are commensurate with the risk level of the Fund in accordance with its investment objective.

The nature and extent of the financial instruments outstanding at the date of the statement of assets and liabilities and the risk management policies employed by the Fund are discussed below.

**(a) Market risk**

**(i) Price risk**

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Fund is exposed to price risk arising from changes in the market prices of its investment assets. Price risk is managed by a diversified portfolio of investments across different industries in accordance with the investment objective of the Fund.

*Price sensitivity*

The impact on a 6% (31 March 2024: 6%) increase in value of the investments as at 30 September 2024, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net assets attributable to unitholders by an approximately equal but opposite amount.

	30 September 2024 (unaudited)			31 March 2024 (audited)		
	% of total net assets	Change in price %	Effect on net assets attributable to the unitholders HK\$	% of total net assets	Change in price %	Effect on net assets attributable to the unitholders HK\$
<b>Investment</b>						
Listed equities:						
Hong Kong	–	6	–	1.77	6	492,000
Outside Hong Kong	100.44	6	25,562,134	98.40	6	27,343,992
	<u>100.44</u>	6	<u>25,562,134</u>	<u>100.17</u>	6	<u>27,835,992</u>

(ii) Interest rate risk

Interest rate risk arises from changes in interest rates which may affect the value of debt instruments and therefore result in potential gains or losses to the Fund. As at the end of the reporting period, the Fund's exposure to interest rate risk is considered relatively low as the Fund's financial instruments were predominantly non-interest bearing. The Fund's interest rate risk is managed on an ongoing basis by the Manager.

Except for the bank deposits and bank overdraft, the Fund did not hold any interest-bearing assets and liabilities as at 30 September 2024 and 31 March 2024, therefore the Manager considers the Fund is not subject to significant interest rate risk. No sensitivity analysis is performed for the periods ended 30 September 2024 and 31 March 2024.

(iii) Currency risk

The Fund may invest in financial investments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the HKD.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may attempt to mitigate this risk by using financial derivative instruments.

In accordance with the Fund's policy, the Manager monitors the Fund's currency exposure on an ongoing basis.

At the date of statement of assets and liabilities the Fund had the following exposure (in Hong Kong dollars equivalent):

	<b>Assets</b> <b>HK\$</b>	<b>Liabilities</b> <b>HK\$</b>	<b>Net exposure</b> <b>HK\$</b>
<b>30 September 2024 (unaudited)</b>			
Renminbi	<u>436,113,596</u>	<u>9,899,203</u>	<u>426,214,393</u>
<b>31 March 2024 (audited)</b>			
Renminbi	<u>464,104,085</u>	<u>–</u>	<u>464,104,085</u>

Amounts in the above table are based on the carrying value of the assets and liabilities.

*Currency sensitivity*

As the HKD is pegged to the United States dollar (“USD”), the Fund does not expect any significant movements in USD/HKD exchange rate. During the period ended 30 September 2024, the HKD strengthened in relation to the Renminbi by approximately 2% (as at 31 March 2024: strengthened by approximately 5%). At 30 September 2024, had the HKD further strengthened in relation to the Renminbi by 2% (as at 31 March 2024: strengthened by 5%), with all other variables held constant, net assets attributable to unitholders would have increased by the amounts shown in the following table.

	<b>HK\$</b>
<b>30 September 2024 (unaudited)</b>	
Renminbi	<u>9,532,280</u>
<b>31 March 2024 (audited)</b>	
Renminbi	<u>23,205,204</u>

A 2% weakening of the HKD (as at 31 March 2024: weakening by 5%) against the above currency would have resulted in an approximately equal but opposite effect on the basis that all other variables remain constant. The analysis is performed on the same basis for 31 March 2024.

**(b) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund’s exposure to credit risk is monitored by the Manager on an ongoing basis. At 30 September 2024, all of the Fund’s financial assets were exposed to credit risk.



Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

The Fund invests in A Shares via the QFII investment quota obtained by the Manager. These investments are held in a segregated account with Bank of Communications Co. Ltd (the “QFII custodian”) on behalf of the Fund. Substantially all of the assets of the Fund are held by the Trustee or the QFII custodian. Bankruptcy or insolvency of the Trustee or the QFII custodian may cause the Fund’s rights with respect to securities held by the Trustee or the QFII custodian to be delayed or limited. There were no investments in debt securities held by the Fund as at 30 September 2024 and 31 March 2024.

The majority of the cash held by the Fund is deposited with Bank of Communications Co., Ltd. and The Hongkong and Shanghai Banking Corporation Limited (the “banks”), with credit rating as A2 and Aa2 (2023: A2 and Aa2) respectively sourced from Moody’s.

Bankruptcy or insolvency of the banks may cause the Fund’s rights with respect to the cash held by the banks to be delayed or limited. The Fund monitors the credit rating of the banks on an ongoing basis.

Substantially all the assets of the Fund are held by QFII custodian where its credit rating is A2 (2023: A2) as sourced from Moody’s.

**(b) Credit risk**

The carrying amounts of financial assets best represent the maximum credit risk exposure at the date of the statement of assets and liabilities.

As at 30 September 2024 and 31 March 2024, there were no significant concentrations of credit risk to counterparties except to the Trustee, the QFII custodian and the banks.

The Manager considers that none of these assets are impaired nor past due at the end of the reporting period.

**Amounts arising from ECLs**

Impairment on interest receivables, amount receivable on sales of investments, and cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Funds consider that these exposures have low credit risk based on the external credit ratings and/or review result of the counterparties.

The Fund monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and/or performed ongoing review of the counterparties.

The Manager considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on interest receivables, amounts receivable on sales of investments and cash and cash equivalents. The amount of the loss allowance did not change during the periods ended 30 September 2024 and 2023.

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund's policy to manage liquidity is to have sufficient liquidity to meet its liability without incurring undue losses or risking damage to the Fund's reputation.

As at 30 September 2024 and 31 March 2024, the Fund's listed equity investments are considered to be readily realisable under normal market conditions as they are all listed on stock exchanges in Hong Kong and PRC.

The Fund has one class of units in issue which is not redeemable by the unitholders. All financial liabilities have contractual maturities of less than three months. At both 30 September 2024 and 31 March 2024, there were no significant exposures to liquidity risk for the Fund.

**(d) Capital management**

At 30 September 2024, the Fund had \$424,177,997 (as at 31 March 2024: \$463,168,921) of capital classified as equity.

The Fund's objective in managing the capital is to ensure a stable and strong base to maximise returns to all investors. The Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies stated in the Trust Deed.

There were no changes in the policies and procedures during the period with respect to the Fund's approach to its capital management.

The Fund is not subject to externally imposed capital requirements.

During the periods ended 30 September 2024 and 2023, no distributions were made to the unitholders of the Fund.

## **13 Fair value information**

The Fund's financial instruments are measured at fair value on the date of statement of assets and liabilities. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including interest receivables and accrued expenses and other payables, the carrying amounts approximate fair values due to the immediate or short-term nature of these financial instruments.

The Fund's accounting policy on fair value measurements is detailed in material accounting policy in note 2 (c)(iv).

### *Valuation of financial instruments*

The Fund measures fair values using the three levels of fair value hierarchy defined in HKFRS 7, Financial instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: Quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs.

The fair values of financial assets and financial liabilities that are traded in active markets, such as equities, bonds and warrants which are listed on recognised stock exchanges or have daily quoted prices are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair value using valuation techniques.

The Fund uses widely recognised valuation models for determining the fair value of financial instruments which do not have quoted market prices in an active market. Valuation techniques include comparison to quoted prices for identical instruments that are considered less than active and other valuation models.

The following analyses financial instruments measured at fair value at the date of the statement of assets and liabilities by the level in the fair value hierarchy into which the fair value measurement is categorised.

	<b>30 September 2024 (unaudited)</b>			
	<b>Level 1 HK\$</b>	<b>Level 2 HK\$</b>	<b>Level 3 HK\$</b>	<b>Total HK\$</b>
Listed equities	426,035,564	–	–	426,035,564
	<u>426,035,564</u>	<u>–</u>	<u>–</u>	<u>426,035,564</u>
	<b>31 March 2024 (audited)</b>			
	<b>Level 1 HK\$</b>	<b>Level 2 HK\$</b>	<b>Level 3 HK\$</b>	<b>Total HK\$</b>
Listed equities	463,933,205	–	–	463,933,205
	<u>463,933,205</u>	<u>–</u>	<u>–</u>	<u>463,933,205</u>

For all other financial instruments, their carrying amounts approximate fair value due to the intermediate or short-term nature of these financial instruments.

During the period/year ended 30 September 2024 and 31 March 2024, there were no transfers between levels.

## **14 Segment information**

The Manager makes the strategic resource allocation on behalf of the Fund and has determined the operating segments based on the internal reports reviewed which are used to make strategic decisions.

The Manager's asset allocation decisions are based on one single and integrated investment strategy and the Fund's performance is evaluated on an overall basis. Accordingly, the Manager considers that the Fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in the offering circular of the Fund. There were no changes in the operating segment during the period.

The segment information provided to the Manager is the same as that disclosed in the interim statement of comprehensive income and statement of assets and liabilities. The Fund is domiciled in Hong Kong.

## **15 Units in issue and NAV per unit**

As at 30 September 2024, units in issue were 22,528,663 units (as at 31 March 2024: 28,160,756 units) and NAV per unit was \$18.83 (as at 31 March 2024: \$16.45).

## **16 Redemption of units under the Recurring Redemption Offer**

For the periods ended 30 September 2024, the Manager offered a right to the unitholders to redeem the whole or a part of their units on a recurring redemption basis (for the period from 1 April 2023 to 30 September 2023: nil).

On 2 July 2024, 5,632,093 units, representing 20% of the total outstanding number of units, were redeemed at a total amount of HKD92,762,557. A redemption levy of 0.12% per unit was charged and deducted from the redemption price and retained by the Fund. The redeemed units were then cancelled.

## **17 Possible impact of amendments issued and effective for the six months ended 30 September 2024**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments which are issued and effective for the period ended 30 September 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Fund.

**Effective for  
accounting periods  
beginning on or after**

Amendments to HKAS 21, *The effects of changes in foreign  
exchange rates: Lack of exchangeability*

1 January 2025

The Fund is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption is unlikely to have a significant impact on the Fund's financial statements.

## Investment portfolio (unaudited) As at 30 September 2024

	<i>Holdings</i>	<i>Market value HK\$</i>	<i>% of total net assets attributable to unitholders</i>
<b>Equities</b>			
<i>Listed investments</i>			
<i>The People's Republic of China</i>			
Aima Technology Group Co	8,600	357,929	0.08
Aima Technology Group Co Ltd	50,100	2,079,958	0.49
Anhui Anli Material Technology Co Ltd	383,100	7,468,906	1.76
Avic Heavy Machinery Co Ltd – A Share	174,200	3,901,481	0.92
Bank of Jiangsu Co Ltd	1,313,000	12,226,441	2.88
Bank of Ningbo Co Ltd – A Share	86,500	2,460,173	0.58
Beijing New Building Mater – A Share	73,600	2,693,170	0.64
Beijing New Building Materials PLC- A Share	74,700	2,726,623	0.64
Chifeng Gold – A Share	46,200	1,031,141	0.24
China Merchants Bank Company Limited	98,000	4,090,688	0.96
China Merchants Bank Company Limited – A Share	288,500	12,012,534	2.83
China Merchants Energy – A Share	479,700	4,269,837	1.01
China National Chemical Engineering Co Ltd – A Share	369,600	3,371,667	0.79
China Pacific Insurance Group Co Ltd – A Share	177,100	7,664,251	1.81
China Petroleum and Chemical Corporation – A Share	953,000	7,343,238	1.73
CMOC Group Limited	990,300	9,538,312	2.25
CMOC Group Ltd	149,500	1,443,535	0.34
Cnhc Jinan Truck Co Ltd	192,200	3,707,406	0.87
Cnhc Jinan Truck Co Ltd – A Share	331,900	6,386,200	1.51
Contemporary Amperex Technology Co Ltd	19,420	5,429,091	1.28
Contemporary Amperex Technology Co Ltd – A Share	45,003	12,549,831	2.96
Daqin Railways Co Ltd – A Share	951,300	7,224,821	1.70
Fengfan Stock Ltd Co	84,000	2,241,206	0.53
Gree Electric Appliances Inc – A Share	143,800	7,632,490	1.80
Guangshen Railway Co Ltd	1,064,800	4,456,002	1.05
Guangshen Railway Co Ltd	305,500	1,281,652	0.30
Guotai Junan Securities Co – A Share	180,000	2,927,385	0.69
Haier Smart Home Co Ltd	52,100	1,853,250	0.44
Haier Smart Home Co Ltd	16,100	574,121	0.14
Hangzhou Hikvision Digital	80,300	2,877,734	0.68
Hangzhou Hikvision Digital Technology Co Ltd – A Share	89,100	3,185,160	0.75
Henan Pinggao Electric Co – A Share	290,800	6,741,501	1.59
Hisense Visual Technology Co Ltd – A Share	212,900	5,272,628	1.24

	<i>Holdings</i>	<i>Market value HK\$</i>	<i>% of total net assets attributable to unitholders</i>
<b>Equities (continued)</b>			
<i>Listed investments (continued)</i>			
<i>The People's Republic of China (continued)</i>			
Huatai Securities Co Ltd	87,500	1,709,180	0.40
Huatai Securities Co Ltd – A Share	454,200	8,850,041	2.09
Huayu Automotive Systems Co Ltd – A Share	208,100	4,128,531	0.97
Hubei Yihua Chemical Industry	166,600	2,652,280	0.63
Industrial Bank Co Ltd	115,700	2,474,469	0.58
Industrial Bank Co Ltd – A Share	461,800	9,851,926	2.32
Jcet Group Co Ltd – A Share	184,600	7,218,349	1.70
Jiangsu Changshu Automotive Trim Group Co Ltd	654,200	10,892,909	2.57
Kweichow Moutai Co Ltd	2,200	4,268,041	1.01
Kweichow Moutai Co Ltd – A Share	7,000	13,546,356	3.19
Luxshare Precision Industry Co Ltd – A Share	424,437	20,416,839	4.81
Midea Group Co Ltd	231,848	19,531,178	4.60
Ningbo Orient Wires & Cables	51,100	3,120,546	0.74
Ningxia Baofeng Energy Group	177,400	3,407,960	0.81
Petrochina Co Ltd	401,700	4,016,924	0.95
Petrochina Co Ltd – A Share	643,100	6,414,884	1.51
Rayhoo Motor Dies Co Ltd	87,300	3,227,128	0.76
Sany Heavy Industry Co Ltd – A Share	591,300	12,359,342	2.91
Shanghai Jinjiang International Hotels Co Ltd	177,400	6,151,214	1.45
STO Express Co Ltd	464,600	5,925,393	1.40
Sungrow Power Supply Co Ltd – A Share	50,300	5,544,750	1.31
Tongkun Group Co Ltd – A Share	561,500	8,410,718	1.98
Tsingtao Brewery Co Ltd – A Share	90,800	7,875,079	1.86
Union Semiconductor Hefei	139,219	1,307,013	0.31
Wanhua Chemical Group Co Ltd	33,500	3,394,925	0.80
Wanhua Chemical Group Co Ltd – A Share	29,100	2,941,689	0.69
Weichai Power Co Ltd – A Share	339,800	5,981,272	1.41
Xcmg Construction Machin – A Share	908,500	7,804,986	1.84
Youcare Pharmaceutical Group	155,792	3,516,298	0.83
Yto Express Group Co Ltd	386,700	7,633,277	1.80
Yunnan Aluminium Co Ltd – A Share	1,174,700	19,254,007	4.54
Zhejiang IDC Fluid Control – A Share	273,200	3,493,013	0.82
Zhengzhou Coal Mining Machinery Group Co Ltd – A Share	265,300	4,135,475	0.98
Zhongji Innolight Co Ltd – A Share	48,760	8,359,657	1.97
Zijin Mining Group Co Ltd	92,100	1,853,209	0.44
Zijin Mining Group Co Ltd – A Share	895,500	17,974,172	4.24

	<i>Holdings</i>	<i>Market value HK\$</i>	<i>% of total net assets attributable to unitholders</i>
<b>Equities (continued)</b>			
<i>Listed investments (continued)</i>			
<i>The People's Republic of China (continued)</i>			
Zte Corp – A Share	29,100	1,006,046	0.24
Zte Corp A Shares	184,600	<u>6,366,126</u>	<u>1.50</u>
		<u>426,035,564</u>	<u>100.44</u>
<b>Total investments (Total cost of investments: \$359,984,135)</b>		426,035,564	100.44
<b>Other net liabilities</b>		<u>(1,857,567)</u>	<u>(0.44)</u>
<b>Total net assets attributable to unitholders</b>		<u>424,177,997</u>	<u>100.00</u>



**Statement of movements in portfolio holdings (unaudited)**  
**For the period ended 30 September 2024**

	<i>% of total net asset attributable to unitholders</i>	
	<i>30 September 2024</i>	<i>31 March 2024</i>
<i>Listed investments</i>		
Equities	<u>100.44</u>	<u>100.17</u>
	<u>100.44</u>	<u>100.17</u>
<b>Total investments</b>	100.44	100.17
<b>Other net liabilities</b>	<u>(0.44)</u>	<u>(0.17)</u>
<b>Net assets attributable to unitholders</b>	<u><u>100.00</u></u>	<u><u>100.00</u></u>

## Performance table (unaudited) For the period ended 30 September 2024

### (a) Total net asset value (at bid prices)

#### *Year/period end*

31 March 2022	HK\$672,917,594
30 September 2022	HK\$466,070,304
31 March 2023	HK\$529,390,097
30 September 2023	HK\$463,537,338
31 March 2024	HK\$463,168,921
30 September 2024	<u>HK\$424,177,997</u>

### (b) Total net asset value per unit (at bid prices)

#### *Year/period end*

31 March 2022	HK\$19.12
30 September 2022	HK\$16.55
31 March 2023	HK\$18.80
30 September 2023	HK\$16.46
31 March 2024	HK\$16.45
30 September 2024	<u>HK\$18.83</u>

**(c) Price record (Dealing NAV)**

The Fund is a closed-ended fund listed on The Stock Exchange of Hong Kong Limited and no unitholders may demand redemption of their units. In general, closed-ended funds may trade on the exchange at a discount or at a premium to their net asset value. There is no assurance that the units will be traded at a price that is equal to the net asset value. As the market price of the units may be determined by factors such as the net asset value and market supply and demand for the units, there is a risk that the units will be traded at a discount to its net asset value. In times of market disruption or when there is an insufficient number of buyers and/or sellers of the units, the bid/ask spread of the market price of the units may widen significantly. During the year ended 31 March 2013, the Manager offered a right to the unitholders to redeem not more than 40% of the aggregate number of units in issue. For the six months ended 30 September 2016, 2018, 2021, 2022 and 2024, the Manager offered a right to the unitholders to redeem not more than 20% of the aggregate number of units in issue.

<b>Year/period</b>	<b>Lowest HK\$</b>	<b>Highest HK\$</b>
1 April 2014 to 31 March 2015	7.39	13.69
1 April 2015 to 30 September 2015	9.75	18.36
1 April 2015 to 31 March 2016	9.27	18.36
1 April 2016 to 30 September 2016	9.69	11.41
1 April 2016 to 31 March 2017	9.89	11.58
1 April 2017 to 30 September 2017	11.08	13.29
1 April 2017 to 31 March 2018	11.08	15.22
1 April 2018 to 30 September 2018	10.13	13.97
1 April 2018 to 31 March 2019	9.42	13.97
1 April 2019 to 30 September 2019	10.71	13.15
1 April 2019 to 31 March 2020	10.71	13.79
1 April 2020 to 30 September 2020	11.07	16.83
1 April 2020 to 31 March 2021	11.07	24.40
1 April 2021 to 30 September 2021	19.12	21.94
1 April 2021 to 31 March 2022	17.85	22.85
1 April 2022 to 30 September 2022	16.35	19.50
1 April 2022 to 31 March 2023	15.37	19.50
1 April 2023 to 30 September 2023	16.23	19.39
1 April 2023 to 31 March 2024	14.45	19.39
1 April 2024 to 30 September 2024	15.02	18.83

## Issuance of Results

The unaudited interim report of the Fund for the period from 1 April 2024 to 30 September 2024 will be despatched to Unitholders on or about 30 November 2024.

Hong Kong, 28 November 2024

**HSBC Global Asset Management (Hong Kong) Limited**  
Manager of HSBC China Dragon Fund

As at the date of this notice, the board of directors of the Manager is comprised as follows: Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.

**IMPORTANT**

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**HSBC CHINA DRAGON FUND**

滙豐中國翔龍基金

*a Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)  
(Stock Code: 820)*

**ANNOUNCEMENT  
AMENDMENTS TO THE OFFERING CIRCULAR**

HSBC Global Asset Management (Hong Kong) Limited, as the Manager of the Fund, hereby announces that the offering circular of the Fund (the "**Offering Circular**") has been updated on 23 September 2024 to, amongst others, reflect an updated definition of "Business Days", to align with the change in trading arrangements by The Stock Exchange of Hong Kong Limited namely to enable trading, clearing and settlement services and operations to continue in the securities and derivatives markets in Hong Kong on a severe weather trading day.

Unless otherwise defined in this announcement, terms and expressions used in this announcement shall have the same meanings ascribed to them under the Offering Circular.

A copy of the Offering Circular dated 23 September 2024 is available on the Fund's website ([HSBC China Dragon Fund](#))<sup>1</sup> and for inspection, free of charge, during normal business hours at the registered office of the Manager.

Save as disclosed in this announcement, there will be no change in the operation and/or manner in which the Fund is being managed, there will be no change in the fee structure in managing the Fund and the changes will not result in any material change to the investment objective and overall risk profile of the Fund. The expenses arising as a result of the above changes will be borne by the Fund.

The Manager accepts responsibility for the accuracy of the information contained in this announcement.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

HSBC Global Asset Management (Hong Kong) Limited  
Manager of HSBC China Dragon Fund  
23 September 2024

*As at the date of this announcement, the board of directors of the Manager is comprised as follows:  
Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun and Mr. TAM, Chun Pong Stephen  
and Mr. TO, Kok Wing.*

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<sup>1</sup> Please note that this website has not been reviewed by the SFC.

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**HSBC CHINA DRAGON FUND**  
**滙豐中國翔龍基金**

*a Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*  
**(Stock Code: 820)**

**ANNOUNCEMENT OF THE RESULTS OF THE REDEMPTION MADE UNDER THE  
RECURRING REDEMPTION OFFER**

The Manager wishes to announce that the redemption of Units made under the Recurring Redemption Offer occurred on 3 July 2024.

The Recurring Redemption Offer closed at 4:30 p.m. (Hong Kong time) on 2 July 2024 (the Lodgement Date). Units were redeemed at the redemption price of HK\$16.45 per Unit, representing the net asset value of HK\$16.47 per Unit calculated using the relevant market closing price of the underlying investments of the Fund and the Fund's applicable operating expenses accrued or incurred to date on 3 July 2024 and made available as of 9:30 a.m. on 4 July 2024 less a Redemption Levy of HK\$0.02 per Unit. The Redemption Levy of HK\$0.02 per Unit represented 0.12% of the net asset value of each Unit redeemed.

The Fund has satisfied the redemption requests of the Unitholders on a pro rata basis at around 64.458% for each Unitholder based on the number of Units such Unitholder has validly applied to redeem, rounded down to the nearest whole Unit, and Units representing 20% of the total outstanding number of Units as at 2 July 2024 were redeemed on 3 July 2024. The total number of Units redeemed under the Recurring Redemption Offer is 5,632,093.

Upon the redemption made under the Recurring Redemption Offer, all redeemed Units have been cancelled. The Registrar will send, by ordinary post at the redeeming Unitholder's own risk, certificate(s) for Units not redeemed on or before 17 July 2024 (if applicable).

**INVESTORS SHOULD NOTE THE FOLLOWING KEY DATES:**

<b>Time for calculating the net asset value of the Fund as of the Value Day</b>	<b>9:30 a.m. on 4 July 2024</b>
<b>Latest date for return of certificate(s) for Units not redeemed (if applicable)</b>	<b>17 July 2024</b>
<b>Latest date for despatch of cheques to redeeming Unitholders of Recurring Redemption Offer</b>	<b>HK\$16.45 per Unit will be paid by the Fund to Unitholders on 17 July 2024.</b>

Reference is made to (i) the Firm Intention Announcement dated 21 May 2024, (ii) the circular published by the HSBC China Dragon Fund (the "**Fund**") dated 17 November 2015 regarding the extraordinary resolutions in relation to (a) the change of investment objective, (b) the One-off

Redemption Offer; (c) the Recurring Redemption Offer and (d) the changes to the Trust Deed to effect the Recurring Redemption Offer approved by the Independent Unitholders of the Fund in the general meeting held on 7 January 2016 and (iii) the circular published by the Fund dated 11 June 2024 (the "**Circular**"), respectively regarding the Recurring Redemption Offer.

Capitalised terms used herein shall, unless otherwise defined, have the same meanings ascribed to them in the Circular.

As set out in the Circular, the eight conditions (being the conditions before a proposed Recurring Redemption Offer can be made) were fulfilled and have become unconditional with respect to the offering of a Recurring Redemption Offer.

The Recurring Redemption Offer closed at 4:30 p.m. (Hong Kong time) on 2 July 2024 (the Lodgement Date).

### **Results of the Recurring Redemption Offer**

Unitholders that exercised their rights under the Recurring Redemption Offer have returned their redemption requests forms together with the relevant certificate(s) and/ or transfer receipt(s) and / or any other document(s) of title for the number of Units in respect of which Unitholders intended to redeem to the registrar of the Fund no later than 4:30 p.m. on 2 July 2024. Acceptances of the Recurring Redemption Offer may, at the discretion of the Manager, be treated as valid even if not accompanied by the certificate(s) of Units but, in such cases, the cash consideration due will not be despatched until the relevant certificate(s) of Units has/have been received by the Registrar.

As at 4:30 p.m. on 2 July 2024:

(a) The total number of Units in issue	28,160,756
(b) The maximum number of Units available for redemption under the Recurring Redemption Offer	5,632,151 (20% of the total outstanding number of Units as at 2 July 2024)
(c) The aggregate number of Units for which valid applications were made under the Recurring Redemption Offer	8,737,701 (31.03% of the total outstanding number of Units as at 2 July 2024)
(d) Out of (c) above, the aggregate number of Units for which valid applications were made under the Recurring Redemption Offer by the Manager and entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that (i) trade in the Units as discretionary fund managers and/or (ii) for proprietary purposes	64,167 (0.23% of the total outstanding number of Units as at 2 July 2024)

The Fund has satisfied the redemption requests of the Unitholders on a pro rata basis at around 64.458% for each Unitholder based on the number of Units such Unitholder has validly applied to redeem, rounded down to the nearest whole Unit, and Units representing 20% (the "**Redemption Percentage**") of the total outstanding number of Units as at 2 July 2024 were redeemed on 3 July 2024. The total number of Units redeemed under the Recurring Redemption Offer is 5,632,093.

## Redemption of the Units

The Manager wishes to announce that the redemption made under the Recurring Redemption Offer occurred on 3 July 2024.

The total number of Units redeemed under the Recurring Redemption Offer is 5,632,093. Units were redeemed at the redemption price of HK\$16.45 per Unit, representing the net asset value of HK\$16.47 per Unit calculated using the relevant market closing price of the underlying investments of the Fund and the Fund's applicable operating expenses accrued or incurred to date on 3 July 2024 and made available as of 9:30 a.m. on 4 July 2024 less a Redemption Levy of HK\$0.02 per Unit. The Redemption Levy of HK\$0.02 per Unit represented 0.12% of the net asset value of each Unit redeemed.

According to the Circular, the total number of Units redeemed by the Fund shall not exceed 20% of the total outstanding number of Units as at 2 July 2024. The aggregate number of Units for which applications were made under the Recurring Redemption Offer is 8,737,701 representing 31.03% of the total outstanding number of Units as at 2 July 2024.

As the aggregate number of Units for which applications were made under the Recurring Redemption Offer exceeded 20% of the total outstanding number of Units as at 2 July 2024, the number of Units that such Unitholders could eventually redeem was reduced proportionally.

The Registrar will send, by ordinary post and by batches at the redeeming Unitholder's own risk, remittances for such total amount as is due to that redeeming Unitholder, that is, the net asset value of the Units redeemed less the Redemption Levy, whose redemption under the Recurring Redemption Offer has been accepted by the Manager.

### **The Registrar will send the payment of HK\$16.45 per Unit to Unitholders on 17 July 2024.**

The Redemption Levy is to be retained by the Fund for the benefit of the Fund.

Upon the redemption made under the Recurring Redemption Offer, all redeemed Units have been cancelled.

Any request for the Recurring Redemption Offer which was not satisfied is void and certificates representing such Units shall be returned to Unitholders on or before 17 July 2024.

## Holding Structure

Set out below is a table showing the holding structure of the Fund prior to and immediately after the completion of the redemption made under the Recurring Redemption Offer.

	Immediately before the Firm Intention Announcement		Immediately before the completion of the redemption made under the Recurring Redemption Offer		Immediately after the completion of the redemption made under the Recurring Redemption Offer	
	Units	Approx.%	Units	Approx.%	Approx. Units	Approx.%
Public Unitholders	28,083,615	99.73%	28,083,616	99.73%	22,492,883	99.84%
Manager and entities that are the Manager's parent, Manager's	77,141	0.27%	77,140	0.27%	35,780	0.16%



subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing (i) trade in the Units as discretionary fund managers and/or (ii) for proprietary purposes own or control or direct the holding of voting rights and rights over the Units

The Fund has not and will not have any parent, subsidiary, fellow subsidiary and/or associated company.

### Interests of the Fund and the Manager

Immediately after completion of the redemption under the Recurring Redemption Offer and cancellation of the redeemed Units, other than the entities set out in the following table, neither:

- (a) the Fund;
- (b) the Manager; nor
- (c) entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that (i) trade in the Units as discretionary fund managers and/or (ii) for proprietary purposes;

has owned, controlled or directed or agreed to own, control or direct the holding of voting rights and rights over the Units:

Name of Entity	Immediately before the Firm Intention Announcement		Immediately before the completion of the redemption made under the Recurring Redemption Offer		Immediately after the completion of the redemption made under the Recurring Redemption Offer	
	Units	Approx. %	Units	Approx. %	Approx. Units	Approx. %
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.05%	12,973	0.05%	12,973	0.06%
HSBC International Trustee Limited	64,168	0.23%	64,167	0.23%	22,807	0.10%

From the date of the Circular up to the date of this announcement, other than the above, each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow

subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it does not own, control or direct any voting rights or other rights over the Units; does not hold any convertible securities, warrants or options over the Units; has not received any irrevocable commitment to accept the Recurring Redemption Offer in respect of any Units; and has not entered into any outstanding derivative in respect of the Units during the date of the Circular up to the date of this announcement.

### **Nominee Holding**

Unitholders whose Units are held by a nominee company should note that the Manager has regarded the nominee company as a single Unitholder according to the register of Unitholders and applied the Redemption Percentage to such nominee company as a single Unitholder. The Manager shall not be responsible for such nominee company's allocation of the Redemption Percentage among redeeming Unitholders whose Units were held by such nominee company.

### **Odd Lots Arrangements**

The Units are traded in board lots of 500 Units each. There has been no change to the board lot size as a result of the Recurring Redemption Offer. Eligible Unitholders should note that acceptance of the Recurring Redemption Offer might have resulted in their holding of odd lots of the Units.

The Manager has not made and will not make arrangements with any designated broker to match sales and purchases of odd lot trading of Units after completion of the Recurring Redemption Offer in order to enable such redeeming Unitholders to dispose of their odd lots or to top up their odd lots to whole board lots.

### **Overseas Unitholders**

Based on the register of Unitholders, there were no Unitholder with registered addresses outside Hong Kong during the period which the Recurring Redemption Offer was offered.

### **Units Repurchased by the Fund and the Manager**

Other than the redemption of Units under the Recurring Redemption Offer, neither:

- (a) the Fund;
- (b) the Manager; nor
- (c) entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, nor the companies of which such companies are associated companies that (i) trade in the Units as discretionary fund managers and/or (ii) for proprietary purposes;

has purchased, repurchased, acquired and agreed to purchase, repurchase and/or acquire, any Units from the date of the Firm Intention Announcement up to the date of this announcement.

### **Borrowing or Lending by the Manager**

None of the Fund, the Manager or any entity that is their parent, subsidiary, the Manager's fellow subsidiary, associated company of any of the foregoing, and any company of which such company is an associated companies has borrowed or lent any Units.

## Net Asset Values

The following table shows the net asset values on the Lodgement Date and Redemption Date:

Date	Total net asset value of the Fund (HK\$)	Net asset value per Unit (HK\$)
2 July 2024 <sup>(a)</sup>	HK\$466,359,337	HK\$16.57
3 July 2024 <sup>(b)</sup>	HK\$463,647,026	HK\$16.47

<sup>(a)</sup> This is the Lodgement Date, i.e. last date for lodgement of Recurring Redemption Offer request.

<sup>(b)</sup> This is the Redemption Date, i.e. the date on which the net asset value of the Units redeemed under the Recurring Redemption Offer (before taking into account any Redemption Levy) were cancelled.

Following the current exercise of Recurring Redemption Offer, the net asset value of the Fund may result in being less than HKD400,000,000, in which case the Manager may decide to terminate the Fund under the Trust Deed. Please refer to paragraph 1.19(i) of the Circular headed "Future intentions of termination of the Fund" for details.

## General Information

The Fund is a close-ended fund and no investor may demand redemption of their Units.

The listing of the Fund on the Stock Exchange of Hong Kong does not guarantee a liquid market and the Fund may be delisted. The Fund's market price on the Stock Exchange of Hong Kong may be different from its net asset value per Unit. Currency movement may affect the value of investments. Investment in emerging market involves higher risks. The Fund invests part of its assets in China A-shares, which are subject to specific risks and restrictions as disclosed in the Offering Circular. The Fund differs from a typical trust and investors should read the Offering Circular for details including the risk factors.

All directors of the Manager jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

HSBC Global Asset Management (Hong Kong) Limited  
Manager of HSBC China Dragon Fund  
4 July 2024

*As at the date of this announcement, the board of directors of the Manager is comprised as follows: Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun and Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

**IMPORTANT**

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**HSBC CHINA DRAGON FUND**  
**滙豐中國翔龍基金**

*a Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**  
**Voluntary Announcement – Fund Performance**

This is a voluntary announcement made by HSBC China Dragon Fund (the “Fund”).

The following table demonstrates the gross performance of the Fund. The relevant figures are gross of fees and (if any) net of capital gain tax provision performances calculated from internal sources; and are for indicative purpose only. Returns would be lower once fees are deducted. The performances of the index are quoted for indicative comparison purpose only and the index is not the benchmark of the Fund.

As at 30/04/2024 :

	Calendar year performance <sup>(2)</sup>						Cumulative performance <sup>(3)</sup>	
	<u>2024</u> year-to-date	<u>2023</u> full year	<u>2022</u> full year	<u>2021</u> full year	<u>2020</u> full year	<u>2019</u> full year	6 months	1 year
Net asset value of the Fund (gross of fees and net of capital gain tax provision) <sup>(1)</sup>	<u>7.89%</u>	<u>-5.59%</u>	<u>-22.40%</u>	<u>-13.39%</u>	<u>-55.63%</u>	<u>37.15%</u>	<u>8.67%</u>	<u>-6.88%</u>
<i>MSCI China A</i>	<u>1.55%</u>	<u>-11.42%</u>	<u>-27.01%</u>	<u>4.76%</u>	<u>-39.60%</u>	<u>37.10%</u>	<u>1.26%</u>	<u>-13.90%</u>

The following table demonstrates the net of fees performance of the Fund calculated according to the net asset value per unit of the Fund.

As at 30/04/2024 :

	Calendar year performance <sup>(2)</sup>						Cumulative performance <sup>(3)</sup>	
	<u>2024</u> year-to-date	<u>2023</u> full year	<u>2022</u> full year	<u>2021</u> full year	<u>2020</u> full year	<u>2019</u> full year	6 months	1 year
Net asset value of the Fund (net of fees) <sup>(1)</sup>	<u>7.14%</u>	<u>-7.54%</u>	<u>-23.37%</u>	<u>11.37%</u>	<u>-53.60%</u>	<u>35.06%</u>	<u>7.55%</u>	<u>-8.82%</u>

As at 30/04/2024 :

Net asset value per unit of the Fund:	HK\$ 16.96
Closing price of the Fund on the Stock Exchange of Hong Kong:	HK\$ 13.64
Discount / Premium to net asset value:	19.58 % discount

Source: HSBC Global Asset Management (Hong Kong) Limited, data as at 30/04/2024. All performance figures are total return figures in Hong Kong dollars.

Performance figures of the Fund are calculated according to the value of the respective underlying assets of the Fund or the net asset value per unit of the Fund (as the case may be), and are not calculated according to the Fund's market price on the exchange. The Fund's market price on the Stock Exchange of Hong Kong may be different from its net asset value per unit.

Investment involves risk. Past performance information presented is not indicative of future performance. Please refer to the Offering Circular of the Fund for further details including the risk factors.

Note:

1. The performance of the Fund was achieved under the following circumstances that no longer apply: the Fund recognized an over-provision of tax as a gain in its valuation and resulted in an increase in the Fund's net asset value of around 5.13% on 13 October 2015.
2. Calendar year performance is the gain or loss of the Fund throughout a particular year.
3. Cumulative performance is the gain or loss of the Fund over certain period of time up to the relevant date.

The Fund is a close-ended fund and no investor may demand redemption of their units.

The listing of the Fund on the Stock Exchange of Hong Kong does not guarantee a liquid market and the Fund may be delisted. The Fund's market price on the Stock Exchange of Hong Kong may be different from its net asset value per unit. Currency movement may affect the value of investments. Investment in emerging market involves higher risks. The Fund mainly invests directly and indirectly in China A-shares, which are subject to specific risks and restrictions as disclosed in the Offering Circular. The Fund differs from a typical trust and investors should read the Offering Circular for details including the risk factors. The document has not been reviewed by the Securities and Futures Commission.

HSBC Global Asset Management (Hong Kong) Limited  
Manager of HSBC China Dragon Fund  
22/05/2024

*As at the date of this announcement, the board of directors of the Manager is comprised as follows: Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

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## HSBC CHINA DRAGON FUND

### 滙豐中國翔龍基金

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

### **Announcement**

## **PROPOSED RECURRING REDEMPTION OFFER**

This announcement is made pursuant to Chapter 11.1B of the Code and the disclosure obligation under the listing agreement for collective investment schemes as set out in Part G of Appendix 7 to the Rules Governing the Listing of Securities on the Stock Exchange.

The Manager would like to announce that the following conditions (being the conditions before a proposed Recurring Redemption Offer can be made, as set out in the Circular) were fulfilled to offer a Recurring Redemption Offer:

1. the Fund has been trading at a discount of its net asset value of 20.16% (daily average) from 2 January 2024 to 28 March 2024, being above the condition of discount of 20% or more for three consecutive months;
2. such redemption offer is made in the best interests of the Unitholders;
3. there is no material adverse impact to the Fund;
4. the Manager must comply with the Applicable Regulations with certain exceptions set out in sub-paragraph 4 in the section headed "(a) Terms of the Recurring Redemption Offer- (i) Background to the Recurring Redemption Offer" in this announcement;
5. the Manager has taken into account of all relevant prevailing market conditions and is reasonably satisfied that the redemption proceeds can be paid to Unitholders in accordance with the time limits stipulated in the Applicable Regulations;
6. the Fund has not yet made any Recurring Redemption Offer in 2024, this met the condition of the Fund not having made more than three redemption offers in a calendar year; the last Recurring Redemption Offer was made on 30 August 2022;
7. the aggregate redemption of all Unitholders will be no more than 20% of the total outstanding number of Units as at the relevant lodgement date of the Recurring Redemption Offer; and
8. Independent Unitholders may by Extraordinary Resolution at a general meeting terminate the Manager's entitlement to make any further redemption offer under the Recurring Redemption Offer, and such Extraordinary Resolution has not taken place.

The Manager wishes to offer Unitholders to redeem for cash the whole or a part of each Unitholder's Units at, subject to a Redemption Levy, the net asset value of the Units as at the Redemption Day being redeemed.

There is no minimum number of Units which a qualifying Unitholder can apply to redeem under the Recurring Redemption Offer; however, a Unitholder may not apply to redeem more Units than such Unitholder holds as of the Lodgement Date. A Unitholder may apply to redeem the whole or a part of his or her holding of Units. The total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as at the Lodgement Date. Regardless of the number of Units a Unitholder has validly applied to redeem, in the event that the aggregate number of Units for which applications are made under the Recurring Redemption Offer exceeds 20% of the total outstanding number of Units as at the Lodgement Date, the number of Units that such Unitholder can eventually redeem will be reduced proportionally. Under such situation, the Fund will satisfy the redemption requests of Unitholders wishing to redeem their Units on a pro rata basis based on the number of Units the Unitholders have validly applied to redeem, rounded down to the nearest whole Unit.

**Due to the legal and regulatory requirements in PRC, redemption proceeds payable to Unitholders out of the Fund's assets in the PRC may be paid to the Unitholders in more than one month from the relevant redemption day. The Manager shall use its best endeavours to repatriate and distribute such proceeds to the Unitholders within two months after the relevant redemption day. Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. The Fund will also use its assets outside PRC if any and appropriate to settle part of the redemption proceeds and that part of the redemption proceeds payable out of the assets of the Fund outside the PRC will be payable within 10 Business Days from the relevant redemption day.**

The Recurring Redemption Offer will be conditional upon the SFC's approval. As previously approved at the General Meeting and set out in the Circular, the Recurring Redemption Offer will not be subject to any further approval of the Unitholders nor the advice of the independent financial advisor. As stated in the Circular, the right of Unitholders to redeem may be suspended by the Manager in the event of that: (A) when either the China or the Hong Kong market is closed; (B) when dealings in the China or the Hong Kong market is restricted or suspended; and/or (C) during the existence of any state of affairs as a result of which disposal or valuation of some or all investments or other property for the time being comprised in the Fund cannot, in the opinion of the Manager, be effected normally or without seriously prejudicing the interests of Unitholders.

**Investors are advised to refer to the letter of advice from an independent financial adviser dated 17 November 2015 in the Circular in relation to the opinion and recommendations of the independent financial advisor including discussions on the reasons, the risks and the benefits associated with the Recurring Redemption Offer.**

**WARNING: It should be noted that dealings in the Units will continue during the period from the date of this Announcement to the Redemption Day. Those Unitholders selling their Units and persons purchasing the Units during such period will accordingly bear the risk that the Recurring Redemption Offer may not occur or may be delayed. If any Unitholder or other person contemplating selling or purchasing any of the Units during this period is in doubt about his or her position, he or she is advised to exercise caution when dealing in the Units and is also recommended to consult his or her professional adviser.**

**It should also be noted that the Recurring Redemption Offer may result in a termination of the Fund. Due to or following the reduction of the Fund size after the Recurring Redemption Offer, the Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund.**

## **A. PROPOSED RECURRING REDEMPTION OFFER**

Reference is made to the circular published by HSBC China Dragon Fund (the "**Fund**") dated 17 November 2015 (the "**Circular**") regarding the extraordinary resolutions in relation to (a) the Change of Investment Objective, (b) the One-off Redemption Offer; (c) the Recurring Redemption Offer and (d) the changes to the Trust Deed to effect the Recurring Redemption Offer approved by the Independent Unitholders of the Fund in the General Meeting.

### ***(a) Terms of the Recurring Redemption Offer***

#### **(i) Background to the Recurring Redemption Offer**

The Extraordinary Resolution regarding the Recurring Redemption Offer was duly passed by the Unitholders in the General Meeting.

According to the Circular, the Manager will offer a Recurring Redemption Offer to all Unitholders to redeem part or all of their holdings in the Fund (subject to a Redemption Levy) as the Manager determines at its discretion taking into account the best interests of the Unitholders, subject to the following conditions:

1. the Fund must be trading at a discount of its net asset value of 20% (daily average) or more for three consecutive months;
2. such redemption offer must only be made in the best interests of the Unitholders;
3. there is no material adverse impact to the Fund;
4. the Manager must comply with the principles and rules under the Applicable Regulations, with the only following exceptions:
  - (a) no independent advice by an independent board committee and/or independent financial adviser will be required in relation to any redemption offer made following the approval of the Recurring Redemption Offer proposal at the General Meeting;
  - (b) where the redemption proceeds cannot be repatriated from China due to legal or regulatory requirements beyond the control of the Manager, the redemption proceeds payment period may be extended beyond the time limits stipulated in the Applicable Regulations. In such case, the Manager must keep proper records to demonstrate and justify this and keep Unitholders and the SFC properly and promptly informed. In any event, the redemption proceeds must be paid to Unitholders as soon as possible after the receipt of the proceeds by the Fund;
5. in considering whether to proceed with a redemption offer, the Manager must take into account of all relevant prevailing market conditions (such as market liquidity, the percentage of stocks held by the Fund which have been suspended from trading and other relevant regulatory



requirements) and must be reasonably satisfied that the redemption proceeds can be paid to Unitholders in accordance with the time limits stipulated in the Applicable Regulations;

6. there is no minimum number of redemption offer to be made in a calendar year and the maximum number for each calendar year shall not exceed three;
7. the aggregate redemption of all Unitholders to be no more than 20% of the total outstanding number of Units as at the relevant lodgement date of each Recurring Redemption Offer; and
8. Independent Unitholders may by Extraordinary Resolution at a general meeting terminate the Manager's entitlement to make any further redemption offer under the Recurring Redemption Offer.

Each Recurring Redemption Offer will be subject to applicable regulatory approvals but will not be subject to any further approval of the Unitholders nor the advice of the independent financial advisor. Investors are advised to refer to the letter of advice from an independent financial adviser dated 17 November 2015 in the Circular in relation to the opinion and recommendations of the independent financial advisor including discussions on the reasons, the risks and the benefits associated with the Recurring Redemption Offer.

The Manager would like to announce that the above eight conditions (being the conditions before a proposed Recurring Redemption Offer can be made, as set out in the Circular) were fulfilled to offer a Recurring Redemption Offer:

1. the Fund has been trading at a discount of its net asset value of 20.16% (daily average) from 2 January 2024 to 28 March 2024, being above the condition of discount of 20% or more for three consecutive months;
2. such redemption offer is made in the best interests of the Unitholders;
3. there is no material adverse impact to the Fund;
4. the Manager must comply with the Applicable Regulations with the only exceptions set out in condition 4(a) and 4(b) above;
5. the Manager has taken into account of all relevant prevailing market conditions and is reasonably satisfied that the redemption proceeds can be paid to Unitholders in accordance with the time limits stipulated in the Applicable Regulations;
6. the Fund has not yet made any Recurring Redemption Offer in 2024, this met the condition of the Fund not having made more than three redemption offers in a calendar year; the last Recurring Redemption Offer was made on 30 August 2022;
7. the aggregate redemption of all Unitholders will be no more than 20% of the total outstanding number of Units as at the relevant lodgement date of the Recurring Redemption Offer; and
8. Independent Unitholders may by Extraordinary Resolution at a general meeting terminate the Manager's entitlement to make any further redemption offer under the Recurring Redemption Offer, and such Extraordinary Resolution has not taken place.

Accordingly, the Manager has determined at its discretion, taking into account the best interests of the Unitholders, to make a Recurring Redemption Offer.

As at the date of this announcement, 28,160,756 Units are in issue. Currently, Unitholders do not have the right to redeem any part of their holdings of Units.

The Manager wishes to offer a Recurring Redemption Offer to the Unitholders to redeem the whole or a part of their Units on the Redemption Day for cash.

(ii) Terms of the Recurring Redemption Offer

The Manager proposes to offer the Unitholders, conditional upon the SFC's approval, the Recurring Redemption Offer, being a right to apply to redeem the whole or a part of their Units at, subject to a Redemption Levy, the net asset value of the Units being redeemed (calculated using the relevant market closing price of the underlying investments of the Fund and the Fund's applicable operating expenses accrued or incurred to date on the Value Day) on the Redemption Day provided that for the Fund as a whole the total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as at the Lodgement Date. The redemption of Units by a Unitholder pursuant to the Recurring Redemption Offer will not attract Hong Kong ad valorem or fixed stamp duty. The redemption of Units by a Unitholder pursuant to the Recurring Redemption Offer will not be subject to any dealing charges other than the Redemption Levy. The Redemption Levy, which is up to 2% of the net asset value of the Units being redeemed (i.e. the redemption price), incorporates commission, stamp duty, transaction cost and total market impact of implementation (i.e. the price difference during the order implementation between the execution price and the price at the time of valuation) will be deducted from the redemption price and will be retained by the Fund for the benefit of the Fund. The actual level of the Redemption Levy will be determined by the Manager according to the Manager's estimation of the above-mentioned commission, stamp duty, transaction cost and total market impact of implementation on the Redemption Day. Each redeeming Unitholder will bear the same percentage of Redemption Levy, namely, the same percentage of the net asset value of the Units being redeemed. The Redemption Levy will be announced together with the net asset value of the Fund as of the Value Day by 5:00 p.m. on 4 July 2024.

The Recurring Redemption Offer will be satisfied by the disposition by the Manager of assets of the Fund. The Manager confirms that sufficient liquid financial resources are available to the Fund to implement and to satisfy the Fund's obligations in respect of the Recurring Redemption Offer in full.

The estimated cost (at the price level as at the date of this announcement) for the Recurring Redemption Offer is HK\$975,000, approximately 0.20% of the net asset value of the Fund as at 20 May 2024. Such cost will primarily include legal fees and costs, and fees and costs incurred by and payable to the Registrar with respect to the Recurring Redemption Offer and will be borne by the Fund, that is, indirectly by all the Unitholders before the redemption day with respect to Recurring Redemption Offer. Redemption Levy, which is up to 2% of the net asset value of the Units being redeemed (i.e. the redemption price), will be borne by the redeeming Unitholders pursuant to the Recurring Redemption Offer.

(iii) Procedures with respect to the Recurring Redemption Offer

The Recurring Redemption Offer shall occur on the Redemption Day. Unitholders who wish to accept the Recurring Redemption Offer must provide completed redemption requests to the Registrar no later than 4:30 p.m. on the Lodgement Date; provided that the Unitholders are only entitled to make a redemption request under the Recurring Redemption Offer with respect to the Units they hold as of the Lodgement Date. Unitholders that are interested in exercising their rights under the Recurring Redemption Offer shall be required to return their redemption requests forms together with the relevant certificate(s) and/ or transfer receipt(s) and / or any other document(s) of title (and / or any satisfactory indemnity or indemnities required in respect thereof) for the number of Units in respect of which Unitholders intend to redeem, by post or by hand to the Registrar by no later than 4:30 p.m. on the Lodgement Date. No further action shall be required from the Unitholders who elect to continue to hold

onto their entire holdings of Units in the Fund. Unitholders who have lost the certificates representing their Units should contact the Registrar and follow the procedure as required by the Registrar. Unitholders whose Units are held by a nominee company, including those whose interests in the Units are held through CCASS, should refer to the section headed "Nominee Registration of Units" below.

**Due to the legal and regulatory requirements in PRC, redemption proceeds payable to Unitholders out of the Fund's assets in the PRC may be paid to the Unitholders in more than one month from the Redemption Day. The Manager shall use its best endeavours to repatriate and distribute such proceeds to the Unitholders within two months after the Redemption Day (i.e. on or before 3 September 2024). Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. Investors should refer to the risk factor headed under "Uncertainty on the payment date of the redemption proceeds" below. The Fund will also use its assets outside PRC if any and appropriate to settle part of the redemption proceeds and that part of the redemption proceeds payable out of the assets of the Fund outside the PRC will be payable by 17 July 2024. As such, the Fund may need to pay the redemption proceeds to Unitholders by instalments and the Fund will pay all the redemption proceeds to the Unitholders as soon as possible after receipt of the proceeds by the Fund. Further announcement will be made by the Manager as soon as practicable if there is a need to pay by instalment and the corresponding date(s) of payment. As of 20 May 2024, A Shares invested directly through the QFI scheme and other net assets in the PRC account for approximately 70.25% of the net asset value of the Fund. For reference, the redemption proceeds payable out of the assets in the PRC as of 20 May 2024 are approximately 25% of the total redemption proceeds (assuming that 20% of the total outstanding Units are being redeemed).**

(iv) Limits on the Recurring Redemption Offer

Unitholders should note that there is no minimum number of Units which a qualifying Unitholder can apply to redeem under the Recurring Redemption Offer; however, a Unitholder may not apply to redeem more Units than such Unitholder holds as at the Lodgement Date. A Unitholder may apply to redeem the whole or a part of his or her holding of Units, redemption application with respect to Units that are in excess of his or her holdings will be disregarded by the Manager.

The total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as at the Lodgement Date. Regardless of the number of Units a Unitholder has validly applied to redeem, in the event that the aggregate number of Units for which applications are made under the Recurring Redemption Offer exceeds 20% of the total outstanding number of Units as at the Lodgement Date, the number of Units that such Unitholder can eventually redeem will be reduced proportionally. Under such situation, the Fund will satisfy the redemption requests of Unitholders wishing to redeem their Units on a pro rata basis based on the number of Units the Unitholders have validly applied to redeem, rounded down to the nearest whole Unit.

The Fund will dispose of its investments in an orderly manner in order to effect the Recurring Redemption Offer. In the event that the aggregate number of Units for which applications to redeem are made under the Recurring Redemption Offer exceeds 20% of the outstanding number of Units as at the Lodgement Date, the Manager shall, subject to the redemption requests complying with the requirements of the Trust Deed, (i) limit the number of Units to be redeemed under the Recurring Redemption Offer to 20% of the outstanding number of Units as at the Lodgement Date and (ii) realise its investments and apply all or part of such realisation proceeds to satisfy the redemption requests of Unitholders wishing to redeem their Units on a pro rata basis based on the number of Units the

Unitholders have validly applied to redeem, rounded down to the nearest whole Unit. Any request for the Recurring Redemption Offer **which is not satisfied** shall be void and certificates representing such Units shall be returned to Unitholders within 10 Business Days after the Redemption Day.

If the aggregate of the actual applications for redemption by the Unitholders made under the Recurring Redemption Offer is less than or equal to the aggregate maximum limit of 20% of the total outstanding number of Units as at the Lodgement Date, all Units applied to be redeemed will be redeemed. The balance between the Units actually redeemed and 20% of the total outstanding number of Units as at the Lodgement Date will neither be carried forward nor be available for any subsequent redemption by any Unitholder on any subsequent trading day of the Fund. The Manager shall, subject to the redemption requests complying with the requirements of the Trust Deed (including, amongst others, any request for the Recurring Redemption Offer must be given in writing signed by the Unitholder or any one of joint Unitholders and must specify the number of Units that are to be realised, and the name or names of the Unitholder or Unitholders together with the relevant certificate(s) and/or transfer receipt(s) and/or any other document(s) of the title (and/or any satisfactory indemnity or indemnities required in respect thereof), the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Manager or its agent or, if relevant, the Trustee), (i) satisfy all such redemption requests and (ii) realise its investments and apply all or part of such realisation proceeds to satisfy such redemption requests under the Recurring Redemption Offer.

The Units to be redeemed must be free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a redemption request by eligible Unitholder will be deemed to constitute a representation and warranty by him or her to the Manager and the Fund that his or her Units are sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of this announcement (including the right to all dividends and distributions (if any) declared, made or paid on or after the date of this announcement) or obligation to create or to give an encumbrance in relation to any of such Units and that no person has claimed to be entitled to an encumbrance in relation to any such Units.

The Recurring Redemption Offer will be subject to certain condition referred to in the section headed "Condition to the Recurring Redemption Offer" below and the full terms and details of the Recurring Redemption Offer will be described more fully in a circular to Unitholders.

All redeemed Units will be cancelled.

(v) Indicative Timetable

The expected timetable for the Recurring Redemption Offer set out below is indicative only and is subject to change. Any changes to the expected timetable will be announced separately by the Fund. All references to time are Hong Kong dates.

Posting of the circular to Unitholders in relation to the Recurring Redemption Offer on the Fund's website and/or by post to Unitholders	11 June 2024
Commencement date for lodging the redemption request with the Registrar	18 June 2024
Lodgement Date of the Recurring Redemption Offer (i.e. last date for lodgment of Recurring Redemption Offer request)	2 July 2024

Redemption Day of the Recurring Redemption Offer	3 July 2024
Date of announcement of the net asset value of the Fund as of the Value Day	4 July 2024
Registrar to dispatch the balanced certificates to the Unitholders and return of certificates representing request that do not satisfy Recurring Redemption Offer (by ordinary post)	17 July 2024
Target payment date of the Recurring Redemption Offer	The Manager shall use its best endeavours to pay all the redemption proceeds, less the Redemption Levy, to Unitholders on or before 3 September 2024 (i.e. within 2 months after the Redemption Day). Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. (see Key Risk Factors (b)(i) below)

***(b) Key Risk Factors***

Unitholders should carefully consider the risk factors described in the Offering Circular and below before deciding on whether to apply for redemption of their Units under the Recurring Redemption Offer:

- (i) ***Future intentions of termination of the Fund:*** As of 20 May 2024, the net asset value of the Fund is HK\$ 490,777,712. Due to the current relatively low net asset value of the Fund, the lack of new demand from Unitholders and the reduction of the Fund size after the Recurring Redemption Offer, the Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund. A termination of the Fund may imply that (among other things): (i) the Fund will no longer be available for public distribution in Hong Kong; (ii) in order to ensure that the Fund will be terminated in an orderly manner, the Manager may progressively realise the assets of the Fund; and (iii) redemption of Units and payment of redemption proceeds by existing Unitholders will be subject to procedures as announced separately by the Fund which may take some time.

If on any date the net asset value of the Fund shall be less than HK\$400,000,000 and the Manager decides to terminate the Fund under the Trust Deed, no approval of the Unitholders is required provided that at least three (3) months' prior written notice is given to the Unitholders. Following a termination of the Fund, the Manager will also apply for the withdrawal of the SFC's authorisation of the Fund from the SFC and the de-listing of the Fund from the Stock Exchange;

- (ii) *Uncertainty on the payment date of the redemption proceeds:* the Manager shall use its best endeavours to pay all the redemption proceeds, less the Redemption Levy, to Unitholders on or before 3 September 2024 (i.e. within 2 months after the Redemption Day). Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents including a special audit report for investment profits issued by a PRC certified public accountant and the required tax filing documents (particularly in the case of the winding-up/liquidation of the Fund), which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. The Fund will also use its assets outside PRC to settle part of the redemption proceeds and that part of the redemption proceeds payable out of the assets of the Fund outside the PRC will be payable by 17 July 2024. Accordingly, the Fund may need to pay the redemption proceeds, less the Redemption Levy, by instalments depending on a number of factors including, but not limited to, the total amount of redemption requests, the amount of offshore assets held by the Fund (i.e. assets outside the PRC) and the time required by the Fund to repatriate funds from the PRC.

The Fund will pay all the redemption proceeds to the Unitholders as soon as possible after receipt of the proceeds by the Fund. Based on the current legal and regulatory requirements in the PRC, the Manager is reasonably satisfied that redemption proceeds can be repatriated from the PRC within two months after the Redemption Day;

- (iii) *Uncertainty on the trading price and the net asset value of the Fund:* under the Recurring Redemption Offer, the net asset value at which the eligible Units will be redeemed shall be determined using the relevant market closing price of the underlying investments of the Fund and the Fund's applicable operating expenses accrued or incurred to date on the Value Day, and subject to the Redemption Levy and the relevant calculation method, shall be announced by the Manager no later than two Business Days after the Value Day. The Redemption Levy is to be retained by the Fund for the benefit of the Fund. Unitholders should note that the net asset value at which the eligible Units will be redeemed may be higher or lower than the traded price of the Units. There is no assurance that the Fund will be traded at a price that is equal to or at a reduced discount to its net asset value subsequent to the effecting of the Recurring Redemption Offer or that the performance of the Fund will be improved or enhanced thereafter;
- (iv) *Uncertainty on whether a Unitholder may redeem all its Units:* as the total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as a whole as at the Lodgement Date, a Unitholder may not be able to redeem all the Units he or she applies to redeem under the Recurring Redemption Offer regardless of whether he or she applies to redeem more or less than 20% of the Units he or she owns at the Lodgement Date.

In the event that the aggregate number of Units for which applications to redeem are made under the Recurring Redemption Offer exceeds 20% of the outstanding number of Units as at the Lodgement Date, the Manager shall apply the relevant realisation proceeds to satisfy the redemption requests of Unitholders wishing to redeem their Units on a pro rata basis based on

the number of Units the Unitholders have validly applied to redeem, rounded down to the nearest whole Unit. Unitholders should refer to the section headed "Limits on the Recurring Redemption Offer" above for details;

- (v) *Risk of Odd Lots*: any Units held by Unitholders that are not successfully redeemed under the Recurring Redemption Offer may be in odd lots. The realisable price of such odd lot Units may be significantly lower than the traded price for such Units;
- (vi) *Impact on the total expense ratio and size of the Fund*: the Recurring Redemption Offer, (i) if effected, will increase the total expense ratio of the Fund by 0.11% (i.e. from 2.08% for the financial year ended 31 March 2023 to approximately 2.19% after the Recurring Redemption Offer (assuming that 20% of the total outstanding Units will be redeemed)) as a result of the expenses incurred with respect to the Recurring Redemption Offer and such expenses are not covered by the Redemption Levy and (ii) reduce the size of the Fund after such Recurring Redemption Offer is effected.
- (vii) *Remittance risk*: all documents and remittances will be sent to the Unitholders through ordinary post at their own risk. These documents and remittances will be sent to the Unitholders at their respective addresses as they appear in the register of Unitholders, and in the case of joint Unitholders, to the Unitholder whose name appears first in the register of Unitholders; and
- (viii) *Foreign currency risk*: A major part of the Fund's investments is denominated in RMB and a major portion of the Fund's revenue and income is received in RMB. There is no assurance that any revenue and income received by the Fund in RMB may be promptly converted into US\$, the Fund will therefore be exposed to risk of fluctuation in the exchange rate of RMB relative to US\$ and US\$ relative to Hong Kong dollars (the currency in which the redemption proceeds will be paid in). The Manager may use hedging techniques to, at the costs and expense of the Fund, attempt offsetting currency risks. However, there is no assurance that the hedging techniques to be adopted by the Manager will achieve a desired result which is beneficial to the Fund's investments and performance.

### ***(c) Taxation***

**Unitholders should consult their professional advisers on the consequences to them of redeeming 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 at the date of this announcement. 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.

#### **(i) Hong Kong**

- **Profits Tax**

No tax will be payable by the Unitholders in Hong Kong in respect of dividends or other distributions of the Fund or in respect of any capital gains arising on a sale or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

- Stamp Duty

The redemption of Units by a Unitholder will not attract Hong Kong ad valorem or fixed stamp duty.

The trading of Hong Kong stock (including the underlying H shares and shares issued by red chip companies) by the Fund to effect the Recurring Redemption Offer is subject to Hong Kong stamp duty. The Fund and the counterparty will each be liable to stamp duty at the current rate of 0.1% of the higher of the consideration paid or the market value of shares being sold and purchased.

(ii) The PRC

The information below is a summary of certain areas of PRC taxation which are likely to be relevant to the Fund and the Unitholders and should not be taken as a definitive, authoritative or comprehensive statement of the relevant matter. In particular, there are various other taxes, duties, levies and charges which are generally of less significance but may nevertheless be applicable to the Fund and the Unitholders. The tax rules applicable to the previous QFII and RQFII schemes will equally apply to the combined QFI regime before any new rules or clarifications are released by the Ministry of Finance ("MoF") and the State Taxation Administration ("STA").

- Corporate income tax

Pursuant to the Corporate Income Tax Law of the PRC and its implementation rules, a foreign enterprise that does not have any establishment or place of business in China is subject to a corporate income tax at the rate of 10% for the dividends, interest, royalty, rental and other income (including capital gain) earned from sources in the PRC.

Pursuant to the *"Circular Concerning the Temporary Exemption of Enterprise Income Tax for Gains Derived by QFII and RQFII from Transfer of Domestic Shares and Other Equity Interest Investment in China"*, corporate income tax shall be temporarily exempted on the gains derived by QFIs from the transfer of domestic shares and other equity interest investment in China with effect from 17 November 2014.

Pursuant to the *"Circular on the Taxation Policy of the Pilot Programme for the Mutual Stock Market Access between Shanghai/Shenzhen and Hong Kong Stock Markets"*, in respect of trading through the Stock Connect corporate income tax shall be temporarily exempted on the gains derived by Hong Kong market investors (including corporate investors) from the transfer of China A-shares listed on the Shanghai/Shenzhen Stock Exchange.

- Stamp duty

Pursuant to the PRC Stamp Duty Law (effective from 1 July 2022), stamp duty is levied on the execution within the territory of China of certain documents and securities transactions, including contracts for the transfer of equity interests and the sale of A Shares and B shares on stock exchanges.

According to the latest notice issued by the MoF and STA, the transfer of A Shares and B shares each is subject to 0.05% stamp duty (effective from 28 August 2023) of the total proceeds but only on the selling side.

Under the *"Circulars on the Taxation Policy of the Pilot Programme for the Mutual Stock Market Access between Shanghai and Hong Kong Stock Markets"*, Hong Kong market investors trading through Shanghai-Hong Kong Stock Connect are required to pay stamp duty arising from the sale and purchase of China A-shares and the transfer of China A-shares by way of succession and gift in accordance with the prevailing Mainland China taxation regulations. The same rules apply to Hong Kong market investors trading through Shenzhen-Hong Kong Stock Connect. In addition, Caishui [2016] No. 127



provides temporary stamp duty exemption on stock borrowing and returning related to covered short selling of stocks by Hong Kong market investors through the Stock Connect.

- Business tax/Value-Added Tax ("VAT")

Pursuant to the notice Caishui [2005] No. 155 issued jointly by the STA and MoF in December 2005, gains derived by QFIIs from securities trading carried out by the PRC brokers are exempted from business tax in the PRC.

Pursuant to the notice Caishui [2016] No. 36 issued jointly by the STA and MoF in March 2016, effective from 1 May 2016 ("**Circular 36**"), PRC VAT replaced business tax to cover all sectors that used to fall under the PRC business tax. With the transition of business tax to value-added tax, exemption was extended to value-added tax for trading PRC securities by QFIIs in China under Circular 36. In addition, the *Supplemental Notice on Value-added Tax Policies for Matters Including Financial Transactions between Financial Institutions* (Caishui [2016] No. 70) jointly issued by the MOF and the STA on 30 June 2016 provides the same VAT exemption on RQFII's securities trading through entrusted domestic company. In accordance with Circular 36, gains derived from the trading of A Shares listed in the Shanghai Stock Exchange through the Shanghai-Hong Kong Stock Connect are temporarily exempt from VAT.

In addition, pursuant to the "*Circular on the Taxation Policy of the Pilot Programme of the Shenzhen-Hong Kong Stock Connect Scheme*" Caishui [2016] No.127 promulgated by the MoF, the STA and the China Securities Regulatory Commission on 5 November 2016, under the business tax to VAT transformation pilot program, gains by Hong Kong market investors from the trading of China A-shares listed on the Shenzhen Stock Exchange through the Shenzhen-Hong Kong Stock Connect will also be exempted from VAT.

Please refer to the section headed "Taxation and Regulatory Requirements" in the Offering Circular for more information.

***(d) Condition to the Recurring Redemption Offer***

The Recurring Redemption Offer will be conditional upon the SFC's approval. As previously approved at the General Meeting and set out in the Circular, the Recurring Redemption Offer will not be subject to any further approval of the Unitholders nor the advice of the independent financial advisor. As stated in the Circular, the right of Unitholders to redeem may be suspended by the Manager in the event of that: (A) when either the China or the Hong Kong market is closed; (B) when dealings in the China or the Hong Kong market is restricted or suspended; and/or (C) during the existence of any state of affairs as a result of which disposal or valuation of some or all investments or other property for the time being comprised in the Fund cannot, in the opinion of the Manager, be effected normally or without seriously prejudicing the interests of Unitholders.

The Recurring Redemption Offer will not lapse or be conditional on any minimum number of redemption applications made by the Unitholders.

***(e) Overseas Unitholders***

Based on the register of Unitholders as at 20 May 2024, there were no Unitholder with registered addresses outside Hong Kong.

***(f) Dealings in Units by the Fund, the Manager and any entities that are their parent, their subsidiaries, their fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies***

The Fund has not repurchased any Units in the six-month period prior the date of this announcement and will not repurchase any Units from the date of this announcement up to the Redemption Day.

Other than the entities set out in the following table, the Fund, the Manager and entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade in the Units (including the exercise of the One-off Redemption Offer as described in the Circular) as discretionary fund managers and/or for proprietary purposes have confirmed that there has neither been dealing nor any exercise of the One-off Redemption Offer as described in the Circular in the Units in the six months immediately prior to the date of this announcement. The Fund has no parent, subsidiary, fellow subsidiary and/or an associated company.

As at the date of this announcement, none of the directors of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade in the Units as discretionary fund managers and/or for proprietary purposes (other than the entities set out in the following table) had any interests and short positions in the Fund.

As at the date of this announcement, the following fellow subsidiaries and/or associated companies of the Manager that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

Name of Entity	Units	Approx.%
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.05%
HSBC International Trustee Limited	64,168	0.23%

Each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it:

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units;
- has not received any irrevocable commitment to accept the Recurring Redemption Offer in respect of any Units; and
- has not entered into any outstanding derivative in respect of the Units.

The Manager has not entered into any undertaking to accept or not to accept the Recurring Redemption Offer from any Unitholder.

Commencing from the date of this announcement up to the Business Day following the Lodgement Date, any dealings in the Units by the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes from the date of this announcement up to the Lodgement Date will be filed with the Manager as soon as practicable prior to the Business Day following the date of transaction. The Manager will then submit such dealing information to the SFC no later than 12 noon

on the Business Day following the date of transaction and such dealing information will be disclosed on the Fund's website as soon as practicable. Such information will be maintained on the Fund's website for a period of five years following the Lodgement Date.

***(g) Holding Structure***

Set out below is a table showing the estimated holding structure of the Fund prior to and after the completion of the Recurring Redemption Offer on the assumptions that (i) the aggregate number of Units for which applications are made under the Recurring Redemption Offer reaches 20% of the outstanding number of Units as at the Lodgement Date; and (ii) the number of the Units in issue as at the date of this announcement remains unchanged until the completion of the Recurring Redemption Offer.

The Fund has not and will not have any parent, subsidiary, fellow subsidiary and/or associated company.

	Immediately before the completion of the Recurring Redemption Offer		Immediately after the completion of the Recurring Redemption Offer	
	<i>Units</i>	<i>Approx.%</i>	<i>Units</i>	<i>Approx.%</i>
Public Unitholders	28,083,615	99.73%	22,466,892	99.73%
Fellow subsidiaries and/or associated companies of the Manager that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units	77,141	0.27%	61,713	0.27%

***(h) Odd Lots Arrangements***

Currently, the Units are traded in board lots of 500 Units each. Such board lot size will not change as a result of the Recurring Redemption Offer. Eligible Unitholders should note that acceptance of the Recurring Redemption Offer may result in their holding of odd lots of the Units.

The Manager will not make arrangements with any designated broker to match sales and purchases of odd lot trading of Units after completion of the Recurring Redemption Offer in order to enable such redeeming Unitholders to dispose of their odd lots or to top up their odd lots to whole board lots.

***(i) Nominee Registration of Units***

Unitholders whose Units are held by a nominee company should note that the Manager will regard the nominee company as a single Unitholder according to the register of Unitholders. In order for the beneficial owners of the Units whose investments are registered in nominee names (including those whose interests in the Units are held through CCASS) to accept the Recurring Redemption Offer, they may either (i) provide instructions to their nominee agents of their intentions with regard to the Recurring Redemption Offer or (ii) arrange for the Units to be registered in his/her name by the Fund through the Registrar, and send the redemption request forms (available from the Registrar) duly completed together with the certificate(s) of Units to the Registrar.

***(j) Other Arrangements***

There is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Units and which might be material to the Recurring Redemption Offer.

Other than the condition to the Recurring Redemption Offer as noted under the section headed "Condition to the Recurring Redemption Offer" above, there is no agreement or arrangement to which the Fund, the Manager and any entities that are their parent, subsidiaries, fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Recurring Redemption Offer. None of the Fund, the Manager or any entity that is their parent, subsidiary, the Manager's fellow subsidiary, associated company of any of the foregoing, and any company of which such company is an associated companies has borrowed or lent any Units.

***(k) Reason for and Financial Effect of the Recurring Redemption Offer***

The Manager considers that the Recurring Redemption Offer is in the best interests of the Unitholders. The Recurring Redemption Offer will provide the Unitholders an option to exit part of their investment in the Fund. In addition, given the Fund has been trading at an average discount of 20.16% to its net asset value over the past three months since 2 January 2024 to 28 March 2024, the Manager believes that the Recurring Redemption Offer may potentially narrow such discount. However, there is no assurance that the Fund will be traded at a price that is equal to or at a reduced discount to its net asset value subsequent to the effecting of the Recurring Redemption Offer or that the performance of the Fund will be improved or enhanced thereafter.

The Recurring Redemption Offer, if effected, will:

- (i) enable the redeeming Unitholders to receive redemption proceeds equivalent to the net asset value of the Fund attributable to their redeeming Units on the Value Day, less the Redemption Levy;
- (ii) reduce the total net asset value, and therefore size, of the Fund by an amount proportionate to the actual number of Units redeemed. The Manager may decide to terminate the Fund (including, as a result of such decision to terminate the Fund, applying for the withdrawal of the SFC's authorisation of the Fund from the SFC and the de-listing of the Fund from the Stock Exchange) on any date if on such date the net asset value of the Fund shall be less than HK\$400,000,000 under the Trust Deed without any approval of the Unitholders by giving at least three (3) months' prior written notice; and
- (iii) increase the total expense ratio of the Fund from 2.08% for the financial year ended 31 March 2023 to approximately 2.19% after the Recurring Redemption Offer (assuming that 20% of the total outstanding Units are being redeemed).

Investors are advised to refer to the letter of advice from an independent financial adviser dated 17 November 2015 in the Circular in relation to the opinion and recommendations of the independent

financial advisor including discussions on the reasons, the risks and the benefits associated with the Recurring Redemption Offer.

***(l) Future Intentions of termination of the Fund***

The management of the Fund will remain unchanged and the Fund's listing on the Stock Exchange will be maintained upon completion of the Recurring Redemption Offer (subject to the potential termination of the Fund as further elaborated below). The size of the Fund will be reduced after the Recurring Redemption Offer, and the Manager may decide to terminate the Fund (including, as a result of such decision to terminate the Fund, applying for the withdrawal of the SFC's authorisation of the Fund from the SFC and the de-listing of the Fund from the Stock Exchange) on any date if on such date the net asset value of the Fund shall be less than HK\$400,000,000 under the Trust Deed without any approval of the Unitholders by giving at least three (3) months' prior written notice.

**As of 20 May 2024, the net asset value of the Fund is HK\$ 490,777,712.** Due to the current relatively low net asset value of the Fund, the lack of new demand from Unitholders and the reduction of the Fund size after the Recurring Redemption Offer, the Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund.

Having taken into account relevant factors including interests of the Unitholders as a whole, the redemption intention of certain existing Unitholder(s), the currently relatively low net asset value of the Fund, the challenging business environment and that the fund size of the Fund is expected to continue to decrease due to the lack of new demand from Unitholders and increasing competitions for the Fund, and the existing small and decreasing size of the Fund which may also impair the Manager's ability to fulfil the Investment Objective of the Fund, the Manager is of the view that the Recurring Redemption Offer, notwithstanding that it may result in a termination of the Fund: (i) is made in the best interests of the Unitholders; and (ii) has no material adverse impact to the Fund, given that the continued operation of the Fund may no longer be desirable.

The Manager intends to continue to meet the public float requirement with respect to the Units after the close of the Recurring Redemption Offer.

***(m) Reason for the Recurring Redemption Offer***

The Manager considers that the Recurring Redemption Offer is in the best interests of the Unitholders. The Recurring Redemption Offer will provide the Unitholders an option to exit part of their investment in the Fund. In addition, given the Fund has been trading at an average discount of 20.16% to its net asset value over the past three months since 2 January 2024 to 28 March 2024, the Manager believes that the Recurring Redemption Offer may potentially narrow such discount. However, there is no assurance that the Fund will be traded at a price that is equal to or at a reduced discount to its net asset value subsequent to the effecting of the Recurring Redemption Offer or that the performance of the Fund will be improved or enhanced thereafter.

***(n) Condition to the Manager's ability to offer the Recurring Redemption Offer***

The Manager's entitlement to offer a Recurring Redemption Offer will be conditional upon the SFC's approval of the Recurring Redemption Offer.

## **B. CIRCULAR**

Details, including the terms and conditions, of the proposed Recurring Redemption Offer and all other information reasonably necessary to enable the Unitholders to make an informed decision on whether to exercise their rights to apply for a Recurring Redemption Offer, the Trustee's view on the Recurring Redemption Offer shall be set out in a circular to be despatched to all Unitholders within 21 days of the date of this announcement. Copies of the circular will be sent to all Unitholders.

## **C. GENERAL**

**It should be noted that dealings in the Units will continue during the period from the date of this Announcement to the Redemption Day. Those Unitholders selling their Units and persons purchasing the Units during such period will accordingly bear the risk that the Recurring Redemption Offer may not occur or may be delayed. If any Unitholder or other person contemplating selling or purchasing any of the Units during this period is in doubt about his or her position, he or she is advised to exercise caution when dealing in the Units and is also recommended to consult his or her professional adviser.**

The Fund is currently a close-ended fund and no investor may demand redemption of their Units.

The listing of the Fund on the Stock Exchange does not guarantee a liquid market and the Fund may be delisted. The Fund's market price on the Stock Exchange of Hong Kong may be different from its net asset value per Unit. Currency movement may affect the value of investments. Investment in emerging market involves higher risks. The Fund invests part of its assets in A Shares, which are subject to specific risks and restrictions as disclosed in the Offering Circular. The Fund differs from a typical unit trust and investors should read the Offering Circular for details including the risk factors.

All directors of the Manager jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

## **D. DEFINITIONS**

"A Share"	shares issued by eligible companies that are listed on the PRC Stock Exchanges, traded in RMB and available for investment by domestic (Chinese) investors and holders of QFI licence
"Applicable Regulations"	the Code on Share Buy-Backs as if they were applicable to the Fund (including but not limited to all relevant timing and disclosure requirements under the Code on Share Buy-Backs), the SFC Products Handbook and all other applicable codes, rules, regulations and laws

"Business Day"	a day (other than a Saturday or Sunday) on which the Stock Exchange is open for normal trading and banks are open for normal banking business in Hong Kong provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which the Stock Exchange and banks in Hong Kong are open for any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Code"	the Code on Unit Trusts and Mutual Funds issued by the SFC, as the same may from time to time be modified, amended, revised or replaced, or supplemented either by published guidelines, policies, practice statements or other guidance issued by the SFC or, in any particular case, by specific written guidance issued by the SFC in response to a specific request by the Manager and/or the Trustee
"Fund"	HSBC China Dragon Fund
"Extraordinary Resolution"	A resolution proposed as such and passed on a poll by 75% or more of the votes of those present and entitled to vote in person or by proxy at a duly convened meeting of the Unitholders
"General Meeting"	the general meeting of Unitholders held on 7 January 2016 to approve the extraordinary resolutions in relation to (a) the Change of Investment Objective, (b) the One-off Redemption Offer; (c) the Recurring Redemption Offer and (d) the changes to the Trust Deed to effect the Recurring Redemption Offer approved
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Unitholder(s)"	Unitholders other than any Unitholder that has a material interest in the Recurring Redemption Offer which is different from the interests of all other Unitholders
"Lodgement Date"	the last date for lodgement of redemption requests pursuant to the Recurring Redemption Offer
"Manager"	HSBC Global Asset Management (Hong Kong) Limited
"Offering Circular"	the offering circular of the Fund dated 21 March 2023 and includes any amendments and supplements thereto

"Overseas Unitholder(s)"	Unitholder(s) whose addresses, as shown in the register of Unitholders, are outside Hong Kong as of the Lodgement Date or the lodgement date with respect to each Recurring Redemption Offer
"PRC" or "China"	the People's Republic of China, but for the purposes of this announcement and the Fund's investment objective and investment approach only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"QFI"	qualified foreign institutional investor (" <b>QFII</b> ") and RMB qualified foreign institutional investor (" <b>RQFII</b> ") approved by the China Securities Regulatory Commission pursuant to the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (《合格境外機構投資者 and 人民幣合格境外機構投資者境內證券期貨投資管理辦法》) promulgated by the China Securities Regulatory Commission, People's Bank of China and State Administration of Foreign Exchange on 25 September 2020 and effective from 1 November 2020, as may be amended from time to time. The QFII program and RQFII program have been merged into a combined scheme for qualified foreign investor (" <b>QFI</b> ") from 1 November 2020
"Recurring Redemption Offer"	an offer by the Manager to all Unitholders to redeem part or all of their holdings in the Fund (subject to a Redemption Levy) as the Manager determines at its discretion taking into account the best interests of the Unitholders, subject to certain conditions as described in the Circular and the Offering Circular
"Redemption Day"	the Business Day immediately following the Lodgement Date
"Redemption Levy"	the redemption fee of up to 2% of the redemption price, payable in relation to the redemption of Units by a redeeming Unitholder pursuant to the Recurring Redemption Offer as described in this announcement
"Registrar"	Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"SFC"	the Securities and Futures Commission of Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited



"Trust Deed"	the trust deed dated 20 June 2007 between the Trustee and the Manager and includes any amendments and supplements thereto
"Trustee"	HSBC Institutional Trust Services (Asia) Limited
"Unit(s)"	unit(s) of the Fund
"Unitholder(s)"	unitholder(s) of Units
"Value Day"	the Redemption Day, being the date on which the relevant market closing price of the underlying investments of the Fund, and the Fund's applicable operating expenses accrued or incurred to date shall be used to calculate the net asset value of the Fund to be adopted as the redemption price for the purpose of the Recurring Redemption Offer

HSBC Global Asset Management (Hong Kong) Limited  
*Manager of HSBC China Dragon Fund*  
21 May 2024

*As at the date of this announcement, the board of directors of the Manager is comprised as follows: Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun and Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

**IMPORTANT**

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**HSBC CHINA DRAGON FUND**

滙豐中國翔龍基金

*a Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)  
(Stock Code: 820)*

**Cancellation of the Voluntary Announcement – Fund Performance**

HSBC Global Asset Management (Hong Kong) Limited, as the Manager of HSBC China Dragon Fund (the “Fund”), hereby announces that; with effective from 1 June 2024 (the “Effective Date”) , the announcement headed “Voluntary Announcement – Fund Performance” (the “Announcement”) made and published monthly by the Fund, will be cancelled.

Currently, the Announcement is published on a monthly basis disclosing historical information relating to the Fund’s performance, net asset value, closing price etc. for investors’ reference. The Manager has recently reviewed the Fund’s various publications made available to the general public, including the Announcement, and is of the view that the information (except gross of fees performance which is demonstrated in the first table of the Announcement) disclosed in the Announcement is available and can be accessed in other channels (i.e. the Funds’ website and the website of HKEX as mentioned below) in a more timely-manner. In the case of the performance of the Fund based on a gross of fees net asset value, it is not considered relevant to investors considering actual investor performance experience relates to the net of fees net asset value (such net of fees performance is published in other channels in a more timely-manner). Accordingly, the Manager is of the view that the Announcement is not beneficial to investors and the cancellation of the Announcement would not be materially prejudice to the holders’ rights and interest.

From the Effective Date, the Announcement will cease to be published. For avoidance of doubt, the last Announcement is expected to be published on 22 May 2024. From the Effective Date, investors may refer to the the Fund’s website [HSBC China Dragon Fund](#)<sup>1</sup> and the website of Hong Kong Stock Exchange [HKEX](#) respectively to access to the information currently provided in the Announcement (except the gross of fees performance).

As of the date hereof, the aforesaid information in the Announcement may be obtained as below:-

- for the information regarding the net of fees performance, rolling annual performance and calendar year performance respectively, investors may access to the Fund’s website [HSBC China Dragon Fund](#)<sup>2</sup> and then click the “Performance” tab;

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<sup>1</sup> This website has not been reviewed by the SFC.

<sup>2</sup> This website has not been reviewed by the SFC.

- for the information regarding the Fund's net asset value per unit, closing price on the Hong Kong Stock Exchange and the respective discount/ premium to the net asset value, investors may access to the website of [HKEX](https://www.hkex.com.hk), input the stock code of the Fund (i.e. 820) under the "Market data" tab, then click the "Performance" tab.

The Manager of the Fund accepts responsibility for the accuracy of the information contained in this announcement.

Investors who have any questions regarding the above or would like to obtain information regarding the performance of the Fund based on a gross of fees net asset value, may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

HSBC Global Asset Management (Hong Kong) Limited  
Manager of HSBC China Dragon Fund  
30 April 2024

*As at the date of this notice, the board of directors of the Manager is comprised as follows: Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAI, Chun Pong Stephen and Mr. TO, Kok Wing.*

**IMPORTANT**

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**HSBC CHINA DRAGON FUND**  
**滙豐中國翔龍基金**

*a Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**  
**Voluntary Announcement – Fund Performance**

This is a voluntary announcement made by HSBC China Dragon Fund (the “Fund”).

The following table demonstrates the gross performance of the Fund. The relevant figures are gross of fees and (if any) net of capital gain tax provision performances calculated from internal sources; and are for indicative purpose only. Returns would be lower once fees are deducted. The performances of the index are quoted for indicative comparison purpose only and the index is not the benchmark of the Fund.

As at 28/03/2024 :

	Calendar year performance <sup>(2)</sup>						Cumulative performance <sup>(3)</sup>	
	<u>2024</u> year-to-date	<u>2023</u> full year	<u>2022</u> full year	<u>2021</u> full year	<u>2020</u> full year	<u>2019</u> full year	6 months	1 year
Net asset value of the Fund (gross of fees and net of capital gain tax provision) <sup>(1)</sup>	<u>3.05%</u>	<u>-5.59%</u>	<u>-22.40%</u>	<u>-13.39%</u>	<u>-55.63%</u>	<u>37.15%</u>	<u>-0.43%</u>	<u>-11.86%</u>
<i>MSCI China A</i>	<u>-0.45%</u>	<u>-11.42%</u>	<u>-27.01%</u>	<u>4.76%</u>	<u>-39.60%</u>	<u>37.10%</u>	<u>-3.81%</u>	<u>-17.34%</u>

The following table demonstrates the net of fees performance of the Fund calculated according to the net asset value per unit of the Fund.

As at 28/03/2024 :

	Calendar year performance <sup>(2)</sup>						Cumulative performance <sup>(3)</sup>	
	<u>2024</u> year-to-date	<u>2023</u> full year	<u>2022</u> full year	<u>2021</u> full year	<u>2020</u> full year	<u>2019</u> full year	6 months	1 year
Net asset value of the Fund (net of fees) <sup>(1)</sup>	<u>2.53%</u>	<u>-7.54%</u>	<u>-23.37%</u>	<u>11.37%</u>	<u>-53.60%</u>	<u>35.06%</u>	<u>-1.46%</u>	<u>-13.67%</u>

As at 28/03/2024 :

Net asset value per unit of the Fund:	<u>HK\$ 16.23</u>
Closing price of the Fund on the Stock Exchange of Hong Kong:	<u>HK\$ 12.98</u>
Discount / Premium to net asset value:	<u>20.02 % discount</u>

Source: HSBC Global Asset Management (Hong Kong) Limited, data as at 28/03/2024. All performance figures are total return figures in Hong Kong dollars.

Performance figures of the Fund are calculated according to the value of the respective underlying assets of the Fund or the net asset value per unit of the Fund (as the case may be), and are not calculated according to the Fund's market price on the exchange. The Fund's market price on the Stock Exchange of Hong Kong may be different from its net asset value per unit.

Investment involves risk. Past performance information presented is not indicative of future performance. Please refer to the Offering Circular of the Fund for further details including the risk factors.

Note:

1. The performance of the Fund was achieved under the following circumstances that no longer apply: the Fund recognized an over-provision of tax as a gain in its valuation and resulted in an increase in the Fund's net asset value of around 5.13% on 13 October 2015.
2. Calendar year performance is the gain or loss of the Fund throughout a particular year.
3. Cumulative performance is the gain or loss of the Fund over certain period of time up to the relevant date.

The Fund is a close-ended fund and no investor may demand redemption of their units.

The listing of the Fund on the Stock Exchange of Hong Kong does not guarantee a liquid market and the Fund may be delisted. The Fund's market price on the Stock Exchange of Hong Kong may be different from its net asset value per unit. Currency movement may affect the value of investments. Investment in emerging market involves higher risks. The Fund mainly invests directly and indirectly in China A-shares, which are subject to specific risks and restrictions as disclosed in the Offering Circular. The Fund differs from a typical trust and investors should read the Offering Circular for details including the risk factors. The document has not been reviewed by the Securities and Futures Commission.

HSBC Global Asset Management (Hong Kong) Limited  
Manager of HSBC China Dragon Fund  
22/04/2024

*As at the date of this announcement, the board of directors of the Manager is comprised as follows: Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

**IMPORTANT**

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**HSBC CHINA DRAGON FUND**  
**滙豐中國翔龍基金**

*a Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**  
**Voluntary Announcement – Fund Performance**

This is a voluntary announcement made by HSBC China Dragon Fund (the “Fund”).

The following table demonstrates the gross performance of the Fund. The relevant figures are gross of fees and (if any) net of capital gain tax provision performances calculated from internal sources; and are for indicative purpose only. Returns would be lower once fees are deducted. The performances of the index are quoted for indicative comparison purpose only and the index is not the benchmark of the Fund.

As at 29/02/2024 :

	Calendar year performance <sup>(2)</sup>						Cumulative performance <sup>(3)</sup>	
	<u>2024</u> year-to-date	<u>2023</u> full year	<u>2022</u> full year	<u>2021</u> full year	<u>2020</u> full year	<u>2019</u> full year	6 months	1 year
Net asset value of the Fund (gross of fees and net of capital gain tax provision) <sup>(1)</sup>	<u>1.12%</u>	<u>-5.59%</u>	<u>-22.40%</u>	<u>13.39%</u>	<u>55.63%</u>	<u>37.15%</u>	<u>-2.80%</u>	<u>-13.09%</u>
<i>MSCI China A</i>	<u>-0.19%</u>	<u>-11.42%</u>	<u>-27.01%</u>	<u>4.76%</u>	<u>39.60%</u>	<u>37.10%</u>	<u>-5.42%</u>	<u>-17.05%</u>

The following table demonstrates the net of fees performance of the Fund calculated according to the net asset value per unit of the Fund.

As at 29/02/2024 :

	Calendar year performance <sup>(2)</sup>						Cumulative performance <sup>(3)</sup>	
	<u>2024</u> year-to-date	<u>2023</u> full year	<u>2022</u> full year	<u>2021</u> full year	<u>2020</u> full year	<u>2019</u> full year	6 months	1 year
Net asset value of the Fund (net of fees) <sup>(1)</sup>	<u>0.76%</u>	<u>-7.54%</u>	<u>-23.37%</u>	<u>11.37%</u>	<u>53.60%</u>	<u>35.06%</u>	<u>-3.80%</u>	<u>-14.89%</u>

As at 29/02/2024 :

Net asset value per unit of the Fund:	HK\$ 15.95
Closing price of the Fund on the Stock Exchange of Hong Kong:	HK\$ 12.44
Discount / Premium to net asset value:	22.01 % discount

Source: HSBC Global Asset Management (Hong Kong) Limited, data as at 29/02/2024. All performance figures are total return figures in Hong Kong dollars.

Performance figures of the Fund are calculated according to the value of the respective underlying assets of the Fund or the net asset value per unit of the Fund (as the case may be), and are not calculated according to the Fund's market price on the exchange. The Fund's market price on the Stock Exchange of Hong Kong may be different from its net asset value per unit.

Investment involves risk. Past performance information presented is not indicative of future performance. Please refer to the Offering Circular of the Fund for further details including the risk factors.

Note:

1. The performance of the Fund was achieved under the following circumstances that no longer apply: the Fund recognized an over-provision of tax as a gain in its valuation and resulted in an increase in the Fund's net asset value of around 5.13% on 13 October 2015.
2. Calendar year performance is the gain or loss of the Fund throughout a particular year.
3. Cumulative performance is the gain or loss of the Fund over certain period of time up to the relevant date.

The Fund is a close-ended fund and no investor may demand redemption of their units.

The listing of the Fund on the Stock Exchange of Hong Kong does not guarantee a liquid market and the Fund may be delisted. The Fund's market price on the Stock Exchange of Hong Kong may be different from its net asset value per unit. Currency movement may affect the value of investments. Investment in emerging market involves higher risks. The Fund mainly invests directly and indirectly in China A-shares, which are subject to specific risks and restrictions as disclosed in the Offering Circular. The Fund differs from a typical trust and investors should read the Offering Circular for details including the risk factors. The document has not been reviewed by the Securities and Futures Commission.

HSBC Global Asset Management (Hong Kong) Limited  
Manager of HSBC China Dragon Fund  
20/03/2024

*As at the date of this announcement, the board of directors of the Manager is comprised as follows: Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

**IMPORTANT**

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**HSBC CHINA DRAGON FUND**  
**滙豐中國翔龍基金**

*a Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**  
**Voluntary Announcement – Fund Performance**

This is a voluntary announcement made by HSBC China Dragon Fund (the “Fund”).

The following table demonstrates the gross performance of the Fund. The relevant figures are gross of fees and (if any) net of capital gain tax provision performances calculated from internal sources; and are for indicative purpose only. Returns would be lower once fees are deducted. The performances of the index are quoted for indicative comparison purpose only and the index is not the benchmark of the Fund.

As at 31/01/2024 :

	Calendar year performance <sup>(2)</sup>						Cumulative performance <sup>(3)</sup>	
	<u>2024</u> year-to-date	<u>2023</u> full year	<u>2022</u> full year	<u>2021</u> full year	<u>2020</u> full year	<u>2019</u> full year	6 months	1 year
Net asset value of the Fund (gross of fees and net of capital gain tax provision) <sup>(1)</sup>	<u>-6.96%</u>	<u>-5.59%</u>	<u>-22.40%</u>	<u>13.39%</u>	<u>55.63%</u>	<u>37.15%</u>	<u>-16.73%</u>	<u>-20.71%</u>
<i>MSCI China A</i>	<u>-10.04%</u>	<u>-11.42%</u>	<u>-27.01%</u>	<u>4.76%</u>	<u>39.60%</u>	<u>37.10%</u>	<u>-21.19%</u>	<u>-28.13%</u>

The following table demonstrates the net of fees performance of the Fund calculated according to the net asset value per unit of the Fund.

As at 31/01/2024 :

	Calendar year performance <sup>(2)</sup>						Cumulative performance <sup>(3)</sup>	
	<u>2024</u> year-to-date	<u>2023</u> full year	<u>2022</u> full year	<u>2021</u> full year	<u>2020</u> full year	<u>2019</u> full year	6 months	1 year
Net asset value of the Fund (net of fees) <sup>(1)</sup>	<u>-7.14%</u>	<u>-7.54%</u>	<u>-23.37%</u>	<u>11.37%</u>	<u>53.60%</u>	<u>35.06%</u>	<u>-17.60%</u>	<u>-22.35%</u>

As at 31/01/2024 :

Net asset value per unit of the Fund:	HK\$ <u>14.70</u>
Closing price of the Fund on the Stock Exchange of Hong Kong:	HK\$ <u>12.00</u>
Discount / Premium to net asset value:	<u>18.37 %</u> discount



Source: HSBC Global Asset Management (Hong Kong) Limited, data as at 31/01/2024. All performance figures are total return figures in Hong Kong dollars.

Performance figures of the Fund are calculated according to the value of the respective underlying assets of the Fund or the net asset value per unit of the Fund (as the case may be), and are not calculated according to the Fund's market price on the exchange. The Fund's market price on the Stock Exchange of Hong Kong may be different from its net asset value per unit.

Investment involves risk. Past performance information presented is not indicative of future performance. Please refer to the Offering Circular of the Fund for further details including the risk factors.

Note:

1. The performance of the Fund was achieved under the following circumstances that no longer apply: the Fund recognized an over-provision of tax as a gain in its valuation and resulted in an increase in the Fund's net asset value of around 5.13% on 13 October 2015.
2. Calendar year performance is the gain or loss of the Fund throughout a particular year.
3. Cumulative performance is the gain or loss of the Fund over certain period of time up to the relevant date.

The Fund is a close-ended fund and no investor may demand redemption of their units.

The listing of the Fund on the Stock Exchange of Hong Kong does not guarantee a liquid market and the Fund may be delisted. The Fund's market price on the Stock Exchange of Hong Kong may be different from its net asset value per unit. Currency movement may affect the value of investments. Investment in emerging market involves higher risks. The Fund mainly invests directly and indirectly in China A-shares, which are subject to specific risks and restrictions as disclosed in the Offering Circular. The Fund differs from a typical trust and investors should read the Offering Circular for details including the risk factors. The document has not been reviewed by the Securities and Futures Commission.

HSBC Global Asset Management (Hong Kong) Limited  
Manager of HSBC China Dragon Fund  
22/02/2024

*As at the date of this announcement, the board of directors of the Manager is comprised as follows: Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun, Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*

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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant, or other professional adviser.**

**If you have sold or transferred** all of your units in **HSBC China Dragon Fund**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## **HSBC CHINA DRAGON FUND**

### **滙豐中國翔龍基金**

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

## **CIRCULAR TO UNITHOLDERS IN RELATION TO RECURRING REDEMPTION OFFER**

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11 June 2024

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## CORPORATE INFORMATION

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The Fund	HSBC China Dragon Fund, a Hong Kong unit trust authorised under section 104 of the SFO
Manager	HSBC Global Asset Management (Hong Kong) Limited HSBC Main Building 1 Queen's Road Central Hong Kong
Directors of the Manager	MOREAU, Nicolas Jean Marie Denis HO, Wai Fun TAM, Chun Pong Stephen TO, Kok Wing
Trustee	HSBC Institutional Trust Services (Asia) Limited HSBC Main Building 1 Queen's Road Central Hong Kong
Registrar	Computershare Hong Kong Investor Services Limited Shops 1712 — 1716, 17 Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

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## EXPECTED TIMETABLE

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*The expected timetable set out below is indicative only and is subject to change. Any changes to the expected timetable will be announced separately by the Fund. All references to time are Hong Kong times and dates. (note 1)*

Despatch of this document and redemption request forms . . . . .	11 June 2024
Commencement date for lodging the redemption request with the Registrar . . . . .	18 June 2024
Lodgement Date of the Recurring Redemption Offer (i.e. last date for lodgement of Recurring Redemption Offer request) . . . . .	4:30 p.m. on 2 July 2024
Redemption Day of the Recurring Redemption Offer (note 1) . . . . .	3 July 2024
Time for calculating the net asset value of the Fund as of the Value Day . . . . .	9:30 a.m. on the Business Day immediately after the Redemption Day (i.e. 4 July 2024)
Announcement of the net asset value of the Fund as of the Value Day . . . . .	By 6:00 p.m. on 4 July 2024
Latest date for return of certificate(s) for Units not redeemed (if applicable) . . . . .	17 July 2024

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## EXPECTED TIMETABLE

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Latest date for despatch of cheques  
to redeeming Unitholders of

Recurring Redemption Offer (*note 2*) . . . . . The Manager shall use its best endeavours to pay all the redemption proceeds, less the Redemption Levy, to Unitholders on or before 3 September 2024 (i.e. within 2 months after the Redemption Day). Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months.

*Notes:*

1. Assuming no event occurs which requires a suspension of the Redemption Day.
2. **Due to the legal and regulatory requirements in the PRC, redemption proceeds payable to Unitholders out of the Fund's assets in the PRC may be paid to the Unitholders in more than one month from the Redemption Day. The Manager shall use its best endeavours to repatriate and distribute such proceeds to the Unitholders within two months after the Redemption Day (i.e. on or before 3 September 2024). Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. Investors should refer to the risk factor headed under "Uncertainty on the payment date of the redemption proceeds" on page 16 of this circular. The Fund will also use its assets outside PRC if any and appropriate to settle part of the redemption proceeds and that part of the redemption proceeds payable out of the assets of the Fund outside the PRC will be payable by 17 July 2024.**

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## DEFINITIONS

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*In this circular, the following definitions apply throughout unless otherwise stated:*

“Applicable Regulations”	the Code on Share Buy-Backs as if they were applicable to the Fund (including but not limited to all relevant timing and disclosure requirements under the Code on Share Buy-Backs), the Handbook and all other applicable codes, rules, regulations and laws
“Business Day”	a day (other than a Saturday or Sunday) on which the Stock Exchange is open for normal trading and banks are open for normal banking business in Hong Kong provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which the Stock Exchange and banks in Hong Kong are open for any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular published by the Fund dated 17 November 2015 regarding the extraordinary resolutions in relation to (a) the Change of Investment Objective, (b) the One-off Redemption Offer; (c) the Recurring Redemption Offer and (d) the changes to the Trust Deed to effect the Recurring Redemption Offer approved by the Independent Unitholders of the Fund in the general meeting held on 7 January 2016
“Code”	the Code on Unit Trusts and Mutual Funds issued by the SFC, as the same may from time to time be modified, amended, revised or replaced, or supplemented either by published guidelines, policies, practice statements or other guidance issued by the SFC or, in any particular case, by specific written guidance issued by the SFC in response to a specific request by the Manager and/or the Trustee
“connected persons”	has the meaning given to it in the Code
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Manager
“Eighth Recurring Redemption Offer”	the Recurring Redemption Offer dated 30 August 2022
“Explanatory Statement”	the explanatory statement set out in Appendix 1 to this circular

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## DEFINITIONS

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“Extraordinary Resolution”	a resolution proposed as such and passed on a poll by 75% or more of the votes of those present and entitled to vote in person or by proxy at a duly convened meeting of the Unitholders
“Firm Intention Announcement”	the announcement dated 21 May 2024 by the Manager in relation to the Recurring Redemption Offer
“Fund”	HSBC China Dragon Fund
“General Meeting”	the general meeting of Unitholders held on 7 January 2016 at which the extraordinary resolutions in relation to (a) the Change of Investment Objective, (b) the One-off Redemption Offer; (c) the Recurring Redemption Offer and (d) the changes to the Trust Deed to effect the Recurring Redemption Offer were approved
“Handbook”	the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Unitholder(s)”	Unitholders other than any Unitholder that has a material interest in the Recurring Redemption Offer which is different from the interests of all other Unitholders
“Latest Practicable Date”	7 June 2024, being the latest practicable date prior to the despatch of this circular for ascertaining certain information contained herein
“Lodgement Date”	2 July 2024, the last date for lodgement of redemption requests pursuant to the Recurring Redemption Offer
“Manager”	HSBC Global Asset Management (Hong Kong) Limited
“Offering Circular”	the offering circular of the Fund dated 21 March 2023 and includes any amendments and supplements thereto
“One-off Redemption Offer”	the One-off Redemption Offer as described in the Circular
“Overseas Unitholder(s)”	Unitholder(s) whose addresses, as shown in the register of Unitholders, are outside Hong Kong as of the Lodgement Date or the lodgement date with respect to each Recurring Redemption Offer



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## DEFINITIONS

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“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular and the Fund’s investment objective and investment approach only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“QFI”	qualified foreign institutional investor (“ <b>QFII</b> ”) and RMB qualified foreign institutional investor (“ <b>RQFII</b> ”) approved by the CSRC pursuant to the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (《合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法》) promulgated by the CSRC, People’s Bank of China and SAFE on 25 September 2020 and effective from 1 November 2020, as may be amended from time to time. The QFII program and RQFII program have been merged into a combined scheme for qualified foreign investor (“ <b>QFI</b> ”) from 1 November 2020
“Recurring Redemption Offer”	an offer by the Manager to all Unitholders to redeem part or all of their holdings in the Fund (subject to a Redemption Levy) as the Manager determines at its discretion taking into account the best interests of the Unitholders, subject to certain conditions as described in the Circular and the Offering Circular, pursuant to the Firm Intention Announcement and this circular
“Redemption Day”	the Business Day immediately following the Lodgement Date
“Redemption Levy”	the redemption fee of up to 2% of the redemption price, payable in relation to the redemption of Units by a redeeming Unitholder pursuant to the Recurring Redemption Offer as described in this circular
“Registrar”	Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Relevant Period”	the period from 21 November 2023, being the date falling six months before the date of the Firm Intention Announcement, up to and including the Latest Practicable Date
“SAFE”	State Administration of Foreign Exchange
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Trust Deed”	the trust deed dated 20 June 2007 between the Trustee and the Manager and includes any amendments and supplements thereto
“Trustee”	HSBC Institutional Trust Services (Asia) Limited
“Unit(s)”	unit(s) of the Fund
“Unitholder(s)”	holder(s) of Units
“Value Day”	the Redemption Day, being the date on which the relevant market closing price of the underlying investments of the Fund, and the Fund’s applicable operating expenses accrued or incurred to date shall be used to calculate the net asset value of the Fund to be adopted as the redemption price for the purpose of the Recurring Redemption Offer

## HSBC CHINA DRAGON FUND

### 滙豐中國翔龍基金

*Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

**Managed by  
HSBC Global Asset Management (Hong Kong) Limited**

**Directors of the Manager:**

MOREAU, Nicolas Jean Marie Denis  
HO, Wai Fun  
TAM, Chun Pong Stephen  
TO, Kok Wing

**Registered office of the Manager:**

HSBC Main Building  
1 Queen's Road Central  
Hong Kong

11 June 2024

*To the Unitholders*

Dear Sir/Madam

## **CIRCULAR TO UNITHOLDERS IN RELATION TO RECURRING REDEMPTION OFFER**

### **I. INTRODUCTION**

Reference is made to the Firm Intention Announcement by the Manager in relation to the Recurring Redemption Offer as described on pages 9 to 27 of this circular. The purposes of this circular are to provide you with further information regarding the Recurring Redemption Offer.

The total net asset value and capitalisation (being the Unit's closing price on the Stock Exchange multiplied by the total number of Units in issue) of the Fund as at 6 June 2024 are HK\$476,560,952 and HK\$417,905,619, respectively, representing a discount of 12.31%.

## **II. RECURRING REDEMPTION OFFER**

### **(a) Terms of the Recurring Redemption Offer**

#### *(i) Background to the Recurring Redemption Offer*

The Extraordinary Resolution regarding the Recurring Redemption Offer was duly passed by the Unitholders in the General Meeting.

According to the Circular, the Manager may offer a Recurring Redemption Offer to all Unitholders to redeem part or all of their holdings in the Fund (subject to a Redemption Levy) as the Manager determines at its discretion taking into account the best interests of the Unitholders, subject to the following conditions:

1. the Fund must be trading at a discount of its net asset value of 20% (daily average) or more for three consecutive months;
2. such redemption offer must only be made in the best interests of the Unitholders;
3. there is no material adverse impact to the Fund;
4. the Manager must comply with the principles and rules under the Applicable Regulations, with the only following exceptions:
  - (a) no independent advice by an independent board committee and/or independent financial adviser will be required in relation to any redemption offer made following the approval of the Recurring Redemption Offer proposal at the General Meeting;
  - (b) where the redemption proceeds cannot be repatriated from China due to legal or regulatory requirements beyond the control of the Manager, the redemption proceeds payment period may be extended beyond the time limits stipulated in the Applicable Regulations. In such case, the Manager must keep proper records to demonstrate and justify this and keep Unitholders and the SFC properly and promptly informed. In any event, the redemption proceeds must be paid to Unitholders as soon as possible after the receipt of the proceeds by the Fund;
5. in considering whether to proceed with a redemption offer, the Manager must take into account of all relevant prevailing market conditions (such as market liquidity, the percentage of stocks held by the Fund which have been suspended from trading and other relevant regulatory requirements) and must be reasonably satisfied that the redemption proceeds can be paid to Unitholders in accordance with the time limits stipulated in the Applicable Regulations;

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## LETTER FROM THE MANAGER

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6. there is no minimum number of redemption offer to be made in a calendar year and the maximum number for each calendar year shall not exceed three;
7. the aggregate redemption of all Unitholders to be no more than 20% of the total outstanding number of Units as at the relevant lodgement date of each Recurring Redemption Offer; and
8. Independent Unitholders may by Extraordinary Resolution at a general meeting terminate the Manager's entitlement to make any further redemption offer under the Recurring Redemption Offer.

Each Recurring Redemption Offer will be subject to applicable regulatory approvals but will not be subject to any further approval of the Unitholders nor the advice of the independent financial adviser. **Investors are advised to refer to the letter of advice from an independent financial adviser dated 17 November 2015 in the Circular in relation to the opinion and recommendations of the independent financial adviser including discussions on the reasons, the risks and the benefits associated with the Recurring Redemption Offer.**

The Manager would like to announce that the above eight conditions (being the conditions before a proposed Recurring Redemption Offer can be made, as set out in the Circular) were fulfilled and have become unconditional with respect to the offering of a Recurring Redemption Offer:

1. the Fund has been trading at a discount of its net asset value of 20.16% (daily average) from 2 January 2024 to 28 March 2024, being above the condition of discount of 20% or more for three consecutive months;
2. such redemption offer is made in the best interests of the Unitholders;
3. there is no material adverse impact to the Fund;
4. the Manager must comply with the Applicable Regulations with the only exceptions set out in condition 4(a) and 4(b) above;
5. the Manager has taken into account of all relevant prevailing market conditions and is reasonably satisfied that the redemption proceeds can be paid to Unitholders in accordance with the time limits stipulated in the Applicable Regulations;
6. the Fund has not yet made any Recurring Redemption Offer in 2024, this met the condition of the Fund not having made more than three redemption offers in a calendar year; the last Recurring Redemption Offer was made on 30 August 2022;

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## LETTER FROM THE MANAGER

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7. The aggregate redemption of all Unitholders will be no more than 20% of the total outstanding number of Units as at the relevant lodgement date of the Recurring Redemption Offer; and
8. Independent Unitholders may by Extraordinary Resolution at a general meeting terminate the Manager's entitlement to make any further redemption offer under the Recurring Redemption Offer, and such Extraordinary Resolution has not taken place.

Accordingly, the Manager has determined at its discretion, taking into account the best interests of the Unitholders, to make a Recurring Redemption Offer.

As at the Latest Practicable Date, 28,160,756 Units are in issue. Currently, Unitholders do not have the right to redeem any part of their holdings of Units.

The Manager wishes to offer a Recurring Redemption Offer to the Unitholders to redeem the whole or a part of their Units on the Redemption Day for cash.

*(ii) Terms of the Recurring Redemption Offer*

The Manager proposes to offer the Unitholders the Recurring Redemption Offer, being a right to apply to redeem the whole or a part of their Units at, subject to a Redemption Levy, the net asset value of the Units being redeemed (calculated using the relevant market closing price of the underlying investments of the Fund and the Fund's applicable operating expenses accrued or incurred to date on the Value Day) on the Redemption Day provided that for the Fund as a whole the total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as at the Lodgement Date. The redemption of Units by a Unitholder pursuant to the Recurring Redemption Offer will not attract Hong Kong ad valorem or fixed stamp duty. The redemption of Units by a Unitholder pursuant to the Recurring Redemption Offer will not be subject to any dealing charges other than the Redemption Levy. The Redemption Levy, which is up to 2% of the net asset value of the Units being redeemed (i.e. the redemption price), incorporates commission, stamp duty, transaction cost and total market impact of implementation (i.e. the price difference during the order implementation between the execution price and the price at the time of valuation) will be deducted from the redemption price and will be retained by the Fund for the benefit of the Fund. The actual level of the Redemption Levy will be determined by the Manager according to the Manager's estimation of the above-mentioned commission, stamp duty, transaction cost and total market impact of implementation on the Redemption Day. Each redeeming Unitholder will bear the same percentage of Redemption Levy, namely, the same percentage of the net asset value of the Units being redeemed. The Redemption Levy will be announced together with the net asset value of the Fund as of the Value Day by 6:00 p.m. on 4 July 2024. The Recurring Redemption Offer will be satisfied by the disposition by the Manager of assets of the Fund. The Manager confirms that

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## LETTER FROM THE MANAGER

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sufficient liquid financial resources are available to the Fund to implement and to satisfy the Fund's obligations in respect of the Recurring Redemption Offer in full.

The estimated cost (at the price level as at the Latest Practicable Date) for the Recurring Redemption Offer is HK\$975,000, approximately 0.20% of the net asset value of the Fund as at 6 June 2024. Such cost will primarily include legal fees and costs, and fees and costs incurred by and payable to the Registrar with respect to the Recurring Redemption Offer and will be borne by the Fund, that is, indirectly by all the Unitholders before the Redemption Day with respect to Recurring Redemption Offer. Redemption Levy, which is up to 2% of the net asset value of the Units being redeemed (i.e. the redemption price), will be borne by the redeeming Unitholders pursuant to the Recurring Redemption Offer.

*(iii) Procedures with respect to the Recurring Redemption Offer*

The Recurring Redemption Offer shall occur on the Redemption Day. Unitholders who wish to accept the Recurring Redemption Offer must provide completed redemption requests to the Registrar no later than 4:30 p.m. on the Lodgement Date; provided that the Unitholders are only entitled to make a redemption request under the Recurring Redemption Offer with respect to the Units they hold as of the Lodgement Date. Unitholders that are interested in exercising their rights under the Recurring Redemption Offer shall be required to return their redemption requests forms together with the relevant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Units in respect of which Unitholders intend to redeem, by post or by hand to the Registrar by no later than 4:30 p.m. on the Lodgement Date. No further action shall be required from the Unitholders who elect to continue to hold onto their entire holdings of Units in the Fund. Unitholders who have lost the certificates representing their Units should contact the Registrar and follow the procedure as required by the Registrar. Unitholders whose Units are held by a nominee company, including those whose interests in the Units are held through CCASS, should refer to the section headed "Nominee Registration of Units" below. **Due to the legal and regulatory requirements in the PRC, redemption proceeds payable to Unitholders out of the Fund's assets in the PRC may be paid to the Unitholders in more than one month from the Redemption Day. The Manager shall use its best endeavours to repatriate and distribute such proceeds to the Unitholders within two months after the Redemption Day (i.e. on or before 3 September 2024). Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. Investors should refer to the risk factor headed under**

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## LETTER FROM THE MANAGER

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**“Uncertainty on the payment date of the redemption proceeds” below. The Fund will also use its assets outside PRC if any and appropriate to settle part of the redemption proceeds and that part of the redemption proceeds payable out of the assets of the Fund outside the PRC will be payable by 17 July 2024. As such, the Fund may need to pay the redemption proceeds to Unitholders by instalments and the Fund will pay all the redemption proceeds to the Unitholders as soon as possible after receipt of the proceeds by the Fund. Further announcements will be made by the Manager as soon as practicable if there is a need to pay by instalment and the corresponding date(s) of payment and also after the Redemption Day in respect of the results of the redemptions made pursuant to the Recurring Redemption Offer. As of 6 June 2024, A Shares invested directly through the QFI scheme and other net assets in the PRC account for approximately 71.80% of the net asset value of the Fund. For reference, the redemption proceeds payable out of the assets in the PRC as of 6 June 2024 are approximately 25% of the total redemption proceeds (assuming that 20% of the total outstanding Units are being redeemed).**

*(iv) Limits on the Recurring Redemption Offer*

Unitholders should note that there is no minimum number of Units which a qualifying Unitholder can apply to redeem under the Recurring Redemption Offer; however, a Unitholder may not apply to redeem more Units than such Unitholder holds as at the Lodgement Date. A Unitholder may apply to redeem the whole or a part of his or her holding of Units, redemption application with respect to Units that are in excess of his or her holdings will be disregarded by the Manager.

The total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as at the Lodgement Date. Regardless of the number of Units a Unitholder has validly applied to redeem, in the event that the aggregate number of Units for which applications are made under the Recurring Redemption Offer exceeds 20% of the total outstanding number of Units as at the Lodgement Date, the number of Units that such Unitholder can eventually redeem will be reduced proportionally. Under such situation, the Fund will satisfy the redemption requests of Unitholders wishing to redeem their Units on a pro rata basis based on the number of Units the Unitholders have validly applied to redeem, rounded down to the nearest whole Unit.

The Fund will dispose of its investments in an orderly manner in order to effect the Recurring Redemption Offer. In the event that the aggregate number of Units for which applications to redeem are made under the Recurring Redemption Offer exceeds 20% of the outstanding number of Units as at the Lodgement Date, the Manager shall, subject to the redemption requests complying with the requirements of the Trust Deed, (i) limit the number of Units to be redeemed under the Recurring Redemption Offer to 20% of the outstanding number of Units as at the Lodgement Date and (ii) realise its investments and apply all or part of such realisation proceeds to satisfy the redemption requests of Unitholders



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## LETTER FROM THE MANAGER

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wishing to redeem their Units on a pro rata basis based on the number of Units the Unitholders have validly applied to redeem, rounded down to the nearest whole Unit. Any request for the Recurring Redemption Offer **which is not satisfied** shall be void and certificates representing such Units shall be returned to Unitholders within 10 Business Days after the Redemption Day.

If the aggregate of the actual applications for redemption by the Unitholders made under the Recurring Redemption Offer is less than or equal to the aggregate maximum limit of 20% of the total outstanding number of Units as at the Lodgement Date, all Units applied to be redeemed will be redeemed. The balance between the Units actually redeemed and 20% of the total outstanding number of Units as at the Lodgement Date will neither be carried forward nor be available for any subsequent redemption by any Unitholder on any subsequent trading day of the Fund. The Manager shall, subject to the redemption requests complying with the requirements of the Trust Deed (including, amongst others, any request for the Recurring Redemption Offer must be given in writing signed by the Unitholder or any one of joint Unitholders and must specify the number of Units that are to be realised, and the name or names of the Unitholder or Unitholders together with the relevant certificate(s) and/or transfer receipt(s) and/or any other document(s) of the title (and/or any satisfactory indemnity or indemnities required in respect thereof), the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Manager or its agent or, if relevant, the Trustee), (i) satisfy all such redemption requests and (ii) realise its investments and apply all or part of such realisation proceeds to satisfy such redemption requests under the Recurring Redemption Offer. The Units to be redeemed must be free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a redemption request by eligible Unitholder will be deemed to constitute a representation and warranty by him or her to the Manager and the Fund that his or her Units are sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of the Firm Intention Announcement (including the right to all dividends and distributions (if any) declared, made or paid on or after the date of the Firm Intention Announcement) or obligation to create or to give an encumbrance in relation to any of such Units and that no person has claimed to be entitled to an encumbrance in relation to any such Units.

All redeemed Units will be cancelled.

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## LETTER FROM THE MANAGER

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*(v) Payment procedure for the Recurring Redemption Offer*

It is the intention of the Manager to realise the relevant investment of the Fund as soon as practicable on or about the Value Day.

The Manager will aim to realise the Fund's offshore assets (i.e. assets being held by the Fund outside the PRC) first to satisfy the redemption requests, subject to the condition that the Manager will aim to ensure that the Fund will continue to hold approximately 5% of the Fund's total net asset value offshore outside the PRC immediately after the redemption, taking into account the ongoing liquidity need of the Fund outside the PRC (such as payment of various fees and expenses outside PRC) and the asset size required by the Fund to maintain a portfolio efficiently outside PRC.

If the amount obtained by the Fund from the realisation of its assets outside PRC is not adequate to pay the redemption proceeds, the Manager will realise a portion of the assets of the Fund in the PRC and convert such proceeds into United States dollars as soon as practicable on or about the Value Day, and will arrange to hedge the United States dollars back to Hong Kong dollars (the Fund's base currency) accordingly. The Manager will aim to repatriate the relevant proceeds out of the PRC as soon as practicable. After the completion of repatriation, the Manager will apply all or part of such realisation proceeds to satisfy the redemption requests, with the remaining realisation proceeds, if any, being held or invested by the Fund outside PRC according to the Fund's investment objective.

Subject to a number of factors including, but not limited to, the total amount of redemption requests, the amount of offshore assets held by the Fund (i.e. assets outside the PRC) and the time required by the Fund to repatriate funds from the PRC, the Fund may need to pay the redemption proceeds, less the Redemption Levy, by instalments. If the Fund is required to dispose of its assets in the PRC to satisfy the entire or part of the redemption requests accepted by the Fund in respect of the Recurring Redemption Offer, it is expected that the first repatriation of the disposition proceeds of such assets may take approximately two months with any subsequent repatriation(s) which may be required until the Fund can satisfy all the redemption requests accepted by the Fund in respect of the Recurring Redemption Offer to follow.

Investors should refer to the risk factor headed under "Uncertainty on the payment date of the redemption proceeds" under Key Risk Factors (b)(ii) below.

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## LETTER FROM THE MANAGER

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### (b) Key Risk Factors

Unitholders should carefully consider the risk factors described in the Offering Circular and below before deciding on whether to apply for redemption of their Units under the Recurring Redemption Offer:

- (i) *Future intentions of termination of the Fund:* As of 6 June 2024, the net asset value of the Fund is HK\$476,560,952. Due to the current relatively low net asset value of the Fund, the lack of new demand from Unitholders and the reduction of the Fund size after the Recurring Redemption Offer, the Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund. A termination of the Fund may imply that (among other things): (i) the Fund will no longer be available for public distribution in Hong Kong; (ii) in order to ensure that the Fund will be terminated in an orderly manner, the Manager may progressively realise the assets of the Fund; and (iii) redemption of Units and payment of redemption proceeds by existing Unitholders will be subject to procedures as announced separately by the Fund which may take some time.

If on any date the net asset value of the Fund shall be less than HK\$400,000,000 and the Manager decides to terminate the Fund under the Trust Deed, no approval of the Unitholders is required provided that at least three (3) months' prior written notice is given to the Unitholders. Following a termination of the Fund, the Manager will also apply for the withdrawal of the SFC's authorisation of the Fund from the SFC and the de-listing of the Fund from the Stock Exchange;

- (ii) *Uncertainty on the payment date of the redemption proceeds:* the Manager shall use its best endeavours to pay all the redemption proceeds, less the Redemption Levy, to Unitholders on or before 3 September 2024 (i.e. within 2 months after the Redemption Day). Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents including a special audit report for investment profits issued by a PRC certified public accountant and the required tax filing documents (particularly in the case of the winding-up/liquidation of the Fund), which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. The Fund will also use its assets outside PRC if any and appropriate to settle part of the redemption proceeds and that part of the redemption proceeds payable out of the assets of the Fund outside the PRC will be payable by 17 July 2024. Accordingly the Fund may need to pay the redemption proceeds, less the Redemption Levy, by instalments depending on a number of factors including, but not limited to, the total amount

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## LETTER FROM THE MANAGER

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of redemption requests, the amount of offshore assets held by the Fund (i.e. assets outside the PRC) and the time required by the Fund to repatriate funds from the PRC.

The Fund will pay all the redemption proceeds to the Unitholders as soon as possible after receipt of the proceeds by the Fund. Based on the current legal and regulatory requirements in the PRC, the Manager is reasonably satisfied that redemption proceeds can be repatriated from the PRC within two months after the Redemption Day;

- (iii) *Uncertainty on the trading price and the net asset value of the Fund:* under the Recurring Redemption Offer, the net asset value at which the eligible Units will be redeemed shall be determined using the relevant market closing price of the underlying investments of the Fund and the Fund's applicable operating expenses accrued or incurred to date on the Value Day, and subject to the Redemption Levy and the relevant calculation method, shall be announced by the Manager no later than two Business Days after the Value Day. The Redemption Levy is to be retained by the Fund for the benefit of the Fund. Unitholders should note that the net asset value at which the eligible Units will be redeemed may be higher or lower than the traded price of the Units. There is no assurance that the Fund will be traded at a price that is equal to or at a reduced discount to its net asset value subsequent to the effecting of the Recurring Redemption Offer or that the performance of the Fund will be improved or enhanced thereafter;
- (iv) *Uncertainty on whether a Unitholder may redeem all its Units:* as the total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as a whole as at the Lodgement Date, a Unitholder may not be able to redeem all the Units he or she applies to redeem under the Recurring Redemption Offer regardless of whether he or she applies to redeem more or less than 20% of the Units he or she owns at the Lodgement Date.

In the event that the aggregate number of Units for which applications to redeem are made under the Recurring Redemption Offer exceeds 20% of the outstanding number of Units as at the Lodgement Date, the Manager shall apply the relevant realisation proceeds to satisfy the redemption requests of Unitholders wishing to redeem their Units on a pro rata basis based on the number of Units the Unitholders have validly applied to redeem, rounded down to the nearest whole Unit. Unitholders should refer to the section headed "Limits on the Recurring Redemption Offer" above for details;

- (v) *Risk of Odd Lots:* any Units held by Unitholders that are not successfully redeemed under the Recurring Redemption Offer may be in odd lots. The realisable price of such odd lot Units may be significantly lower than the traded price for such Units;

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## LETTER FROM THE MANAGER

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- (vi) *Impact on the total expense ratio and size of the Fund:* the Recurring Redemption Offer, (i) if effected, will increase the total expense ratio of the Fund by 0.11% (i.e. from 2.08% for the financial year ended 31 March 2023 to approximately 2.19% after the Recurring Redemption Offer (assuming that 20% of the total outstanding Units will be redeemed), this has taken into account the reduction in the net asset value of the Fund under (ii) of this paragraph (v)) as a result of the expenses incurred with respect to the Recurring Redemption Offer and such expenses are not covered by the Redemption Levy and (ii) reduce the size of the Fund after such Recurring Redemption Offer is effected. The Manager may decide to terminate the Fund (including, as a result of such decision to terminate the Fund, applying for the withdrawal of the SFC's authorisation of the Fund from the SFC and/or the de-listing of the Fund from the Stock Exchange) on any date if on such date the net asset value of the Fund shall be less than HK\$400,000,000 under the Trust Deed without any approval of the Unitholders by giving at least three (3) months' prior written notice. The Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund;
- (vii) *Remittance risk:* all documents and remittances will be sent to the Unitholders through ordinary post at their own risk. These documents and remittances will be sent to the Unitholders at their respective addresses as they appear in the register of Unitholders, and in the case of joint Unitholders, to the Unitholder whose name appears first in the register of Unitholders; and
- (viii) *Foreign currency risk:* a major part of the Fund's investments is denominated in RMB and a major portion of the Fund's revenue and income is received in RMB. There is no assurance that any revenue and income received by the Fund in RMB may be promptly converted into US\$, the Fund will therefore be exposed to risk of fluctuation in the exchange rate of RMB relative to US\$ and US\$ relative to Hong Kong dollars (the currency in which the redemption proceeds will be paid in). The Manager may use hedging techniques to, at the costs and expense of the Fund, attempt offsetting currency risks. However, there is no assurance that the hedging techniques to be adopted by the Manager will achieve a desired result which is beneficial to the Fund's investments and performance.

### (c) **Taxation**

**Unitholders should consult their professional advisers on the consequences to them of redeeming 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.**

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## LETTER FROM THE MANAGER

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The following statements regarding taxation are based on advice received by the Fund regarding the law and practice in force in Hong Kong at the Latest Practicable Date. 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.

(i) *Hong Kong*

- Profits Tax

No tax will be payable by the Unitholders in Hong Kong in respect of dividends or other distributions of the Fund or in respect of any capital gains arising on a sale or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

- Stamp Duty

The redemption of Units by a Unitholder will not attract Hong Kong ad valorem or fixed stamp duty.

The trading of Hong Kong stock (including the underlying H shares and shares issued by red chip companies) by the Fund to effect the Recurring Redemption Offer is subject to Hong Kong stamp duty. The Fund and the counterparty will each be liable to stamp duty at the current rate of 0.1% of the higher of the consideration paid or the market value of shares being sold and purchased.

(ii) *The PRC*

The information below is a summary of certain areas of PRC taxation which are likely to be relevant to the Fund and the Unitholders and should not be taken as a definitive, authoritative or comprehensive statement of the relevant matter. In particular, there are various other taxes, duties, levies and charges which are generally of less significance but may nevertheless be applicable to the Fund and the Unitholders. The tax rules applicable to the previous QFII and RQFII schemes will equally apply to the combined QFI regime before any new rules or clarifications are released by the Ministry of Finance (“**MoF**”) and the State Taxation Administration (“**STA**”).

- Corporate income tax

Pursuant to the Corporate Income Tax Law of the PRC and its implementation rules, a foreign enterprise that does not have any establishment or place of business in China is subject to a corporate income tax at the rate of 10% for the dividends, interest, royalty, rental and other income (including capital gain) earned from sources in the PRC.

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## LETTER FROM THE MANAGER

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Pursuant to the “*Circular Concerning the Temporary Exemption of Enterprise Income Tax for Gains Derived by QFII and RQFII from Transfer of Domestic Shares and Other Equity Interest Investment in China*”, corporate income tax shall be temporarily exempted on the gains derived by QFIs from the transfer of domestic shares and other equity interest investment in China with effect from 17 November 2014.

Pursuant to the “*Circular on the Taxation Policy of the Pilot Programme for the Mutual Stock Market Access between Shanghai/Shenzhen and Hong Kong Stock Markets*”, in respect of trading through the Stock Connect corporate income tax shall be temporarily exempted on the gains derived by Hong Kong market investors (including corporate investors) from the transfer of China A-shares listed on the Shanghai/Shenzhen Stock Exchange.

- Stamp tax

Pursuant to the PRC Stamp Duty Law (effective from 1 July 2022), stamp duty is levied on the execution within the territory of China of certain documents and securities transactions, including contracts for the transfer of equity interests and the sale of A Shares and B Shares on stock exchanges.

According to the latest notice issued by the MoF and STA, the transfer of A Shares and B shares each is subject to 0.05% stamp duty (effective from 28 August 2023) of the total proceeds but only on the selling side.

Under the “*Circulars on the Taxation Policy of the Pilot Programme for the Mutual Stock Market Access between Shanghai and Hong Kong Stock Markets*”, Hong Kong market investors trading through Shanghai-Hong Kong Stock Connect are required to pay stamp duty arising from the sale and purchase of China A-shares and the transfer of China A-shares by way of succession and gift in accordance with the prevailing Mainland China taxation regulations. The same rules apply to Hong Kong market investors trading through Shenzhen-Hong Kong Stock Connect. In addition, Caishui [2016] No. 127 provides temporary stamp duty exemption on stock borrowing and returning related to covered short selling of stocks by Hong Kong market investors through the Stock Connect.

- Business tax/Value-Added Tax (“VAT”)

Pursuant to the notice Caishui [2005] No. 155 issued jointly by the STA and MoF in December 2005, gains derived by QFIIs from securities trading carried out by the PRC brokers are exempted from business tax in the PRC.

Pursuant to the notice Caishui [2016] No. 36 issued jointly by the STA and MoF in March 2016, effective from 1 May 2016 (“**Circular 36**”), PRC VAT replaced business tax to cover all sectors that used to fall under the PRC business tax. With the transition of business tax to value-added tax, exemption was extended to value-added tax for trading PRC securities by

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## LETTER FROM THE MANAGER

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QFIIs in China under Circular 36. In addition, the *Supplemental Notice on Value-added Tax Policies for Matters Including Financial Transactions between Financial Institutions* (Caishui [2016] No. 70) jointly issued by the MoF and the STA on 30 June 2016 provides the same VAT exemption on RQFII's securities trading through entrusted domestic company. In accordance with Circular 36, gains derived from the trading of A Shares listed in the Shanghai Stock Exchange through the Shanghai-Hong Kong Stock Connect are temporarily exempt from VAT.

In addition, pursuant to the “*Circular on the Taxation Policy of the Pilot Programme of the Shenzhen-Hong Kong Stock Connect Scheme*” Caishui [2016] No.127 promulgated by the MoF, the STA and the CSRC on 5 November 2016, under the business tax to VAT transformation pilot program, gains by Hong Kong market investors from the trading of China A-shares listed on the Shenzhen Stock Exchange through the Shenzhen-Hong Kong Stock Connect will also be exempted from VAT.

Please refer to the section headed “Taxation and Regulatory Requirements” in the Offering Circular for more information.

### **(d) Suspension of the Recurring Redemption Offer**

As previously approved at the General Meeting and set out in the Circular, the Recurring Redemption Offer will not be subject to any further approval of the Unitholders nor the advice of the independent financial advisor. As stated in the Circular, the right of Unitholders to redeem may be suspended by the Manager in the event that: (A) when either the China or the Hong Kong market is closed; (B) when dealings in the China or the Hong Kong market is restricted or suspended; and/or (C) during the existence of any state of affairs as a result of which disposal or valuation of some or all investments or other property for the time being comprised in the Fund cannot, in the opinion of the Manager, be effected normally or without seriously prejudicing the interests of Unitholders.

The Recurring Redemption Offer will not lapse or be conditional on any minimum number of redemption applications made by the Unitholders.

### **(e) Overseas Unitholders**

Based on the register of Unitholders as at the Latest Practicable Date, there were no Unitholder with registered addresses outside Hong Kong.



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**LETTER FROM THE MANAGER**

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- (f) Dealings in Units by the Fund, the Manager and any entities that are their parent, their subsidiaries, their fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies**

During the 12-month period immediately preceding the date of this circular, the Fund has not conducted any buy-back of any Units. The Fund will not conduct any on-market buy-back of Units from the date of the Firm Intention Announcement up to and including the Redemption Day or when the condition to the Recurring Redemption Offer set out in paragraph (d) above is not met.

**(g) Holding Structure**

Set out below is a table showing the estimated holding structure of the Fund prior to and after the completion of the Recurring Redemption Offer on the assumptions that (i) the aggregate number of Units for which applications are made under the Recurring Redemption Offer reaches 20% of the outstanding number of Units as at the Lodgement Date; and (ii) the number of the Units in issue as at the Latest Practicable Date remains unchanged until the completion of the Recurring Redemption Offer.

The Fund has not and will not have any parent, subsidiary, fellow subsidiary and/or associated company.

	<b>Immediately before the completion of the Recurring Redemption Offer</b>		<b>Immediately after the completion of the Recurring Redemption Offer</b>	
	<i>Units</i>	<i>Approx.%</i>	<i>Units</i>	<i>Approx.%</i>
Public Unitholders	28,083,616	99.73%	22,466,892	99.73%
Fellow subsidiaries and/or associated companies of the Manager that (i) trade in the Units as discretionary fund managers and/or (ii) for proprietary purposes own or control or direct the holding of voting rights and rights over the Units	77,140	0.27%	61,713	0.27%

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## LETTER FROM THE MANAGER

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### **(h) Odd Lots Arrangements**

Currently, the Units are traded in board lots of 500 Units each. Such board lot size will not change as a result of the Recurring Redemption Offer. Eligible Unitholders should note that acceptance of the Recurring Redemption Offer may result in their holding of odd lots of the Units.

The Manager will not make arrangements with any designated broker to match sales and purchases of odd lot trading of Units after completion of the Recurring Redemption Offer in order to enable such redeeming Unitholders to dispose of their odd lots or to top up their odd lots to whole board lots.

### **(i) Nominee Registration of Units**

Unitholders whose Units are held by a nominee company should note that the Manager will regard the nominee company as a single Unitholder according to the register of Unitholders. In order for the beneficial owners of the Units whose investments are registered in nominee names (including those whose interests in the Units are held through CCASS) to accept the Recurring Redemption Offer, they may either (i) provide instructions to their nominee agents of their intentions with regard to the Recurring Redemption Offer or (ii) arrange for the Units to be registered in his/her name by the Fund through the Registrar, and send the redemption request forms (available from the Registrar) duly completed together with the certificate(s) of Units to the Registrar.

### **(j) Other Arrangements**

There is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Units and which might be material to the Recurring Redemption Offer.

Other than the condition to the Recurring Redemption Offer as noted under the section headed “Condition to the Recurring Redemption Offer” above, there is no agreement or arrangement to which the Fund, the Manager and any entities that are their parent, subsidiaries, fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Recurring Redemption Offer. None of the Fund, the Manager or any entity that is their parent, subsidiary, the Manager’s fellow subsidiary, associated company of any of the foregoing, and any company of which such company is an associated companies has borrowed or lent any Units.

As at the Latest Practicable Date, no persons, including the Fund, the Manager, the Manager’s parent, any of the Manager’s subsidiary, the Manager’s fellow subsidiary, associated company of any of the foregoing, and any company of which such company is an associated company has received any irrevocable commitment from any persons to irrevocably accept or reject the Recurring Redemption Offer.

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## LETTER FROM THE MANAGER

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### **(k) Reason for and Financial Effect of the Recurring Redemption Offer**

The Manager considers that the Recurring Redemption Offer is in the best interests of the Unitholders. The Recurring Redemption Offer will provide the Unitholders an option to exit part of their investment in the Fund. In addition, given the Fund has been trading at an average discount of 20.16% to its net asset value over the past three months since 2 January 2024 to 28 March 2024, the Manager believes that the Recurring Redemption Offer may potentially narrow such discount. However, there is no assurance that the Fund will be traded at a price that is equal to or at a reduced discount to its net asset value subsequent to the effecting of the Recurring Redemption Offer or that the performance of the Fund will be improved or enhanced thereafter.

The Recurring Redemption Offer, if effected, will:

- (i) enable the redeeming Unitholders to receive redemption proceeds equivalent to the net asset value of the Fund attributable to their redeeming Units on the Value Day, less the Redemption Levy;
- (ii) reduce the total net asset value, and therefore size, of the Fund by an amount proportionate to the actual number of Units redeemed. The Manager may decide to terminate the Fund (including, as a result of such decision to terminate the Fund, applying for the withdrawal of the SFC's authorisation of the Fund from the SFC and/or the de-listing of the Fund from the Stock Exchange) on any date if on such date the net asset value of the Fund shall be less than HK\$400,000,000 under the Trust Deed without any approval of the Unitholders by giving at least three (3) months' prior written notice. The Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund; and
- (iii) increase the total expense ratio of the Fund from 2.08% for the financial year ended 31 March 2023 to approximately 2.19% after the Recurring Redemption Offer (assuming that 20% of the total outstanding Units are being redeemed).

Investors are advised to refer to the letter of advice from an independent financial adviser dated 17 November 2015 in the Circular in relation to the opinion and recommendations of the independent financial advisor including discussions on the reasons, the risks and the benefits associated with the Recurring Redemption Offer.

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**LETTER FROM THE MANAGER**

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**(I) Net Asset Value**

Based on the net asset value of the Fund as at 6 June 2024 (being the last Business Day before the Latest Practicable Date), upon the completion of the Recurring Redemption Offer (assuming that the aggregate number of Units for which applications are made under the Recurring Redemption Offer reaches 20% of the outstanding number of Units on the Lodgement Date), the financial impact to the Fund's net asset value is expected to be as follows:

	<b>Immediately before the Recurring Redemption Offer (HK\$)</b>	<b>Immediately after the Recurring Redemption Offer (HK\$)</b>
Net asset value of the Fund as at 6 June 2024 ( <i>Note 1</i> )	476,560,952	476,560,952
Less: Redemption proceeds payable to Unitholders under the Recurring Redemption Offer ( <i>Note 2</i> )	—	(93,405,946)
Less: Estimated costs and expenses with respect to the realisation of the assets of the Fund	<u>—</u>	<u>(1,906,244)</u>
	476,560,952	381,248,762
Number of Units in issue	28,160,756	22,528,605
Unaudited adjusted net asset value per Unit	HK\$16.93	HK\$16.93

*Note 1:* being the unaudited consolidated equity attributable to Unitholders as at 6 June 2024 as published by the Fund on 7 June 2024 which has included accruals of estimated expenses in relation to the Recurring Redemption Offer.

*Note 2:* The redemption proceeds payable to Unitholders is calculated as follows assuming that the costs and expenses with respect to the realisation of the assets of the Fund under the Recurring Redemption Offer to be the equivalent to the Redemption Levy and assuming that the Redemption Levy is being charged at 2% of the net asset value of the Units being redeemed:

Net asset value of the Units being redeemed	HK\$95,312,190
Less: Redemption levy retained by the Fund	<u>(HK\$1,906,244)</u>
	<u><u>HK\$93,405,946</u></u>

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## LETTER FROM THE MANAGER

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According to the above example, the Recurring Redemption Offer involves the payment of HK\$95,312,190 (before deduction of Redemption Levy) to the Unitholders and incurs estimated costs and expenses with respect to the realisation of the assets of the Fund of approximately HK\$1,906,244 therefore the net asset value of the Fund will be reduced by the same amount. On the other hand, assume that the Redemption Levy to be deducted from the redemption price and retained by the Fund is equal to the estimated costs and expenses with respect to the realisation of the assets of the Fund, the net asset value of the Fund will be increased by the same amount, i.e. HK\$1,906,244. The Recurring Redemption Offer will therefore reduce the unaudited adjusted net asset value and hence the working capital from HK\$476,560,952 to HK\$381,248,762 assuming that the aggregate number of Units for which applications are made under the Recurring Redemption Offer reaches 20% of the outstanding number of Units on the Lodgement Date. However, the net asset value per Unit is not expected to change subsequent to the Recurring Redemption Offer and will remain at HK\$16.93 based on the information and assumption mentioned in the example above.

The Manager considers that the Recurring Redemption Offer will not significantly affect the liabilities of the Fund as the redemption proceeds payable to Unitholders under the Recurring Redemption Offer will be satisfied in full by the disposition by the Manager of assets of the Fund.

### **(m) Future Intentions of the Fund**

The management of the Fund will remain unchanged and the Fund's listing on the Stock Exchange will be maintained upon completion of the Recurring Redemption Offer (subject to the potential termination of the Fund as further elaborated below). The size of the Fund will be reduced after the Recurring Redemption Offer, and the Manager may decide to terminate the Fund (including, as a result of such decision to terminate the Fund, applying for the withdrawal of the SFC's authorisation of the Fund from the SFC and the de-listing of the Fund from the Stock Exchange) on any date if on such date the net asset value of the Fund shall be less than HK\$400,000,000 under the Trust Deed without any approval of the Unitholders by giving at least three (3) months' prior written notice.

**As of 6 June 2024, the net asset value of the Fund is HK\$476,560,592.** Due to the current relatively low net asset value of the Fund, the lack of new demand from Unitholders and the reduction of the Fund size after the Recurring Redemption Offer, the Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund.

Having taken into account relevant factors including interests of the Unitholders as a whole, the redemption intention of certain existing Unitholder(s), the currently relatively low net asset value of the Fund, the challenging business environment and that the fund size of the Fund is expected to continue to decrease due to the lack of new demand from Unitholders and increasing competitions for the Fund, and the existing small and decreasing size of the Fund which may also impair the Manager's ability to

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## LETTER FROM THE MANAGER

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fulfil the Investment Objective of the Fund, the Manager is of the view that the Recurring Redemption Offer, notwithstanding that it may result in a termination of the Fund: (i) is made in the best interests of the Unitholders; and (ii) has no material adverse impact to the Fund, given that the continued operation of the Fund may no longer be desirable.

The Manager intends to continue to meet the public float requirement with respect to the Units after the close of the Recurring Redemption Offer.

### **(n) Information on the Fund and the Manager**

The Fund is a unit trust constituted by the Trust Deed governed by the laws of Hong Kong. Please refer to the Offering Circular for the investment objective of the Fund.

The Manager of the Fund is HSBC Global Asset Management (Hong Kong) Limited. The principal business activity of the Manager is asset management.

## **III. GENERAL**

### **Explanatory Statement**

The Manager is required to send to the Unitholders an explanatory statement setting out the terms of the Recurring Redemption Offer and containing all other information reasonably necessary to enable the Unitholders to make an informed decision on whether to accept a Recurring Redemption Offer. The Explanatory Statement is set out in Appendix 1 to this circular.

The Directors and the Trustee are of the opinion that the Recurring Redemption Offer is in the interests of the Fund and the Unitholders as a whole.

Your attention is drawn to the additional information set out in the Explanatory Statement in Appendix 1 to this circular. The following documents will be available to investors for inspection, free of charge, at the registered office of the Manager and on the website of the Fund at <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>:

- the Circular;
- the letter of advice from an independent financial adviser dated 17 November 2015 containing its advice to the independent unitholders of the Fund as to whether the One-off Redemption Offer and the Recurring Redemption Offer were fair and reasonable as to acceptance and voting in the General Meeting;
- the Trust Deed;
- the Offering Circular and the key fact statement of the Fund; and

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## LETTER FROM THE MANAGER

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- the audited accounts of the Fund for the last two financial years for which these have been published.

The unaudited net asset value per Unit on the last Business Day of each calendar month is published within ten (10) Business Days in the South China Morning Post and the Hong Kong Economic Times. The Manager also publishes the unaudited net asset value per Unit of each valuation day on the Fund's website at <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> within one (1) Business Day after the relevant valuation day for investors' reference.

**It should be noted that dealings in the Units will continue during the period from the date of this Circular to the Redemption Day. Those Unitholders selling their Units and persons purchasing the Units during such period will accordingly bear the risk that the Recurring Redemption Offer may not occur or may be delayed. If any Unitholder or other person contemplating selling or purchasing any of the Units during this period is in doubt about his or her position, he or she is advised to exercise caution when dealing in the Units and is also recommended to consult his or her professional adviser.**

#### IV. RESPONSIBILITY STATEMENT

All directors of the Manager jointly and severally accept full responsibility for the accuracy of information contained in this circular and the Explanatory Statement in Appendix 1 to this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular and the Explanatory Statement in Appendix 1 to this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular and the Explanatory Statement in Appendix 1 to this circular, the omission of which would make any statement in this circular and the Explanatory Statement in Appendix 1 to this circular misleading.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229). For queries regarding the redemption forms or procedures, please contact the Unitholder Helpline of Computershare Hong Kong Investor Services Limited (the Fund's Registrar) at (852) 2862 8691. The Unitholder Helpline is available from 9:00 a.m. to 6:00 p.m. Monday to Friday (other than public holidays) and will remain open until 2 July 2024.

Yours faithfully

By order of the board of

**HSBC Global Asset Management (Hong Kong) Limited**  
**As manager of HSBC China Dragon Fund**

This Appendix 1 serves as an explanatory statement to provide Unitholders with relevant information to enable you to make an informed decision whether to accept the Recurring Redemption Offer.

Defined terms used in this Explanatory Statement have the same meanings given to them in the circular to Unitholders of the Fund dated 11 June 2024 and also the Trust Deed.

## 1. RECURRING REDEMPTION OFFER

### Units in Issue

- 1.1 As at the Latest Practicable Date, the aggregate of Units outstanding is 28,160,756 Units. The Manager wishes to offer the Recurring Redemption Offer for cash. Pursuant to the Recurring Redemption Offer, Unitholders will be entitled to apply to redeem the whole or a part of their Units subject to the Trust Deed and the following provisions and a redemption request form (available from the Registrar) will be despatched to all Unitholders.

### Procedures

- 1.2 On receipt by the Registrar of a redemption request from a Unitholder which complies with the requirements of sub-clause 1.4, the Manager shall, subject to sub-clauses 1.9 and 1.10, effect the redemption of the Units specified in the redemption request at the redemption price, less the Redemption Levy, as determined under sub-clause 1.5. Such Redemption Levy is to be retained by the Fund for its own benefit.
- 1.3 A redemption request complying with the requirements of sub-clause 1.4 shall be dealt with only at the close of the last market of the underlying investments of the Fund (the “**Valuation Point**”) on the Value Day in relation to the Redemption Day on which the redemption is to be effected. In order for a redemption request to be effected on the Value Day, the redemption request together with such Unitholder’s certificate of Units must be received by the Registrar not later than 4:30 p.m. (Hong Kong time) on the Lodgement Date; provided that the Unitholders are only entitled to make a redemption request under the Recurring Redemption Offer with respect to the Units they hold as of the Lodgement Date. No further action shall be required from the Unitholders who elect to continue to hold onto the entire holdings of Units in the Fund. Unitholders who have lost the certificates representing their Units should contact the Registrar and follow the procedure as required by the Registrar.
- 1.4 To be effective a redemption request must be given in writing signed by the Unitholder or any one of joint Unitholders and must specify the number of Units that are to be realised, the name or names of the Unitholder or Unitholders together with the relevant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof). A redemption request once given cannot be revoked without the consent of the Manager.



No acknowledgement of receipt of any redemption request form or certificate(s) of Units will be given. Only one redemption request form may be submitted by each Unitholder to the Registrar. Acceptances duly received will become irrevocable and cannot be withdrawn.

Regardless of whether Unitholders decide to accept or not accept the Recurring Redemption Offer, they should not submit their certificate(s) of Units to the Registrar before 18 June 2024. Any certificate(s) of Units received prior to 18 June 2024 may not be treated as application for the Recurring Redemption Offer and all such unaccepted certificate(s) will be returned to the Unitholders (by ordinary post, at that Unitholder's own risk) as soon as practicable and in any event, no later than 7 Business Days from the date of receipt. Unitholders may resubmit their certificate(s) of Units to the Registrar before the Lodgement Date if they would like to make a redemption request under the Recurring Redemption Offer with respect to the Units they hold as of the Lodgement Date.

### **Redemption Price and Payment of Proceeds**

- 1.5 The price per Unit shall be realised on the Value Day at the redemption price (that is, the net asset value per Unit as at the Value Day) less the Redemption Levy in accordance with the Trust Deed. Costs and expenses with respect to the realisation of the assets of the Fund, namely, commission, stamp duty, transaction cost and total market impact of implementation (i.e. the price difference during the order implementation between the execution price and the price at the time of valuation) will be offset against the Redemption Levy. The Redemption Levy which is up to 2% of the net asset value of the Units being redeemed (i.e. the redemption price) will be deducted from the redemption price and will be retained by the Fund for the benefit of the Fund. The actual level of the Redemption Levy will be determined by the Manager according to the Manager's estimation of the above-mentioned commission, stamp duty, transaction cost and total market impact of implementation on the Redemption Day. Each redeeming Unitholder will bear the same percentage of Redemption Levy, namely, the same percentage of the net asset value of the Units being redeemed. The Redemption Levy will be announced together with the net asset value of the Fund as of the Value Day by 6:00 p.m. on 4 July 2024.
- 1.6 It is the intention of the Manager to realise the relevant investment of the Fund as soon as practicable on or about the Value Day.

The Manager will aim to realise the Fund's offshore assets (i.e. assets being held by the Fund outside the PRC) first to satisfy the redemption requests, subject to the condition that the Manager will aim to ensure that the Fund will continue to hold approximately 5% of the Fund's total net asset value offshore outside the PRC immediately after the redemption, taking into account the ongoing liquidity need of the Fund outside the PRC (such as payment of various fees and expenses outside PRC) and the asset size required by the Fund to maintain a portfolio efficiently outside PRC.

If the amount obtained by the Fund from the realisation of its assets outside PRC is not adequate to pay the redemption proceeds, the Manager will realise a portion of the assets of the Fund in the PRC and convert such proceeds into United States dollars as soon as practicable on or about the Value Day, and may arrange to hedge the currency risk of RMB relative to US\$ and US\$ relative to Hong Kong dollars (the currency in which the redemption proceeds will be paid in) at the Manager's discretion. The Manager will aim to repatriate the relevant proceeds out of the PRC as soon as practicable. After the completion of repatriation, the Manager will apply all or part of such realisation proceeds to satisfy the redemption requests, with the remaining realisation proceeds, if any, being held or invested by the Fund outside PRC according to the Fund's investment objective.

Subject to a number of factors including, but not limited to, the total amount of redemption requests, the amount of offshore assets held by the Fund (i.e. assets outside the PRC) and the time required by the Fund to repatriate funds from the PRC, the Fund may need to pay the redemption proceeds, less the Redemption Levy, by instalments.

If the Fund is required to dispose of its assets in the PRC to satisfy the entire or part of the redemption requests accepted by the Fund in respect of the Recurring Redemption Offer, it is expected that the first repatriation of the disposition proceeds of such assets may take approximately two months with any subsequent repatriation(s) which may be required until the Fund can satisfy all the redemption requests accepted by the Fund in respect of the Recurring Redemption Offer to follow.

- 1.7 Redemption proceeds will not be paid to any redeeming Unitholder until:
- (a) a valid original redemption request has been received by or on behalf of the Manager or, if relevant, the Trustee; and
  - (b) the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Manager or its agent or, if relevant, the Trustee.

Redemption proceeds will be paid in Hong Kong dollars by cheque by ordinary post at the Unitholder's risk.

- 1.8 Where Units are to be realised on any Redemption Day the Manager shall proceed to effect any sales necessary to provide the cash required to meet the redemption request. Where the Manager (or its agent) has effected or will effect the redemption, the Manager (or its agent) shall provide the instruction to the Trustee that the Units are to be realised and cancelled in accordance with the provisions of this clause 1.8 and in such event the Fund shall be reduced by the cancellation of the said Units. Where the Trustee will effect the redemption, the Trustee shall promptly notify the Manager that the Units are to be realised and cancelled in accordance with the provisions of this clause 1.8 so that the Manager has sufficient time to effect any sales necessary to provide the cash required to meet the redemption request. The Trustee shall pay to the Unitholder, at the direction

of the Manager, out of the Fund in respect of the cancellation of the Units the redemption price thereof less any deductions which the Manager, pursuant to any discretion hereunder, directs the Trustee to make or, if agreed, pay to the Manager out of the Fund the redemption price and the Manager shall (subject as otherwise provided in the Trust Deed) pay over the same to the Unitholder. The Trustee may only effect redemptions of Units if so agreed with the Manager and on the terms for the time being approved by the Manager, provided always that the Trustee shall at all times comply with the terms of the Offering Circular in connection therewith.

### **Limits and Suspension of Redemption**

- 1.9 The Manager shall, for the Fund as a whole, limit the total number of Units which Unitholders are entitled to redeem on the Redemption Day to be no more than 20% of the total outstanding Units as at the Lodgement Date, such limitation to be applied pro rata to all Unitholders who have validly requested realisations to be effected on or as at the Value Day so that the proportion realised of each holding so requested to be realised is the same for all such Unitholders, rounded down to the nearest whole Unit. Any application for redemption of Units which, by virtue of the powers conferred on the Manager hereby, are not realised on the Redemption Day shall be void and the certificates representing such Units shall be returned to Unitholders.

Unitholders should note that there is no limit on the number of Units which a Unitholder can apply to redeem under the Recurring Redemption Offer, however, a Unitholder may not apply to redeem more Units than such Unitholder holds as at the Lodgement Date. A Unitholder may apply to redeem the whole or a part of his or her holding of Units. However, the total number of Units to be redeemed by the Fund shall not exceed 20% of the total outstanding number of Units as at the Lodgement Date.

- 1.10 The Manager may suspend the right of the Unitholders to require the redemption of Units of the Fund on the Redemption Day under this paragraph and may accordingly delay the Value Day and the payment of any moneys in respect of any such realisation so suspended in the event that:
- (A) when either the China or the Hong Kong market is closed;
  - (B) when dealings in the China or the Hong Kong market is restricted or suspended; and/or
  - (C) during the existence of any state of affairs as a result of which disposal or valuation of some or all investments or other property for the time being comprised in the Fund cannot, in the opinion of the Manager, be effected normally or without seriously prejudicing the interests of Unitholders.

Such suspension (which expression shall include the right to delay payment) shall take effect upon the declaration thereof by the Manager and thereafter there shall be no realisation of Units and/or payment of moneys in respect of any such redemption until the Manager shall declare the suspension at an end, except that the suspension shall terminate on which (a) the condition giving rise to the suspension shall have ceased to exist and (b) no other condition under which suspension is authorized under this paragraph shall exist. The Manager's declaration pursuant to this paragraph shall be consistent with such current rules and regulations, if any, relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Fund (including but not limited to the Code) and subject to that it shall be conclusive. The Trustee shall, subject to and in accordance with the provisions of the Trust Deed, realise Units in respect of which it or any of its authorized agents has received a redemption request and effect redemption of such Units on the Value Day next following the termination of such suspension.

Any suspension and consequential change of the Redemption Day will be published immediately following such decision and at least once a month during the period of suspension on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) or the Fund's website at <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>.

### **Overseas Unitholders**

1.11 Based on the register of Unitholders as at the Latest Practicable Date, there were no Unitholder with registered addresses outside Hong Kong.

### **Nominee Holdings**

1.12 If the certificates of Units in respect of a Unitholder's Units are in the name of a nominee company or some name other than his/her own, and such Unitholder wishes to accept the Recurring Redemption Offer (either in full or in respect of part of his holding(s) of Units), he/she must either:

- (i) instruct the nominee company, or other nominee to accept the Offer on his/her behalf and requesting it to deliver the redemption request form duly completed together with the certificate(s) of Units to the Registrar, within such deadline (which may be earlier than the deadline specified under the Recurring Redemption Offer) as may be stipulated by the nominee; or
- (ii) arrange for the Units to be registered in his/her name by the Fund through the Registrar, and send the redemption request form duly completed together with the certificate(s) of Units to the Registrar; or

- (iii) where his/her Units have been maintained with his/her licensed securities dealer/custodian bank through CCASS, instruct his/her licensed securities dealer/custodian bank to authorize HKSCC Nominees Limited to accept the Recurring Redemption Offer on his/her behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, that Unitholder should check with his/her broker/custodian bank for the timing on processing of his instruction, and submit such instruction to his broker/custodian bank as required by them; or
- (iv) if that Unitholder's Units have been lodged with his/her Investor Participant Account with CCASS, authorize his/her instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

Unitholders with such a nominee holding of Units should ensure that they undertake the above applicable course of action promptly so as to allow their nominee(s) sufficient time to complete the acceptance procedure on their behalf by the Lodgement Date.

#### **Transfer of Units**

- 1.13 If a Unitholder has lodged transfer(s) of Units for registration in his/her name and has not yet received the certificate(s) of Units and wishes to accept the Recurring Redemption Offer, he/she should nevertheless complete the redemption request form and deliver it to the Registrar together with the transfer receipt(s) duly signed by him/her. Such action will be deemed to be an authority to the Manager or its agent(s) to collect from the Manager or the Registrar on his/her behalf the relevant certificate(s) of Units when issued and to deliver such certificate(s) of Units, subject to the terms of the Recurring Redemption Offer, as if it/they was/were delivered to the Registrar with the redemption request form.

#### **Lost Certificates**

- 1.14 With respect to lost or unavailable certificate(s) of Units, if the certificate(s) of Units is/are not readily available and/or is/are lost and a Unitholder wishes to accept the Recurring Redemption Offer, the redemption request form should nevertheless be completed and delivered to the Registrar so as to reach the Registrar not later than the Lodgement Date and the certificate(s) of Units should be forwarded to the Registrar as soon as possible thereafter and in any event before the Lodgement Date.

Acceptances of the Recurring Redemption Offer may, at the discretion of the Manager, be treated as valid even if not accompanied by the certificate(s) of Units but, in such cases, the cash consideration due will not be despatched until the relevant certificate(s) of Units has/have been received by the Registrar. If a Unitholder has lost his/her certificate(s) of Units, he/she should write to the Registrar and request a letter of indemnity in respect of the lost certificate(s) of Units (as the case may be) which, when completed in accordance with the instructions given, should be returned, together with the redemption request form and the certificate(s) of Units which are available, to the Registrar either by post or by hand, so to arrive not later than the Lodgement Date.

In such cases, the Unitholder will be informed of the fees payable to the Registrar for which he/she will be responsible.

### **Replacement of Redemption Request Form**

1.15 If a Unitholder has lost the redemption request form or such original has become unusable, and requires a replacement of such form, he/she should write to the Registrar or visit the Registrar at its office and request an additional redemption request form for completion by such Unitholder.

Alternatively, he/she could download it from the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) or the Fund's website at <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>.

### **New Unitholders**

1.16 With respect to any new Unitholder, a new Unitholder may collect a copy of this circular, with the form of proxy and a blank redemption request form from the Registrar during business hours between 11 June 2024 to the Lodgement Date, both days inclusive. Such Unitholder may also contact the Registrar and request a copy of this circular, the form of proxy and a blank redemption request form (as appropriate) to be sent to his/her registered address as recorded in the register of Unitholders.

### **Professional Advice**

1.17 Unitholders should consult their professional advisers on the consequences to them of redeeming 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.

Unitholders should refer to the section headed "Taxation" on pages 18 to 21 of the Letter from the Manager in this circular for additional information on taxation.

**Effect of Acceptance of the Recurring Redemption Offer**

- 1.18 (a) All communications, notices, redemption request form(s), certificates of Units, transfer receipts, other documents of title or indemnity and remittances to settle the consideration payable under the Recurring Redemption Offer to be delivered by or sent to or from the Unitholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Fund, the Manager nor the Registrar or any of their respective agents accepts any liability for any loss in postage or any other liabilities that may arise as a result.
- (b) The provisions set out in the redemption request form part of the terms of the Recurring Redemption Offer.
- (c) The accidental omission to dispatch this circular and/or the redemption request form or any of them to any person to whom the Recurring Redemption Offer is made will not invalidate the Recurring Redemption Offer in any way.
- (d) The Recurring Redemption Offer and all acceptances will be governed by and constructed in accordance with the laws of Hong Kong.
- (e) Due execution of the Recurring Redemption Offer will constitute an authority to the Fund, the Manager or such person or persons as the Fund or the Manager may direct to complete and execute any document on behalf of the person accepting the Recurring Redemption Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Fund, the Manager or such person or persons as it may direct the Units, in respect of which such person has accepted the Recurring Redemption Offer.
- (f) Acceptance of the Recurring Redemption Offer by any person will be deemed to constitute a warranty by such person to the Fund and the Manager that its redemption of Units on its own account or on behalf of its customer, will not breach any relevant law or regulation; and the redeeming Unitholder represents and warrants to the Fund that all Units which the redeeming Unitholder redeeming shall be sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Latest Practicable Date (including the right to all dividends and distributions (if any) declared, made or paid on or after the Latest Practicable Date) or obligation to create or to give an encumbrance in relation to any of such Units and that no person has claimed to be entitled to an encumbrance in relation to any such Units.

- (g) Acceptance of the Recurring Redemption Offer by any person who is an Overseas Unitholder will be deemed to constitute a warranty by such person to the Fund and the Manager that he, she or it has observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other consents, complied with all necessary formalities or legal requirements and paid any transfer or other taxes or other required payments due from him, her or it in connection with such acceptance in any jurisdiction, that he, she or it has not taken or omitted to take any action which will or may result in the Fund, the Manager or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Recurring Redemption Offer or his, her, its acceptance thereof, and is permitted under all applicable laws to receive and accept the Recurring Redemption Offer, and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws.
- (h) Acceptance of the Recurring Redemption Offer by any nominee will be deemed to constitute a warranty by such nominee to the Fund and the Manager that the number of Units in respect of which it is indicated in the redemption request form is the aggregate number of Units held by such nominee for such beneficial owner who is accepting the Recurring Redemption Offer.
- (i) Reference to the Recurring Redemption Offer in this circular and the redemption request form shall include any extension or revision thereof.
- (j) If the number of Units to be redeemed is not indicated on the redemption request form given or is not indicated in a legible manner, the relevant Unitholder shall be deemed to have accepted the Recurring Redemption Offer in regard to such number of Units as supported by the certificate(s) of Units given.
- (k) If the number of Units to be redeemed as indicated on the redemption request form given is greater than the number of Units as supported by the certificate(s) of Units given, the relevant Unitholder shall be deemed to have accepted the Recurring Redemption Offer in regard to such number of Units as supported by the certificate(s) of Units given.

#### **Unitholders' considerations**

1.19 The Manager believes that the Recurring Redemption Offer is in the best interests of the Fund and the Unitholders as a whole. The Fund has been trading at an average discount of 20.16% to its net asset value over the past three months since 2 January 2024 to 28 March 2024, the Manager believes that the Recurring Redemption Offer may potentially narrow such discount. However, there is no assurance that the Fund will be traded at a price that is equal to or at a reduced discount to its net asset value subsequent to the effecting of the Recurring Redemption Offer or that the performance of the Fund will be improved or enhanced thereafter.



Unitholders should carefully consider the risk factors described in the Offering Circular and below before deciding on whether to apply for redemption of their Units under the Recurring Redemption Offer:

- (i) ***Future intentions of termination of the Fund:*** As of 6 June 2024, the net asset value of the Fund is HK\$476,560,952. Due to the current relatively low net asset value of the Fund, the lack of new demand from Unitholders and the reduction of the Fund size after the Recurring Redemption Offer, the Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund. A termination of the Fund may imply that (among other things): (i) the Fund will no longer be available for public distribution in Hong Kong; (ii) in order to ensure that the Fund will be terminated in an orderly manner, the Manager may progressively realise the assets of the Fund; and (iii) redemption of Units and payment of redemption proceeds by existing Unitholders will be subject to procedures as announced separately by the Fund which may take some time.

If on any date the net asset value of the Fund shall be less than HK\$400,000,000 and the Manager decides to terminate the Fund under the Trust Deed, no approval of the Unitholders is required provided that at least three (3) months' prior written notice is given to the Unitholders. Following a termination of the Fund, the Manager will also apply for the withdrawal of the SFC's authorisation of the Fund from the SFC and the de-listing of the Fund from the Stock Exchange;

- (ii) ***Uncertainty on the payment date of the redemption proceeds:*** the Manager shall use its best endeavours to pay all the redemption proceeds, less the Redemption Levy, to Unitholders on or before 3 September 2024 (i.e. within 2 months after the Redemption Day). Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents including a special audit report for investment profits issued by a PRC certified public accountant and the required tax filing documents (particularly in the case of the winding-up/liquidation of the Fund), which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. The Fund will also use its assets outside PRC if any and appropriate to settle part of the redemption proceeds and that part of the redemption proceeds payable out of the assets of the Fund outside the PRC will be payable by 17 July 2024. Accordingly, the Fund may need to pay the redemption proceeds, less the Redemption Levy, by instalments depending on a number of factors including, but not limited to, the total amount of redemption requests, the amount of offshore assets held by the Fund (i.e. assets outside the PRC) and the time required by the Fund to repatriate funds from the PRC.

**The Fund will pay all the redemption proceeds to the Unitholders as soon as possible after receipt of the proceeds by the Fund. Based on the current legal and regulatory requirements in the PRC, the Manager is reasonably satisfied that redemption proceeds can be repatriated from the PRC within two months after the Redemption Day;**

- (iii) *Uncertainty on the trading price and the net asset value of the Fund:* under the Recurring Redemption Offer, the net asset value at which the eligible Units will be redeemed shall be determined using the relevant market closing price of the underlying investments of the Fund and the Fund's applicable operating expenses accrued or incurred to date on the Value Day, and subject to the Redemption Levy and the relevant calculation method, shall be announced by the Manager no later than two Business Days after the Value Day. The Redemption Levy is to be retained by the Fund for the benefit of the Fund. Unitholders should note that the net asset value at which the eligible Units will be redeemed may be higher or lower than the traded price of the Units. There is no assurance that the Fund will be traded at a price that is equal to or at a reduced discount to its net asset value subsequent to the effecting of the Recurring Redemption Offer or that the performance of the Fund will be improved or enhanced thereafter;
- (iv) *Uncertainty on whether a Unitholder may redeem all its Units:* as the total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as a whole as at the Lodgement Date, a Unitholder may not be able to redeem all the Units he or she applies to redeem under the Recurring Redemption Offer regardless of whether he or she applies to redeem more or less than 20% of the Units he or she owns at the Lodgement Date.

In the event that the aggregate number of Units for which applications to redeem are made under the Recurring Redemption Offer exceeds 20% of the outstanding number of Units as at the Lodgement Date, the Manager shall apply the relevant realisation proceeds to satisfy the redemption requests of Unitholders wishing to redeem their Units on a pro rata basis based on the number of Units the Unitholders have validly applied to redeem, rounded down to the nearest whole Unit. Unitholders should refer to the section headed "Limits on the Recurring Redemption Offer" above for details;

- (v) *Risk of Odd Lots:* any Units held by Unitholders that are not successfully redeemed under the Recurring Redemption Offer may be in odd lots. The realisable price of such odd lot Units may be significantly lower than the traded price for such Units;

- (vi) *Impact on the total expense ratio and size of the Fund:* the Recurring Redemption Offer, (i) if effected, will increase the total expense ratio of the Fund by 0.11% (i.e. from 2.08% for the financial year ended 31 March 2023 to approximately 2.19% after the Recurring Redemption Offer (assuming that 20% of the total outstanding Units will be redeemed), this has taken into account the reduction in the net asset value of the Fund under (ii) of this paragraph (v)) as a result of the expenses incurred with respect to the Recurring Redemption Offer and such expenses are not covered by the Redemption Levy and (ii) reduce the size of the Fund after such Recurring Redemption Offer is effected. The Manager may decide to terminate the Fund (including, as a result of such decision to terminate the Fund, applying for the withdrawal of the SFC's authorisation of the Fund from the SFC and/or the de-listing of the Fund from the Stock Exchange) on any date if on such date the net asset value of the Fund shall be less than HK\$400,000,000 under the Trust Deed without any approval of the Unitholders by giving at least three (3) months' prior written notice. The Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund;
- (vii) *Remittance risk:* all documents and remittances will be sent to the Unitholders through ordinary post at their own risk. These documents and remittances will be sent to the Unitholders at their respective addresses as they appear in the register of Unitholders, and in the case of joint Unitholders, to the Unitholder whose name appears first in the register of Unitholders; and
- (viii) *Foreign currency risk:* a major part of the Fund's investments is denominated in RMB and a major portion of the Fund's revenue and income is received in RMB. There is no assurance that any revenue and income received by the Fund in RMB may be promptly converted into US\$, the Fund will therefore be exposed to risk of fluctuation in the exchange rate of RMB relative to US\$ and US\$ relative to Hong Kong dollars (the currency in which the redemption proceeds will be paid in). The Manager may use hedging techniques to, at the costs and expense of the Fund, attempt offsetting currency risks. However, there is no assurance that the hedging techniques to be adopted by the Manager will achieve a desired result which is beneficial to the Fund's investments and performance.

## 2. REDEMPTION/BUY-BACK OF UNITS

During the 12-month period immediately preceding the date of this circular, the Fund has not conducted any buy-back of any Units. The Fund has not conducted any buy-back of any Units since 31 March 2024, being the date of the end of the last financial year of the Fund.

### 3. DISCLOSURE OF INTERESTS AND DEALINGS

#### (a) Directors' interests and short positions in the Units and the underlying Units of the Fund

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, parties acting in concert, hold any Units.

#### (b) Substantial Unitholder's interests in the Fund

As at the Latest Practicable Date, having made all reasonable enquiries, the Manager cannot ascertain the identity of the person (if any) who holds 10% (“**10% holder**”) or more of the Units in issue of the Fund and cannot determine the intention of such person (if any) as regards the acceptance of the Recurring Redemption Offer. The Manager has looked at the “Disclosure of Interests” forms (“**DI Forms**”) on the website of the Hong Kong Exchange and Clearing Limited, and it appeared that the figures presented therein may not be up-to-date. In particular, the Manager notes that the figures appearing from the DI Forms appeared unreasonable and improbable after taking into account the figures of the preceding redemption exercises. The Manager has therefore considered and further took all reasonable and exhaustive steps in order to determine the 10% holder, such steps include having attempted to obtain the relevant information from the register of the Fund maintained by the Registrar and the list of holders from HKSCC Nominees Limited. However, given that holders of a non-corporate entity (including the Fund) are not statutorily mandated to make disclosures of their holdings, the Manager cannot ascertain with full certainty the identity of the person (if any) who holds 10% or more of the Units in issue of the Fund from the above-mentioned sources or whether the substantial holder information available to the Manager is up to date. Such limitation also applies should the Manager contact any of the filing parties of the DI Forms for confirmation. Accordingly, while the Manager has taken all reasonable and exhaustive steps discussed above, the Manager is unable to ascertain the identity of the 10% holder and the intention of such person as regards the acceptance of Recurring Redemption Offer.

For the same reasons, the Manager cannot determine with full certainty the effect which the Recurring Redemption Offer will have on the percentage voting rights of the person (if any) holding 10% or more of the Units in issue assuming the Recurring Redemption Offer is successful.

The Manager shall continue to conduct reasonable steps to ascertain if such information is available, and that where such information is available, the Manager will disclose it to the Unitholders as required pursuant to the Takeovers Code and any other applicable rules and regulations.

**(c) Interests of the Fund and the Manager**

The Fund, the Manager and entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that (i) trade in the Units (including the exercise of the One-off Redemption Offer as described in the Circular) as discretionary fund managers and/or (ii) for proprietary purposes have confirmed that there has neither been dealing nor any exercise of the One-off Redemption Offer as described in the Circular in the Units in the six months immediately prior to the date of the circular. The Fund has no parent, subsidiary, fellow subsidiary and/or associated company.

As at the date of this circular, none of the directors of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade in the Units (including the exercise of the One-off Redemption Offer as described in the Circular) as discretionary fund managers and/or for proprietary purposes (other than the entities set out in the following table) had any interests and short positions in the Fund. As at the date of this circular, the following fellow subsidiaries and/or associated companies of the Manager that (i) trade in the Units as discretionary fund managers and/or (ii) for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

<b>Name of Entity</b>	<i>Units</i>	<i>Approx.%</i>
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.05%
HSBC International Trustee Limited	64,167	0.23%

Each of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes also confirms that, save as disclosed above, it:

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units;
- has not received any irrevocable commitment to accept the Recurring Redemption Offer in respect of any Units; and
- has not entered into any outstanding derivative in respect of the Units.

During the period beginning from the date of Firm Intention Announcement up to the Latest Practicable Date, the Manager confirms that neither the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing or companies of which such companies are associated companies persons have traded in the Units as discretionary fund managers and/or for proprietary purposes.

#### 4. UNITS IN ISSUE

As at the Latest Practicable Date, 28,160,756 Units are in issue. Assuming that the Recurring Redemption Offer is fully exercised by Unitholders, there will be approximately 22,528,605 Units in issue upon completion of the Recurring Redemption Offer. There is only one class of Units in issue and all the Units rank *pari passu*. There has been no payment of dividend during the two-year period preceding the Latest Practicable Date. Other than the buy-back of Units set out in clause 2 above, there has been no re-organization of capital during two financial years preceding date of Firm Intention Announcement.

The Fund redeemed an aggregate of 7,040,120 Units at HK\$18.62 per Unit on 30 August 2022 pursuant to the Eighth Recurring Redemption Offer. Other than the Eighth Recurring Redemption Offer, the Fund has not conducted any buy-back of any Units since 31 March 2024, being the date of the end of the last financial year of the Fund. There have been no new Units issued during the two-year period immediately preceding the Redemption Day.

## 5. TRADING PRICES AND NET ASSET VALUES

The following table shows the highest and lowest prices at which the Units have been traded on the Stock Exchange as well as the net asset values in each of the last twelve months:

<b>Date</b>	<b>Highest price (HK\$)</b>	<b>Lowest price (HK\$)</b>	<b>Highest net asset value (HK\$)</b>	<b>Lowest net asset value (HK\$)</b>
June 2023	14.80	14.22	17.76	16.89
July 2023	14.32	13.70	17.84	17.08
August 2023	14.20	13.10	17.74	16.23
September 2023	13.70	13.20	16.99	16.31
October 2023	13.22	12.60	16.44	15.52
November 2023	13.00	12.50	16.22	15.79
December 2023	12.70	12.40	15.96	15.14
January 2024	12.70	11.70	15.72	14.53
February 2024	12.54	12.00	15.95	14.45
March 2024	13.08	12.46	16.50	16.04
April 2024	13.64	12.80	17.07	16.49
May 2024	15.00	13.38	17.45	16.88
6 June 2024, being the last trading date before the Latest Practicable Date	15.00	14.80	17.12	16.86

The following table shows the closing prices of the Unit on the Stock Exchange and the net asset value per Unit on 20 May 2024 (the last trading date before the date of the Firm Intention Announcement), 6 June 2024 (the last trading date before the Latest Practicable Date) and the last trading date of each of the calendar months during the Relevant Period.

<b>Date</b>	<b>Closing price (HK\$)</b>	<b>Net asset value (HK\$)</b>
30 November 2023	12.80	16.04
29 December 2023	12.60	15.83
31 January 2024	12.00	14.70
29 February 2024	12.44	15.95
28 March 2024	12.98	16.23
30 April 2024	13.64	16.96
20 May 2024, being the last trading date before the date of the Firm Intention Announcement	13.98	17.43
31 May 2024	15.00	16.88
6 June 2024, being the last trading date before the Latest Practicable Date	14.84	16.93

The highest and lowest closing price per Unit as quoted on the Stock Exchange during the Relevant Period were HK\$15.00 on 22 May 2024, 23 May 2024, 27 May 2024, 28 May 2024, 31 May 2024, 4 June 2024, 5 June 2024 and 6 June 2024 and HK\$11.70 on 24 January 2024 respectively.

## **6. UNITS BOUGHT BACK BY THE FUND**

**THE FUND HAS NOT BOUGHT BACK ANY UNITS IN THE THREE-MONTH PERIOD PRIOR TO THE LATEST PRACTICABLE DATE AND WILL NOT BUY BACK ANY UNITS FROM THE DATE OF THIS CIRCULAR UP TO THE REDEMPTION DAY.**

## **7. DOCUMENTS FOR INSPECTION**

The following documents will be available to investors for inspection, free of charge, at the registered office of the Manager and on the website of the Fund at <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419>:

- the Circular;
- the letter of advice from an independent financial adviser dated 17 November 2015 containing its advice to the independent unitholders of the Fund as to whether the One-off Redemption Offer and the Recurring Redemption Offer were fair and reasonable as to acceptance and voting in the General Meeting;
- the Trust Deed;
- the Offering Circular and the key fact statement of the Fund; and
- the audited accounts of the Fund for the last two financial years for which these have been published.

The unaudited net asset value per Unit on the last Business Day of each calendar month is published within ten (10) Business Days in the South China Morning Post and the Hong Kong Economic Times. The Manager also publishes the unaudited net asset value per Unit of each valuation day on the Fund's website at <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419> within one (1) Business Day after the relevant valuation day for investors' reference.



**I. THREE YEAR SUMMARY OF FINANCIAL INFORMATION**

The following is a summary of the financial results of the Fund for each of three years ended 31 March 2021, 31 March 2022 and 31 March 2023 and for the period from 1 April 2023 to 30 September 2023, as extracted from the Fund's relevant annual reports.

	<b>Period from 1 April 2023 to 30 September 2023 (Unaudited) HK\$</b>	<b>2023 HK\$</b>	<b>2022 HK\$</b>	<b>2021 HK\$</b>
Net investment income/(loss)	<u>(57,972,874)</u>	<u>3,812,452</u>	<u>36,088,702</u>	<u>501,085,042</u>
Profit/(loss) before taxation	(64,607,719)	(10,877,755)	8,257,259	473,596,031
Taxation	<u>(1,245,040)</u>	<u>(1,351,504)</u>	<u>(1,071,703)</u>	<u>(1,005,511)</u>
Increase/(decrease) in net assets attributable to unitholders and total comprehensive income for the year/period	<u>(65,852,759)</u>	<u>(12,229,259)</u>	<u>7,185,556</u>	<u>472,590,520</u>

*Notes:*

- (1) There were no extraordinary items, exceptional items and minority interests during each of the three years ended 31 March 2021, 31 March 2022 and 31 March 2023 and for the period from 1 April 2023 to 30 September 2023.
- (2) The reports of the auditor of the Fund for the three years ended 31 March 2021, 31 March 2022 and 31 March 2023 do not contain any qualifications. The auditor of the Fund for all three years ended 31 March 2021, 31 March 2022 and 31 March 2023 were KPMG. The financial statements and for the period from 1 April 2023 to 30 September 2023 are unaudited.
- (3) The Fund does not report on earnings per Unit. No dividend has been declared for each of three years ended 31 March 2021, 31 March 2022 and 31 March 2023 and for the period from 1 April 2023 to 30 September 2023.

## II. FINANCIAL INFORMATION

- A. Set out below is the full text of the audited financial statements of the Fund for the year ended 31 March 2023 extracted from the annual report of the Fund for the year ended 31 March 2023.

## Statement of assets and liabilities

As at 31 March 2023

	Note	2023 HK\$	2022 HK\$
<b>Assets</b>			
Investments at fair value through profit or loss	8, 12	526,170,640	676,383,038
Other receivables		116	2
Amounts receivable on sales of investments		7,772,482	–
Cash and cash equivalents	10(d)	2,025,079	742,610
<b>Total assets</b>		535,968,317	677,125,650
<b>Liabilities</b>			
Amounts payable on purchases of investments		5,110,135	–
Accrued expenses and other payables	10(a), (b) & (c)	1,468,085	4,208,056
<b>Total liabilities</b>		6,578,220	4,208,056
<b>Net assets attributable to unitholders</b>		529,390,097	672,917,594
Representing:			
<b>Total equity</b>		529,390,097	672,917,594
<b>Number of units in issue</b>	15, 16	28,160,756	35,200,876
<b>Net asset value per unit</b>	15	18.80	19.12

Approved and authorised for issue by the Trustee and the Manager on 31 July 2023

)  
 ) For and on behalf of  
 ) HSBC Institutional Trust Services  
 ) (Asia) Limited, Trustee  
 )  
 )  
 ) For and on behalf of  
 ) HSBC Global Asset Management  
 ) (Hong Kong) Limited, Manager  
 )

## Statement of comprehensive income

For the year ended 31 March 2023

	Note	2023 HK\$	2022 HK\$
Dividend income	4	13,515,009	10,717,032
Interest income on deposits	5, 10(d)	14,415	25,008
Net (losses)/gains from investments	6	(10,256,845)	24,644,748
Net foreign exchange loss		(1,453,287)	(90,099)
Other income		1,993,160	792,013
<b>Net investment income</b>		3,812,452	36,088,702
Management fees	10(a)	(8,403,162)	(13,318,783)
Transaction costs	9, 10(e)	(3,035,681)	(7,470,889)
Trustee's fees	10(b)	(392,148)	(621,543)
Custodian fees	10(c)	(936,733)	(2,289,443)
Auditor's remuneration		(312,525)	(312,725)
Legal and professional fees		(1,358,086)	(3,559,057)
Other operating expenses	10(b)	(251,872)	(259,003)
<b>Operating expenses</b>		(14,690,207)	(27,831,443)
<b>(Loss)/profit before taxation</b>		(10,877,755)	8,257,259
Taxation	7	(1,351,504)	(1,071,703)
<b>(Decrease)/increase in net assets attributable to unitholders and total comprehensive (loss)/income for the year</b>		(12,229,259)	7,185,556

The notes on pages 9 to 26 form part of these financial statements.

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## Statement of changes in equity

For the year ended 31 March 2023

	Note	2023 HK\$	2022 HK\$
<b>Balance at the beginning of the year</b>		672,917,594	1,086,422,921
(Decrease)/increase in net assets attributable to unitholders and total comprehensive (loss)/income for the year		(12,229,259)	7,185,556
Redemption of units during the year	16	<u>(131,298,238)</u>	<u>(420,690,883)</u>
<b>Balance at the end of the year</b>		<u>529,390,097</u>	<u>672,917,594</u>
<b>Units issued and redeemed:</b>			
		2023 Number of Units	2022 Number of Units
<b>Balance at the beginning of the year</b>	15	35,200,876	55,001,200
Redeemed during the year		<u>(7,040,120)</u>	<u>(19,800,324)</u>
<b>Balance at the end of the year</b>	15	<u>28,160,756</u>	<u>35,200,876</u>

The notes on pages 9 to 26 form part of these financial statements.

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## Cash flow statement

For the year ended 31 March 2023

	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Operating activities</b>		
Interest income received	14,301	25,007
Dividend income received	13,515,009	10,717,032
Management fees paid	(8,598,438)	(13,971,149)
Trustee's fees paid	(401,261)	(651,986)
Transaction costs paid	(3,035,681)	(7,470,889)
Tax paid	(1,351,504)	(1,071,703)
Proceeds from sales of investments	1,380,853,355	3,054,943,895
Payments for purchases of investments	(1,243,560,149)	(2,617,657,351)
Other operating expenses paid	(5,229,339)	(5,229,510)
<b>Net cash generated from operating activities</b>	<u>132,206,293</u>	<u>419,633,346</u>
<b>Financing activity</b>		
Payments on redemption of units	(131,087,034)	(419,898,870)
<b>Cash used in financing activity</b>	<u>(131,087,034)</u>	<u>(419,898,870)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,119,259	(265,524)
<b>Cash and cash equivalents at the beginning of the year</b>	742,610	1,037,070
<b>Effect of foreign exchange rates changes</b>	<u>163,210</u>	<u>(28,936)</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>2,025,079</u></u>	<u><u>742,610</u></u>

The notes on pages 9 to 26 form part of these financial statements.

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## Notes to the financial statements

For the year ended 31 March 2023

**1 Background**

HSBC China Dragon Fund (“the Fund”) is a closed-ended unit trust governed by its Trust Deed dated 20 June 2007 (“the Trust Deed”), as amended. The Fund is authorised by the Hong Kong Securities and Futures Commission (“the SFC”) under Section 104(1) of the Hong Kong Securities and Futures Ordinance (“HKSF”). The Fund is also listed on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) (a subsidiary of the Hong Kong Exchanges and Clearing Limited). The period fixed for the duration of the Fund is eighty years after the date of inception.

The investment objective of the Fund is to achieve long-term capital growth by investing primarily in A Shares directly through (i) the qualified foreign institutional investor (“QFII”) investment quota of HSBC Global Asset Management (Hong Kong) Limited (“the Manager”) and (ii) Shenzhen-Hong Kong Stock Connect and any other similar stock connect programme between another city of the PRC and Hong Kong (“Stock Connect”); and indirectly through investment of (i) up to 40% of its net asset value in financial derivative instruments and securities linked to A Shares (such as CAAPs (including A Share participation certificates/notes and/or other access products issued by third party investment banks or brokers)) and (ii) up to 40% of its net asset value in exchange-traded funds (“ETFs”) (including synthetic ETFs) authorised by the SFC with exposure to A Shares; provided that the Fund’s investment in a Chinese A Share access product, being a security linked to A Shares or portfolios of A Shares which aim to replicate synthetically the economic benefit of the relevant A Shares or portfolio of A Shares (“CAAPs”) and ETFs (including synthetic ETFs) authorised by the SFC with exposure to A Shares will not exceed 50% in the aggregate of its net asset value.

The Fund will not invest more than 10% of its net asset value in CAAPs issued by a single issuer; and the Fund’s aggregate investment in (i) CAAPs shall not be more than 40% of its net asset value and (ii) A shares through the Stock Connect shall not be more than 30% of the Fund’s net asset value.

Under the prevailing regulations in the PRC, foreign investors can invest in the PRC A Share market through institutions that have obtained QFII status in the PRC. The Fund itself is not a QFII, but may invest directly in A Shares via the US\$200 million QFII investment quota obtained by the Manager.

**2 Significant accounting policies****(a) Statement of compliance**

The financial statements of the Fund have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the relevant disclosure provisions of the Trust Deed, as amended, and the relevant disclosure requirements of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC. A summary of the significant accounting policies adopted by the Fund is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Fund. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Fund for the current and prior accounting periods reflected in these financial statements.

## Notes to the financial statements

For the year ended 31 March 2023

**2 Significant accounting policies (continued)****(b) Basis of preparation of the financial statements**

The functional and presentation currency of the Fund is Hong Kong dollar (“HKD”) reflecting the fact that the units of the Fund are issued in Hong Kong dollars.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) Financial instruments****(i) Classification**

On initial recognition, the Fund classifies financial assets as measured at amortised cost or fair value through profit or loss (“FVTPL”).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”).

All other financial assets of the Fund are measured at FVTPL.

*Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

## Notes to the financial statements

For the year ended 31 March 2023

**2 Significant accounting policies (continued)****(c) Financial instruments (continued)**

## (i) Classification (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes other receivable, amounts receivable on sales of investments and cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes equity and equity-linked instruments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

*Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for the time value of money (e.g. periodical reset of interest rates).

The Fund classifies its investments based on the business model and contractual cash flows assessment. Accordingly, the Fund classifies all its investments, including equities and equity-linked instruments, into financial assets at FVTPL category. Financial assets measured at amortised cost include other receivables, amounts receivable on sales of investments and cash and cash equivalents. Financial liabilities that are not at fair value through profit or loss include amounts payable on purchases of investments and accrued expenses and other payables.

*Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.



## Notes to the financial statements

For the year ended 31 March 2023

**2 Significant accounting policies (continued)****(c) Financial instruments (continued)**

## (ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

A regular way purchase or sale of financial assets and financial liabilities at fair value through profit or loss is recognised using trade date accounting. From this date, any gains or losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract.

## (iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair values recognised in the statement of comprehensive income.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest method, less impairment loss, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest method.

## (iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid-ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where the quoted price is not within the bid-ask spread, the Manager will determine the points within the bid-ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

## Notes to the financial statements

For the year ended 31 March 2023

**2 Significant accounting policies (continued)****(c) Financial instruments (continued)****(iv) Fair value measurement principles (continued)**

If an asset or a liability measured at fair value has a bid price and an ask price, the Fund measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Fund on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

**(v) Impairment**

The Fund recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

## Notes to the financial statements

For the year ended 31 March 2023

**2 Significant accounting policies (continued)****(c) Financial instruments (continued)**

## (v) Impairment (continued)

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

*Presentation of allowance for ECLs in the statement of assets and liabilities*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## (vi) Derecognition

The Fund derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

Assets held for trading that are sold are derecognised and corresponding receivables from the brokers are recognised as of the date the Fund commits to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

The Fund uses the weighted average method to determine realised gains and losses to be recognised in the statement of comprehensive income on derecognition.

## (vii) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of assets and liabilities when the Fund has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis, or simultaneously, e.g. through a market clearing mechanism.

## Notes to the financial statements

For the year ended 31 March 2023

**2 Significant accounting policies (continued)****(d) Cash and cash equivalents**

Cash and cash equivalents comprise deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(e) Revenue recognition**

Revenue is recognised in the statement of comprehensive income as follows:

*Dividend income*

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividends from other investments are recognised in the statement of comprehensive income on the date on which the unconditional right to receive payment is established.

In some cases, the Fund may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases, the Fund recognises the dividend income for the amount of the equivalent cash dividends with the corresponding debit treated as an additional investment.

*Interest income*

Interest income is recognised in the statement of comprehensive income as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to gross carrying amount of the financial asset. Interest income on bank deposits is disclosed separately in the statement of comprehensive income.

**(f) Expenses**

All expenses are recognised in the statement of comprehensive income on an accruals basis.

**(g) Taxation**

Taxation comprises current tax and deferred tax. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of the statement of assets and liabilities. Current tax includes non-recoverable withholding taxes on investment income.

Deferred tax liabilities arise from deductible and taxable temporary differences, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

**(h) Foreign exchange gains and losses**

Foreign currency transactions during the year are translated into Hong Kong dollar at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollar at the foreign exchange rates ruling at the date of the statement of assets and liabilities. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in the statement of comprehensive income line item, "Net foreign exchange loss" is net foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified at fair value through profit or loss.

## Notes to the financial statements

For the year ended 31 March 2023

**2 Significant accounting policies (continued)****(i) Related parties**

- (a) A person, or a close member of that person's family, is related to the Fund if that person:
- (i) has control or joint control over the Fund;
  - (ii) has significant influence over the Fund; or
  - (iii) is a member of the key management personnel of the Fund.
- (b) An entity is related to the Fund if any of the following conditions applies:
- (i) The entity and the Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is controlled or jointly controlled by a person identified in (a);
  - (vi) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (vii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(j) Units in issue**

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has one class of units in issue which is not redeemable by the unitholders. Upon termination of the Fund, the unitholders are entitled to all net cash proceeds derived from the sale or realisation of the assets of the Fund less any liabilities, in accordance with their proportionate interest in the Fund at the date of termination. The units are classified as equity in accordance with HKAS 32.

## Notes to the financial statements

For the year ended 31 March 2023

**2 Significant accounting policies (continued)****(k) Segment reporting**

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Fund is identified as the Manager. The Manager considers that the Fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in the offering circular of the Fund.

**(l) Transaction costs**

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

**3 Changes in accounting policies**

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Fund. None of these developments have had a material effect on how the Fund's result and financial position for the current or prior periods have been prepared or presented in this financial report. The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 17).

**4 Dividend income**

The amounts of dividend income and net dividend income, which was net of any non-recoverable withholding taxes, earned by the Fund during the year are shown as follows:

	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Dividend income	13,515,009	10,717,032
Withholding taxes	(1,351,504)	(1,071,703)
	<u>12,163,505</u>	<u>9,645,329</u>

**5 Interest income on deposits**

The Fund earned all its interest income from cash and cash equivalents.

## Notes to the financial statements

For the year ended 31 March 2023

**6 Net (losses)/gains from investments**

During the year, the Fund earned or incurred gains or losses from equity as shown below:

	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Realised (losses)/gains	(44,152,460)	158,129,833
Movement on unrealised gains/(losses)	33,895,615	(133,485,085)
<b>Net (losses)/gains on investments</b>	<b>(10,256,845)</b>	<b>24,644,748</b>

Gains and losses presented above exclude dividend income.

**7 Taxation**

No provision for Hong Kong Profits Tax has been made in the financial statements as the Fund is exempted from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Under the current general provisions of the PRC Corporate Income Tax Law ("CIT") and published tax circulars, the Fund would be subject to PRC withholding tax at the rate of 10% in respect of its PRC sourced income earned, including capital gains realised on the sale of PRC A Shares, B Shares and H Shares listed companies, dividend income derived from PRC A Shares, B Shares and H Shares listed companies and interest income earned in respect of PRC bank deposits and corporate bonds. This withholding taxation basis should apply as it is intended that the Fund would be managed and operated in such a manner that it would not be considered a tax resident enterprise in China or otherwise as having a taxable permanent establishment in the PRC. The 10% withholding tax rate may be further reduced under an applicable tax treaty, which the PRC has entered into with the jurisdiction in which the beneficial owner of the relevant income is a resident.

The Offering Circular of the Fund gives the Manager the right to provide for withholding tax on such gains or income and withhold the tax for the account of the Fund. On the basis of the available information, the Manager has determined that it is appropriate to provide for PRC taxation at the withholding tax rate of 10% on dividend income from A Shares, B Shares and H Shares and interest income from PRC bank deposits and corporate bonds in the financial statements.

Before 17 November 2014, The Manager had also determined that it was appropriate to provide for PRC taxation at the withholding tax rate of 10% on realised gains on A shares.

The Manager had determined that it is also appropriate to provide for PRC taxation at the withholding tax rate of 10% on unrealised gains on A Shares with effect from 26 July 2013.

On 14 November 2014, the Ministry of Finance, the State Administration of Taxation ("SAT") and the China Securities Regulatory Commission have jointly promulgated the Circular Concerning the Temporary Exemption of the Corporate Income Tax for Gains Earned by Qualified Foreign Institutional Investors and Renminbi Qualified Foreign Institutional Investors from the Transfer of Domestic Shares and Other Equity Interest Investment in China ("the Circular").

According to the Circular, QFIIs have been granted a temporary PRC CIT exemption on capital gains deriving from PRC A Shares and other equity interest investments in PRC enterprises on or after 17 November 2014. Realised capital gains generated by QFIIs prior to 17 November 2014 would remain subject to the 10% withholding tax – unless otherwise exempt under the applicable double tax treaty.

As a result of the announcement of the Circular, the most significant change for the Fund was the cessation of withholding 10% of unrealised gains on its investments in A Shares as deferred tax liabilities as at 17 November 2014. The deferred tax liabilities in respect of unrealised gains recognised on A Shares amounted to \$22,547,473 as at 14 November 2014 have been released to the Fund. The Fund also ceased withholding 10% of realised gains on its investments in A Shares with effect from 17 November 2014.

## Notes to the financial statements

For the year ended 31 March 2023

**7 Taxation (continued)***Taxation in the statement of comprehensive income represents:*

	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
PRC dividend income withholding tax	1,351,504	1,071,703

**8 Investments at fair value through profit or loss**

Investments at fair value through profit or loss as of 31 March 2023 and 31 March 2022 are shown as follows:

	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
Listed equities		
– Hong Kong	8,750,226	–
– Outside Hong Kong	517,420,414	676,383,038
Total investments at fair value through profit or loss	526,170,640	676,383,038

**9 Transaction costs**

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers.

**10 Related party transactions**

The following is a summary of significant related party transactions or transactions entered into during the period between the Fund and the Trustee, the Manager and their Connected Persons. Connected Persons are those as defined in the Code on Unit Trusts and Mutual Funds issued by the SFC. All transactions during the period between the Fund and the Trustee, the Manager and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Fund did not have any other transactions with Connected Persons except for those disclosed below.

**(a) Management fees**

The fee payable to the Manager is calculated at the rate of 1.5% per annum of the net asset value of the Fund payable monthly in arrears. The management fee charged to the Fund in respect of the year and payable at the end of the year amounted to \$8,403,162 (2022: \$13,318,783) and \$671,566 (2022: \$866,842) respectively.

The Fund has invested directly in A Shares via the US\$200 million QFII investment quota obtained by the Manager.

**(b) Trustee's fees**

The fee payable to the Trustee is calculated at the rate of 0.07% per annum of the net asset value of the Fund. In addition, the Trustee provides valuation services to the Fund in return for a daily fee. The daily valuation fee is US\$50 for each valuation per unit class. The valuation fee is waived since 1 April 2019. The Trustee's fee charged to the Fund in respect of the year and payable at the end of the year amounted to \$392,148 (2022: \$621,543) and \$31,340 (2022: \$40,453) respectively.

No rebate was made with regards to the Trustee's fee charged to the Fund during the year (2022: \$Nil).

The Trustee is entitled to receive a financial reporting service fee of US\$5,000 per set of financial statements. The financial reporting fee charged to the Fund during the year is \$78,369 (2022: \$77,839). The Trustee is also entitled to an SFC fund data reporting fee of US\$125 per report. The SFC fund data reporting fee during the year is \$38,052 (2022: \$2,915).



## Notes to the financial statements

For the year ended 31 March 2023

**10 Related party transactions (continued)****(c) Custodian fee**

The custodian fee paid to the Bank of Communications Co. Ltd (the "QFII Custodian") is calculated at the rate of 0.1% per annum of the net asset value of the assets held by the QFII custodian as determined by the QFII custodian (based on the actual number of calendar days in a year). In respect of the year, custodian fee of \$521,620 was charged to the Fund (2022: \$1,745,308) and no custodian fee was remained payable at the end of the reporting year (2022: \$Nil).

The administrative fee charged to the Fund by The Hongkong and Shanghai Banking Corporation Limited on purchases and sales of investments and sub-custody of investments during the year is amounted to \$936,733 (2022: \$475,453) and the corresponding payable at the end of the year is \$29,006 (2022: \$37,473).

**(d) Bank balances**

Bank accounts are maintained with The Hongkong and Shanghai Banking Corporation Limited, which is a member of the HSBC Group, and The Bank of Communications Co. Ltd, the QFII custodian of the Fund. The bank balances held as at 31 March 2023 amounted to \$5,137 and \$2,019,942 respectively (2022: \$7,516 and \$735,094 respectively). During the year, interest earned from The Hongkong and Shanghai Banking Corporation Limited and The Bank of Communications Co. Ltd amounted to \$1,417 and \$8,276 respectively (2022: \$71 and \$19,648 respectively).

**(e) Transaction costs**

In its purchases and sales of investments, the Fund utilises the brokerage services of The Hongkong and Shanghai Banking Corporation Limited, which is a member of the HSBC Group. During the year, the Fund did not utilise the brokerage services of The Hong Kong and Shanghai Banking Corporation Limited, and no commission was paid to the entity (2022: \$Nil).

**(f) Holding of units**

As at 31 March 2023, The Hongkong and Shanghai Banking Corporation Limited held 12,974 units (2022: 25,816 units) of the Fund. The Hongkong and Shanghai Banking Corporation Limited did not subscribe any units of the Fund (2022: Nil units) and redeemed 12,842 units of the fund during the year ended 31 March 2023 (2022: 16,677 units). As at 31 March 2023 and 2022, HSBC International Trustee Limited held 64,168 units (2022: 64,168 units) of the Fund for its clients on a discretionary basis and did not subscribe or redeem any units of the fund during the year ended 31 March 2023 (2022: Nil). Both entities are members of the HSBC Group.

**11 Soft dollar practices**

The Manager has not entered into soft dollar commission arrangements with brokers during the year under which certain goods and services used to support investment decision making.

**12 Financial instruments and associated risks**

The Fund maintains investment portfolio in a variety of financial instruments as dictated by its investment management strategy.

The investment objective of the Fund is to achieve long-term capital growth by investing primarily in A Shares directly through (i) the QFII investment quota of the Manager and (ii) Stock Connect; and indirectly through investment of (i) up to 40% of its net asset value in financial derivative instruments and securities linked to A Shares (such as CAAPs (including A Share participation certificates/ notes and/or other access products issued by third party investment banks or brokers)) and (ii) up to 40% of its net asset value in ETFs (including synthetic ETFs) authorised by the SFC with exposure to A Shares; provided that the Fund's investment in CAAPs and ETFs (including synthetic ETFs) authorised by the SFC with exposure to A Shares will not exceed 50% in the aggregate of its net asset value.

## Notes to the financial statements

For the year ended 31 March 2023

**12 Financial instruments and associated risks (continued)**

The Fund will not invest more than 10% of its net asset value in CAAPs issued by a single issuer; and the Fund's aggregate investment in (i) CAAPs shall not be more than 40% of its net asset value and (ii) A Shares through the Stock Connect shall not be more than 30% of the Fund's net asset value.

The risk exposures inherent in the Fund as at 31 March 2023 are summarised below. Details of such investments held as at 31 March 2023 are shown in the investment portfolio.

The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instruments. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

Investors should note that additional information in respect of risks associated with investment in the Fund can be found in the Fund's offering document.

During the year, the Manager invested in financial instruments which the Manager considered are commensurate with the risk level of the Fund in accordance with its investment objective.

The nature and extent of the financial instruments outstanding at the date of the statement of assets and liabilities and the risk management policies employed by the Fund are discussed below.

**(a) Market risk****(i) Price risk**

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Fund is exposed to price risk arising from changes in market prices of its investment assets. Price risk is managed by a diversified portfolio of investments across different industries in accordance with the investment objective of the Fund.

*Price sensitivity*

The impact on a 15% (2022: 15%) increase in value of the investments as at 31 March 2023, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net assets attributable to unitholders by an equal but opposite amount.

	2023			2022		
	% of total net assets	Change in price %	Effect on net assets attributable to the unitholders HK\$	% of total net assets	Change in price %	Effect on net assets attributable to the unitholders HK\$
<b>Investment assets</b>						
Listed equities:						
– Hong Kong	1.65	15	1,312,534	–	–	–
– Outside Hong Kong	97.74	15	77,613,062	100.25	15	101,457,456
	<u>99.39</u>	15	<u>78,925,596</u>	<u>100.25</u>	15	<u>101,457,456</u>

## Notes to the financial statements

For the year ended 31 March 2023

**12 Financial instruments and associated risks (continued)****(a) Market risk (continued)**

## (ii) Interest rate risk

Interest rate risk arises from changes in interest rates which may affect the value of debt instruments and therefore result in potential gain or loss to the Fund. As at the end of the reporting period, the Fund's exposure to interest rate risk is considered relatively low as the Fund's financial instruments were predominately non-interest bearing. The Fund's interest rate risk is managed on an ongoing basis by the Manager.

Except for the bank deposits, the Fund did not hold any interest-bearing assets as at 31 March 2023 and 2022, therefore the Manager considers the Fund is not subject to significant interest rate risk. No sensitivity analysis is performed for 2023 and 2022.

## (iii) Currency risk

The Fund may invest in financial investments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the HKD.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may attempt to mitigate this risk by using financial derivative instruments.

In accordance with the Fund's policy, the Manager monitors the Fund's currency exposure on an ongoing basis.

At the date of statement of assets and liabilities the Fund had the following exposure (in Hong Kong dollars equivalent):

	<b>Assets</b> <b>HK\$</b>	<b>Liabilities</b> <b>HK\$</b>	<b>Net exposure</b> <b>HK\$</b>
<b>31 March 2023</b>			
Renminbi	535,963,064	5,110,135	530,852,929
<b>31 March 2022</b>			
Renminbi	677,118,133	4,295	677,113,838

Amounts in the above table are based on the carrying value of the assets and liabilities.

*Currency sensitivity*

As the HKD is pegged to the United States dollar ("USD"), the Fund does not expect any significant movements in USD/HKD exchange rate. During the year ended 31 March 2023, the HKD strengthened in relation to the Renminbi by approximately 7% (2022: strengthened by 4%). At 31 March 2023, had the HKD further strengthened in relation to the Renminbi by 7% (2022: strengthened by 4%), with all other variables held constant, net assets attributable to unitholders would have increased/(decreased) by the amounts shown in the following table.

## Notes to the financial statements

For the year ended 31 March 2023

**12 Financial instruments and associated risks (continued)****(a) Market risk (continued)**

(iii) Currency risk (continued)

All amounts stated in Hong Kong dollars

HK\$

**31 March 2023**

Renminbi	37,159,705
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**31 March 2022**

Renminbi	27,084,554
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A 7% weakening of the HKD (2022: weakening by 4%) against the above currency would have resulted in an approximately equal but opposite effect on the basis that all other variables remain constant. The analysis is performed on the same basis for 2022.

**(b) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's exposure to credit risk is monitored by the Manager on an ongoing basis. At 31 March 2023, all of the Fund's financial assets were exposed to credit risk.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

The Fund invests in A Shares via the QFII investment quota obtained by the Manager. These investments are held in a segregated account with the QFII custodian on behalf of the Fund. Substantially all of the assets of the Fund are held by the Trustee or the QFII Custodian. Bankruptcy or insolvency of the Trustee or the QFII custodian may cause the Fund's rights with respect to securities held by the Trustee or the QFII custodian to be delayed or limited. There were no investments in debt securities as at 31 March 2023 and 2022.

The majority of the cash held by the Fund is deposited with Bank of Communications Co., Ltd. and The Hongkong and Shanghai Banking Corporation Limited (the "banks").

Bankruptcy or insolvency of the banks may cause the Fund's rights with respect to the cash held by the banks to be delayed or limited. The Fund monitors the credit rating of the banks on an ongoing basis.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the date of the statement of assets and liabilities.

At both 31 March 2023 and 2022, there were no significant concentrations of credit risk to counterparties except to the Trustee, the QFII custodian and the banks.

The Manager considers that none of these assets are impaired nor past due at the end of the reporting period.

**Amounts arising from ECL**

Impairment on other receivable and cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Funds consider that these exposures have low credit risk based on the external credit ratings and/ or review result of the counterparties.

## Notes to the financial statements

For the year ended 31 March 2023

**12 Financial instruments and associated risks (continued)****(b) Credit risk (continued)****Amounts arising from ECL (continued)**

The Funds monitor changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and/ or performed ongoing review of the counterparties.

The Manager considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on other receivable and cash and cash equivalents. The amount of the loss allowance did not change during the year ended 31 March 2023.

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund's policy to manage liquidity is to have sufficient liquidity to meet its liability without incurring undue losses or risking damage to the Fund's reputation.

As at 31 March 2023 and 2022, the Fund's listed equity investments are considered to be readily realisable under normal market conditions as they are all listed on stock exchange in the PRC and in Hong Kong.

The Fund has one class of units in issue which is not redeemable by the unitholders. All financial liabilities have contractual maturities of less than three months. At both 31 March 2023 and 2022, there were no significant exposures to liquidity risk for the Fund.

**(d) Capital management**

At 31 March 2023, the Fund had \$529,390,097 (2022: \$672,917,594) of capital classified as equity.

The Fund's objective in managing the capital is to ensure a stable and strong base to maximise returns to all investors. The Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies stated in the Trust Deed.

There were no changes in the policies and procedures during the year with respect to the Fund's approach to its capital management.

The Fund is not subject to externally imposed capital requirements.

During the year, no distributions were made to the unitholders of the Fund.

**13 Fair value information**

The Fund's financial instruments are measured at fair value on the date of statement of assets and liabilities. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including other receivables and accrued expenses and other payables, the carrying amounts approximate fair values due to the immediate or short-term nature of these financial instruments.

## Notes to the financial statements

For the year ended 31 March 2023

**13 Fair value information (continued)****Valuation of financial instruments**

The Fund's accounting policy on fair value measurements is detailed in significant accounting policy in note 2(c)(iv).

The Fund measures fair values using the three levels of fair value hierarchy defined in HKFRS 7, *Financial instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: Quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs.

The fair values of financial assets and financial liabilities that are traded in active markets, such as equities, bonds and warrants which are listed on recognised stock exchanges or have daily quoted prices are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair value using valuation techniques.

The Fund uses widely recognised valuation models for determining the fair value of financial instruments which do not have quoted market prices in an active market. Valuation techniques include comparison to quoted prices for identical instruments that are considered less than active and other valuation models.

The following analyses financial instruments measured at fair value at the date of the statement of assets and liabilities by the level in the fair value hierarchy into which the fair value measurement is categorised.

	<b>2023</b>			
	<b>Level 1 HK\$</b>	<b>Level 2 HK\$</b>	<b>Level 3 HK\$</b>	<b>Total HK\$</b>
Listed equities	526,170,640	–	–	526,170,640
	<u>526,170,640</u>	<u>–</u>	<u>–</u>	<u>526,170,640</u>
	<b>2022</b>			
	<b>Level 1 HK\$</b>	<b>Level 2 HK\$</b>	<b>Level 3 HK\$</b>	<b>Total HK\$</b>
Listed equities	676,383,038	–	–	676,383,038
	<u>676,383,038</u>	<u>–</u>	<u>–</u>	<u>676,383,038</u>

For all other financial instruments, their carrying amounts approximate fair value due to the intermediate or short-term nature of these financial instruments.

As at 31 March 2023 and 2022, the Fund did not hold any level 3 financial instruments.

During the years ended 31 March 2023 and 31 March 2022, there were no transfers between levels.

## Notes to the financial statements

## For the year ended 31 March 2023

**14 Segment information**

The Manager makes the strategic resource allocation on behalf of the Fund and has determined the operating segments based on the internal reports reviewed which are used to make strategic decisions.

The Manager's asset allocation decisions are based on one single and integrated investment strategy and the Fund's performance is evaluated on an overall basis. Accordingly, the Manager considers that the Fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in the offering circular of the Fund. There were no changes in the operating segment during the year.

The segment information provided to the Manager is the same as that disclosed in statement of comprehensive income and statement of assets and liabilities. The Fund is domiciled in Hong Kong.

**15 Units in issue and NAV per unit**

As at 31 March 2023, units in issue was 28,160,756 units (2022: 35,200,876 units) and NAV per unit was HKD18.80 (2022: HKD19.12).

**16 Redemption of units under the Recurring Redemption Offer**

For the year ended 31 March 2023 and 2022, the Manager offered a right to the unitholders to redeem the whole or a part of their units on a recurring redemption basis.

On 25 May 2021, 11,000,181 units, representing 20% of the total outstanding number of units as at 24 May 2021, were redeemed at a total amount of HKD 226,823,732. A redemption levy of \$0.04 per unit was charged and deducted from the redemption price and retained by the Fund. The redeemed units were then cancelled.

On 7 December 2021, 8,800,143 units, representing 20% of the total outstanding number of units as at 6 December 2021, were redeemed at a total amount of HKD 193,867,151. A redemption levy of \$0.04 per unit was charged and deducted from the redemption price and retained by the Fund. The redeemed units were then cancelled.

On 30 August 2022, 7,040,120 units, representing 20% of the total outstanding number of unites as at 29 August 2022, were redeemed at a total amount of HKD 131,298,238. A redemption levy of \$0.03 per unit was charged and deducted from the redemption price and retained by the Fund. The redeemed units were then cancelled.

Redemption levy retained by the Fund were recognised as Other Income in the statement of comprehensive income.

**17 Possible impact of amendments issued and effective for the year ended 31 March 2023**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments which are issued and effective for the year ended 31 March 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Fund:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1, <i>Presentation of financial statements:</i> <i>Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements:</i> <i>Non-current liabilities with covenants</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024

The Fund is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption is unlikely to have a significant impact on the Fund's financial statements.

**B. Set out below is the full text of the unaudited interim financial statements of the Fund for the year ended 30 September 2023.**

Interim statement of assets and liabilities (unaudited)

As at 30 September 2023

	Notes	30 September 2023 (Unaudited) HK\$	31 March 2023 (Audited) HK\$
<b>Assets</b>			
Financial assets at fair value through profit or loss	8,12	463,622,215	526,170,640
Other receivables		1	116
Amounts receivable on sales of investments		2,349,344	7,772,482
Cash and cash equivalents	10(d)	728,403	2,025,079
<b>Total assets</b>		466,699,963	535,968,317
<b>Liabilities</b>			
Bank overdraft	10(d)	189,782	–
Amounts payable on purchases of investments		2,028,548	5,110,135
Accrued expenses and other payables	10(a),(b)&(c)	944,295	1,468,085
<b>Total liabilities</b>		3,162,625	6,578,220
<b>Net assets attributable to unitholders</b>		463,537,338	529,390,097
Representing:			
<b>Total equity</b>		463,537,338	529,390,097
<b>Number of units in issue</b>	10(f),15,16	28,160,756	28,160,756
<b>Net asset value per unit</b>	15	16.46	18.80

The notes on pages 6 to 24 form part of these financial statements.

**Note:** Interim reports have applied the same accounting policies and methods of computation as are applied in the annual reports of the Fund.



## Interim statement of comprehensive income (unaudited)

For the six months ended 30 September 2023

	Notes	Six months ended	
		30 September 2023 (Unaudited) HK\$	30 September 2022 (Unaudited) HK\$
Dividend income	4	12,450,397	12,946,650
Interest income on deposits	5,10(d)	3,826	11,455
Net losses from financial assets at fair value through profit or loss	6	(70,309,744)	(79,977,752)
Net foreign exchange losses		(124,430)	(1,104,281)
Other income		7,077	1,992,868
<b>Net investment loss</b>		<u>(57,972,874)</u>	<u>(66,131,060)</u>
Management fees	10(a)	(3,693,071)	(4,671,194)
Transaction costs	9,10(e)	(1,262,068)	(2,012,633)
Trustee's fees	10(b)	(172,343)	(217,989)
Custodian and administrative fees	10(c)	(348,551)	(569,118)
Auditor's remuneration		(155,934)	(156,791)
Legal and professional fees		(931,357)	(357,052)
Other operating expenses	10(b)	<u>(71,521)</u>	<u>(138,547)</u>
<b>Operating expenses</b>		<u>(6,634,845)</u>	<u>(8,123,324)</u>
<b>Loss before taxation</b>		(64,607,719)	(74,254,384)
Taxation	4,7	<u>(1,245,040)</u>	<u>(1,294,668)</u>
<b>Decrease in net assets attributable to unitholders and total comprehensive loss for the period</b>		<u>(65,852,759)</u>	<u>(75,549,052)</u>

The notes on pages 6 to 24 form part of these financial statements.

## Interim statement of changes in equity (unaudited)

For the six months ended 30 September 2023

	Notes	Six months ended	
		30 September 2023 (Unaudited) HK\$	30 September 2022 (Unaudited) HK\$
<b>Balance at the beginning of the period</b>		529,390,097	672,917,594
Decrease in net assets attributable to unitholders and total comprehensive loss for the period		(65,852,759)	(75,549,052)
Redemption of units during the period	16	–	(131,298,238)
<b>Balance at the end of the period</b>		<u>463,537,338</u>	<u>466,070,304</u>
		<b>Units</b>	<b>Units</b>
Number of units in issue brought forward	15	28,160,756	35,200,876
Redemption of units during the period		–	(7,040,120)
Number of units in issue carried forward	15	<u>28,160,756</u>	<u>28,160,756</u>

The notes on pages 6 to 24 form part of these financial statements.

## Interim cash flow statement (unaudited)

For the six months ended 30 September 2023

	Six months ended	
	30 September 2023 (Unaudited) HK\$	30 September 2022 (Unaudited) HK\$
<b>Operating activities</b>		
Interest income received	3,941	11,456
Dividend income received	11,205,357	11,651,982
Management fees paid	(3,807,043)	(4,921,610)
Trustee's fees paid	(177,662)	(229,675)
Transaction cost paid	(1,262,068)	(2,012,633)
Proceeds from sales of investments	524,479,000	972,655,724
Payments for purchases of investments	(529,898,768)	(843,424,425)
Other operating expenses paid	(2,076,794)	(2,781,014)
<b>Net cash (used in)/generated from in operating activities</b>	(1,534,037)	130,949,805
<b>Financing activity</b>		
Payments on redemption of units	—	(131,124,808)
<b>Cash used in financing activity</b>	—	(131,124,808)
<b>Net decrease in cash and cash equivalents</b>	(1,534,037)	(175,003)
<b>Cash and cash equivalents at the beginning of the period</b>	2,025,079	742,610
<b>Effect of foreign exchange rates changes</b>	47,579	97,036
<b>Cash and cash equivalents at the end of the period</b>	538,621	664,643
Cash at Bank	728,403	841,567
Bank overdraft	(189,782)	(176,924)
<b>Cash and cash equivalents at the cash flow statement</b>	538,621	664,643

The notes on pages 6 to 24 form part of these financial statements.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**1 Background**

HSBC China Dragon Fund ("the Fund") is a closed-ended unit trust governed by its Trust Deed dated 20 June 2007, as amended ("the Trust Deed") made between HSBC Investment Funds (Hong Kong) Limited (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Fund is authorised by the Hong Kong Securities and Futures Commission ("the SFC") under Section 104(1) of the Hong Kong Securities and Futures Ordinance ("HKSF"). The Fund is also listed on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") (a subsidiary of the Hong Kong Exchanges and Clearing Limited). The period fixed for the duration of the Fund is eighty years after the date of inception.

The investment objective of the Fund is to achieve long-term capital growth by investing primarily in A Shares directly through (i) the qualified foreign institutional investor ("QFII") investment quota of HSBC Global Asset Management (Hong Kong) Limited ("the Manager") and (ii) Shenzhen-Hong Kong Stock Connect and any other similar stock connect programme between another city of the PRC and Hong Kong ("Stock Connect"); and indirectly through investment of (i) up to 40% of its net asset value in financial derivative instruments and securities linked to A Shares (such as China A Share access products ("CAAPs") (including A Share participation certificates/notes and/or other access products issued by third party investment banks or brokers)) and (ii) up to 40% of its net asset value in exchange-traded funds ("ETFs") (including synthetic ETFs) authorised by the SFC with exposure to A Shares; provided that the Fund's investment in CAAPs, being a security linked to A Shares or portfolios of A Shares which aim to replicate synthetically the economic benefit of the relevant CAAPs and ETFs (including synthetic ETFs) authorized by the SFC with exposure to A Shares will not exceed 50% in the aggregate of its net asset value.

The Fund will not invest more than 10% of its net asset value in CAAPs issued by a single issuer and the Fund's aggregate investment in (i) CAAPs shall not be more than 40% of its net asset value and (ii) A Shares through the Stock Connect shall not be more than 30% of the Fund's net asset value.

Under the prevailing regulations in the People's Republic of China ("PRC"), foreign investors can invest in the PRC A Share market through institutions that have obtained QFII status in the PRC. The Fund itself is not a QFII, but may invest directly in A Shares via the US\$200 million QFII investment quota obtained by the Manager.

**2 Significant accounting policies****(a) Statement of compliance**

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the relevant disclosure provisions of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC ("the SFC Code").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2023, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2024. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Manager is included on page 1.

The financial information relating to the financial year ended 31 March 2023 that is included in the interim financial report as comparative information does not constitute the Fund's statutory annual financial statements for that financial year but is derived from those financial statements. The auditor has expressed an unqualified opinion on the financial statements for the year ended 31 March 2023 in their report dated 31 July 2023.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**2 Significant accounting policies (continued)****(b) Basis of preparation of the financial statements**

The functional and presentation currency of the Fund is the Hong Kong dollar (“HKD”) reflecting the fact that the units of the Fund are issued in Hong Kong dollars.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards (“HKFRSs”) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) Financial instruments****(i) Classification**

On initial recognition, the Fund classifies financial assets as measured at amortised cost or fair value through profit or loss (“FVTPL”).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”).

All other financial assets of the Fund are measured at FVTPL.

*Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the Manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**2 Significant accounting policies (continued)****(c) Financial instruments (continued)**

## (i) Classification (continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Transfer of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes amounts receivable on sales of investment, other receivables and cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes equity and equity-linked instruments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

*Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for of the time value of money (e.g. periodical reset of interest rates).

The Fund classifies its investments based on the business model and contractual cash flows assessment. Accordingly, the Fund classifies all its investments, including equities and equity-linked instruments, into financial assets at FVTPL category. Financial assets measured at amortised cost include amounts receivable on sales of investments, other receivables and cash and cash equivalents. Financial liabilities that are not classified at fair value through profit or loss include bank overdraft, amounts payable on purchases of investments and accrued expenses and other payables.

*Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**2 Significant accounting policies (continued)****(c) Financial instruments (continued)**

## (ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

A regular way purchase or sale of financial assets and financial liabilities is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract or the contract is a derivative contract not exempted from the scope of HKFRS 9.

## (iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at FVTPL are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at FVTPL are measured at fair value with changes in their fair values recognised in the statement of comprehensive income.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest method less impairment loss, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest method.

## (iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid-ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where the quoted price is not within the bid-ask spread, the Manager will determine the points within the bid-ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received). If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**2 Significant accounting policies (continued)****(c) Financial instruments (continued)****(iv) Fair value measurement principles (continued)**

If an asset or a liability measured at fair value has a bid price and an ask price, the Fund measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Fund on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

**(v) Impairment**

The Fund recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's and Fitch.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.



## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**2 Significant accounting policies (continued)****(c) Financial instruments (continued)**

## (v) Impairment (continued)

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

*Presentation of allowance for ECLs in the statement of assets and liabilities*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## (vi) Derecognition

The Fund derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

Assets held for trading that are sold are derecognised and corresponding receivables from the brokers are recognised as of the date the Fund commits to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

The Fund uses the weighted average method to determine realised gains and losses to be recognised in the statement of comprehensive income on derecognition.

## (vii) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of assets and liabilities when the Fund has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis, or simultaneously, e.g. through a market clearing mechanism.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**2 Significant accounting policies (continued)****(d) Cash and cash equivalents**

Cash and cash equivalents comprise deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(e) Revenue recognition**

Revenue is recognised in the statement of comprehensive income as follows:

*Interest income*

Interest income is recognised in the statement of comprehensive income as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to gross carrying amount of the financial asset. Interest income on bank deposits is disclosed separately in the statement of comprehensive income.

*Dividend income*

Dividend income from equities is recognised when the share price of the investment goes ex-dividend. Dividends from other investments are recognised in the statement of comprehensive income on the date on which the unconditional right to receive payment is established.

In some cases, the Fund may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases, the Fund recognises the dividend income for the amount of the equivalent cash dividends with the corresponding debit treated as an additional investment.

**(f) Expenses**

All expenses are recognised in the statement of comprehensive income on an accrual basis.

**(g) Taxation**

Taxation comprises current tax and deferred tax. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the date of the statement of assets and liabilities.

Deferred tax liabilities arise from deductible and taxable temporary differences, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

**(h) Translation of foreign currency**

Foreign currency transactions during the periods are translated into HKD at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the foreign exchange rates ruling at the date of the statement of assets and liabilities. Exchange gains and losses are recognised in the statement of comprehensive income.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**2 Significant accounting policies (continued)****(i) Related parties**

- (a) A person, or a close member of that person's family, is related to the Fund if that person:
- (i) has control or joint control over the Fund;
  - (ii) has significant influence over the Fund; or
  - (iii) is a member of the key management personnel of the Fund.
- (b) An entity is related to the Fund if any of the following conditions applies:
- (i) The entity and the Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Fund or an entity related to the Fund;
  - (vi) The entity is controlled or jointly controlled by a person identified in note 2(i)(a);
  - (vii) A person identified in note 2(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(j) Foreign exchange gains and losses**

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in the statement of comprehensive income line item, "Net foreign exchange losses" is net foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified at FVTPL.

**(k) Units in issue**

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has one class of units in issue which is not redeemable by the unitholders. Upon termination of the Fund, the unitholders are entitled to all net cash proceeds derived from the sale or realisation of the assets of the Fund less any liabilities, in accordance with their proportionate interest in the Fund at the date of termination. The units are classified as equity in accordance with HKAS 32.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**2 Significant accounting policies (continued)****(l) Segment reporting**

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Fund is identified as the Manager.

**(m) Transaction costs**

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at FVTPL. They include fees and commissions paid to agents, brokers and dealers. Transaction costs, when incurred, are immediately recognised in statement of comprehensive income as an expense.

**3 Changes in accounting policies**

The HKICPA has issued certain new amendments to HKFRSs that are first effective for the current accounting period of the Fund. None of these developments have had a material effect on how the Fund's result and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 17).

**4 Dividend income**

The amounts of dividend income and net dividend income, which was net of any non-recoverable withholding taxes, earned by the Fund during the periods are shown as follows.

	Six months ended	
	30 September 2023 (unaudited) HK\$	30 September 2022 (unaudited) HK\$
Dividend income	12,450,397	12,946,650
Withholding taxes	(1,245,040)	(1,294,668)
	11,205,357	11,651,982

**5 Interest income on deposits**

The Fund earned all its interest income from the deposits with banks which are classified as cash and cash equivalents in the statement of assets and liabilities.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**6 Net losses from financial assets at fair value through profit or loss**

	Six months ended	
	30 September 2023 (unaudited) HK\$	30 September 2022 (unaudited) HK\$
Realised losses on sale of investments	(19,657,204)	(30,395,563)
Change in unrealised losses in value of investments	(50,652,540)	(49,582,189)
	<u>(70,309,744)</u>	<u>(79,977,752)</u>

Gains and losses presented above exclude dividend income.

**7 Taxation**

No provision for Hong Kong Profits Tax has been made in the financial statements as the Fund is exempted from taxation under section 26A (1A) of the Hong Kong Inland Revenue Ordinance.

Under the current general provisions of the PRC Corporate Income Tax Law ("CIT") and published tax circulars, the Fund would be subject to PRC withholding tax at the rate of 10% in respect of its PRC sourced income earned, including capital gains realised on the sale of PRC A Shares, B Shares and H Shares listed companies, dividend income derived from PRC A Shares, B Shares and H Shares listed companies and interest income earned in respect of PRC bank deposits and corporate bonds. This withholding taxation basis should apply as it is intended that the Fund would be managed and operated in such a manner that it would not be considered a tax resident enterprise in China or otherwise as having a taxable permanent establishment in the PRC. The 10% withholding tax rate may be further reduced under an applicable tax treaty, which the PRC has entered into with the jurisdiction in which the beneficial owner of the relevant income is a resident.

The Offering Circular of the Fund gives the Manager the right to provide for withholding tax on such gains or income and withhold the tax for the account of the Fund. On the basis of the available information, the Manager has determined that it is appropriate to provide for PRC taxation at the withholding tax rate of 10% on dividend income from A Shares, B Shares and H Shares and interest income from PRC bank deposits and corporate bonds in the financial statements.

Before 17 November 2014, The Manager had also determined that it was appropriate to provide for PRC taxation at the withholding tax rate of 10% on realised gains on A shares.

The Manager had determined that it was also appropriate to provide for PRC taxation at the withholding tax rate of 10% on unrealised gains on A Shares with effect from 26 July 2013.

On 14 November 2014, the Ministry of Finance, the State Administration of Taxation ("SAT") and the China Securities Regulatory Commission have jointly promulgated the Circular Concerning the Temporary Exemption of the Corporate Income Tax for Gains Earned by Qualified Foreign Institutional Investors and Renminbi Qualified Foreign Institutional Investors from the Transfer of Domestic Shares and Other Equity Interest Investment in China ("the Circular").

According to the Circular, QFIIs have been granted a temporary PRC CIT exemption on capital gains deriving from PRC A Shares and other equity interest investments in PRC enterprises on or after 17 November 2014. Realised capital gains generated by QFIIs prior to 17 November 2014 would remain subject to the 10% withholding tax – unless otherwise exempt under the applicable double tax treaty.

As a result of the announcement of the Circular, the most significant change for the Fund was the cessation of withholding 10% of unrealised gains on its investments in A Shares as deferred tax liabilities as at 17 November 2014. The deferred tax liabilities in respect of unrealised gains recognised on A Shares amounted to \$22,547,473 as at 14 November 2014 have been released to the Fund. The Fund also ceased withholding 10% of realised gains on its investments in A Shares with effect from 17 November 2014.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**7 Taxation (continued)***Taxation in the interim statement of comprehensive income represents:*

	Six months ended	
	30 September 2023 (unaudited) HK\$	30 September 2022 (unaudited) HK\$
PRC dividend and interest income withholding tax	1,245,040	1,294,668

**8 Investments at fair value through profit or loss**

	30 September 2023 (unaudited) HK\$	31 March 2023 (audited) HK\$
	Listed equities	
– Hong Kong	7,432,482	8,750,226
– PRC	456,189,733	517,420,414
Total investments at fair value through profit or loss	463,622,215	526,170,640

**9 Transaction costs**

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at FVTPL. They include fees and commissions paid to agents, advisers, brokers and dealers.

**10 Related party transactions**

The following is a summary of significant related party transactions or transactions entered into during the period between the Fund and the Trustee, the Manager and their Connected Persons. Connected Persons are those as defined in the SFC Code. All transactions during the period between the Fund and the Trustee, the Manager and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Fund did not have any other transactions with Connected Persons except for those disclosed below.

The Fund has invested directly in A Shares via the US\$200 million QFII investment quota obtained by the Manager.

**(a) Management fees**

For the period during 30 September 2023, the fee payable to the Manager is calculated at the rate of 1.5% (for the period from 1 April 2022 to 30 September 2022: 1.5%) per annum of the net asset value of the Fund payable monthly in arrears. The management fee charged to the Fund in respect of the period and payable at the end of the period amounted to \$3,693,071 (for the period from 1 April 2022 to 30 September 2022: \$4,671,194) and \$557,593 (as at 31 March 2023: \$671,566) respectively.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**10 Related party transactions (continued)****(b) Trustee's fees**

For the period during 30 September 2023, the fee payable to the Trustee is calculated at the rate of 0.07% (for the period from 1 April 2022 to 30 September 2022: 0.07%) per annum on the net asset value of the Fund. In addition, the Trustee provides valuation services to the Fund in return for a daily fee. The daily valuation fee is US\$50 for each valuation per unit class. The valuation fee is waived since 1 April 2019. The Trustee's fees charged to the Fund in respect of the period and payable at the end of the period of 30 September 2023 amounted to \$172,343 (for the period from 1 April 2022 to 30 September 2022: \$217,989) and \$26,021 (as at 31 March 2023: \$31,340) respectively.

The Trustee is entitled to receive a financial reporting service fee of US\$5,000 per set of financial statements. The financial reporting fee charged to the Fund during the period of 30 September 2023 is \$39,053 (for the period from 1 April 2022 to 30 September 2022: \$39,339). The Trustee is also entitled to an SFC fund data reporting fee of US\$125 per report. The SFC fund data reporting fee during the period of 30 September 2023 is \$15,427 (for the period from 1 April 2022 to 30 September 2022: \$22,765).

**(c) Custodian fee and administrative fees**

The custodian fee paid to the Bank of Communications Co. Ltd (the "QFII Custodian") is calculated at the rate of 0.1% (for the period from 1 April 2022 to 30 September 2022: 0.1%) per annum of the net asset value of the assets held by the QFII custodian as determined by the QFII custodian (based on the actual number of calendar days in a year). The custodian fee charged to the Fund in respect of the period amounted to \$191,957 (for the period from 1 April 2022 to 30 September 2022: \$351,359). The custodian fee payable at the end of the reporting period amounted to \$Nil (as at 31 March 2023: \$Nil).

The administrative fee charged to the Fund by The Hongkong and Shanghai Banking Corporation Limited ("HSBC Hong Kong") on purchases and sales of investments and sub-custody of investments during the period of 30 September 2023 is amounted to \$156,594 (for the period from 1 April 2022 to 30 September 2022: \$217,759) and the corresponding payable at the end of the period is \$28,586 (as at 31 March 2023: \$29,006).

**(d) Bank balances**

Bank accounts are maintained with HSBC Hong Kong, which is a member of the HSBC Group, and Bank of Communication Co Ltd, the QFII custodian of the Fund. The bank overdrafts and balances held as at 30 September 2023 amounted to \$(189,782) and \$728,403 respectively (bank balances held as at 31 March 2023: \$5,137 and \$2,019,942 respectively). During the period of 30 September 2023, interest earned from HSBC Hong Kong and Bank of Communications Co. Ltd. amounted to \$1,820 and \$2,006 respectively (for the period from 1 April 2022 to 30 September 2022: \$60 and \$11,395 respectively).

**(e) Transaction costs**

During the period ended 30 September 2023 and 2022, the Fund did not utilise the brokerage services of The Hongkong and Shanghai Banking Corporation Limited, and no commission was paid to the entity.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**10 Related party transactions (continued)****(f) Holding of units**

As at 30 September 2023, HSBC Hong Kong held 12,974 units (as at 31 March 2023: 12,974 units) of the Fund. HSBC Hong Kong did not subscribe any units of the Fund during the period ended 30 September 2023 (for the period from 1 April 2022 to 30 September 2022: 12,843 units). As at 31 March 2023 and 30 September 2023, HSBC International Trustee Limited held 64,168 units (as at 31 March 2023: 64,168 units) of the Fund for its clients on a discretionary basis and did not subscribe or redeem any units of the Fund during the period ended 30 September 2023 (for the period from 1 April 2022 to 30 September 2022: Nil). Both entities are members of the HSBC Group.

**11 Soft dollar practices**

The Manager may enter into soft commission arrangements for the provision to the Manager or Connected Persons of goods and services which are of demonstrable benefit to the Unitholders provided that (i) the brokerage rates do not exceed customary institutional full service brokerage rates and the execution of transactions for a Fund is consistent with best execution standards, (ii) periodic disclosure is made in the annual report of the Fund or the relevant 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 it, and (iii) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

During the period ended 30 September 2023, the Manager had entered into soft commission arrangements with brokers under which certain goods and services used to support investment decision making are received by the Manager (for the period from 1 April 2022 to 30 September 2022: nil). The Manager did not make direct payment for these services but transacted an agreed amount of business with the brokers on behalf of the sub-funds. Commission was paid from the sub-funds on these transactions. During the period ended 30 September 2023, the goods and services utilized were limited to research services only.

**12 Financial instruments and associated risks**

The Fund maintains its investment portfolio in a variety of financial instruments as dictated by its investment management strategy.

The risk exposures inherent in the Fund as at 30 September 2023 and 31 March 2023 are summarized below. Details of such investments held as at 30 September 2023 are shown in the investment portfolio.

The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instruments. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

Investors should note that additional information in respect of risks associated with investment in the Fund can be found in the Fund's offering document.

During the periods ended 30 September 2023 and 2022, the Fund invested in financial instruments which the Manager considered are commensurate with the risk level of the Fund in accordance with its investment objective.

The nature and extent of the financial instruments outstanding at the date of the statement of assets and liabilities and the risk management policies employed by the Fund are discussed below.



## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**12 Financial instruments and associated risks (continued)****(a) Market risk**

## (i) Price risk

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Fund is exposed to price risk arising from changes in the market prices of its investment assets. Price risk is managed by a diversified portfolio of investments across different industries in accordance with the investment objective of the Fund.

*Price sensitivity*

The impact on a 15% (31 March 2023: 15%) increase in value of the investments as at 30 September 2023, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net assets attributable to unitholders by an approximately equal but opposite amount.

	30 September 2023 (unaudited)			31 March 2023 (audited)		
	% of total net assets	Change in price %	Effect on net assets attributable to the unitholders HK\$	% of total net assets	Change in price %	Effect on net assets attributable to the unitholders HK\$
<b>Investment</b>						
Listed equities:						
– Hong Kong	1.61	15	1,114,872	1.65	15	1,312,534
– outside Hong Kong	98.41	15	68,428,460	97.74	15	77,613,062
	<u>100.02</u>	15	<u>69,543,332</u>	<u>99.39</u>	15	<u>78,925,596</u>

## (ii) Interest rate risk

Interest rate risk arises from changes in interest rates which may affect the value of debt instruments and therefore result in potential gains or losses to the Fund. As at the end of the reporting period, the Fund's exposure to interest rate risk is considered relatively low as the Fund's financial instruments were predominantly non-interest bearing. The Fund's interest rate risk is managed on an ongoing basis by the Manager.

Except for the bank deposits, the Fund did not hold any interest-bearing assets as at 30 September 2023 and 31 March 2023, therefore the Manager considers the Fund is not subject to significant interest rate risk. No sensitivity analysis is performed for 30 September 2023 and 31 March 2023.

## (iii) Currency risk

The Fund may invest in financial investments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the HKD.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may attempt to mitigate this risk by using financial derivative instruments.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**12 Financial instruments and associated risks (continued)****(a) Market risk (continued)**

## (iii) Currency risk (continued)

In accordance with the Fund's policy, the Manager monitors the Fund's currency exposure on an ongoing basis.

At the date of statement of assets and liabilities the Fund had the following exposure (in Hong Kong dollars equivalent):

	<b>Assets HK\$</b>	<b>Liabilities HK\$</b>	<b>Net exposure HK\$</b>
<b>30 September 2023 (unaudited)</b>			
Renminbi	<u>466,699,962</u>	<u>2,028,548</u>	<u>464,671,414</u>
<b>31 March 2023 (audited)</b>			
Renminbi	<u>535,963,064</u>	<u>5,110,135</u>	<u>530,852,929</u>

Amounts in the above table are based on the carrying value of the assets and liabilities.

*Currency sensitivity*

As the HKD is pegged to the United States dollar ("USD"), the Fund does not expect any significant movements in USD/HKD exchange rate. During the period ended 30 September 2023, the HKD strengthened in relation to the Renminbi by approximately 6% (as at 31 March 2023: strengthened by approximately 7%). At 30 September 2023, had the HKD further strengthened in relation to the Renminbi by 6% (as at 31 March 2023: strengthened by 7%), with all other variables held constant, net assets attributable to unitholders would have increased by the amounts shown in the following table.

	<b>HK\$</b>
<b>30 September 2023 (unaudited)</b>	
Renminbi	<u>27,880,285</u>
<b>31 March 2023 (audited)</b>	
Renminbi	<u>37,159,705</u>

A 6% weakening of the HKD (as at 31 March 2023: weakening by 7%) against the above currency would have resulted in an approximately equal but opposite effect on the basis that all other variables remain constant. The analysis is performed on the same basis for 31 March 2023.

**(b) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's exposure to credit risk is monitored by the Manager on an ongoing basis. At 30 September 2023, all of the Fund's financial assets were exposed to credit risk.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**12 Financial instruments and associated risks (continued)****(b) Credit risk (continued)**

The Fund invests in A Shares via the QFII investment quota obtained by the Manager. These investments are held in a segregated account with Bank of Communications Co. Ltd (the "QFII custodian") on behalf of the Fund. Substantially all of the assets of the Fund are held by the Trustee or the QFII custodian. Bankruptcy or insolvency of the Trustee or the QFII custodian may cause the Fund's rights with respect to securities held by the Trustee or the QFII custodian to be delayed or limited.

The majority of the cash held by the Fund is deposited with Bank of Communications Co., Ltd. and The Hongkong and Shanghai Banking Corporation Limited (the "banks"), with credit rating as A2 and Aa2 (2022: A2 and Aa2) respectively sourced from Moody's.

Bankruptcy or insolvency of the banks may cause the Fund's rights with respect to the cash held by the banks to be delayed or limited. The Fund monitors the credit rating of the banks on an ongoing basis.

Substantially all the assets of the Fund are held by QFII custodian where its credit rating is A2 (2022: A2) as sourced from Moody's.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the date of the statement of assets and liabilities.

At both 30 September 2023 and 31 March 2023, there were no significant concentrations of credit risk to counterparties except to the Trustee, the QFII custodian and the banks.

The Manager considers that none of these assets are impaired nor past due at the end of the reporting period.

**Amounts arising from ECLs**

Impairment on other receivable and cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Funds consider that these exposures have low credit risk based on the external credit ratings and/or review result of the counterparties.

The Fund monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and/or performed ongoing review of the counterparties.

The Manager considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on other receivables, amounts receivable on sales of investments and cash and cash equivalents. The amount of the loss allowance did not change during the period ended 30 September 2023 and 2022.

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund's policy to manage liquidity is to have sufficient liquidity to meet its liability without incurring undue losses or risking damage to the Fund's reputation.

As at 30 September 2023 and 31 March 2023, the Fund's listed equity investments are considered to be readily realisable under normal market conditions as they are all listed on stock exchanges in Hong Kong and PRC.

The Fund has one class of units in issue which is not redeemable by the unitholders. All financial liabilities have contractual maturities of less than three months. At both 30 September 2023 and 31 March 2023, there were no significant exposures to liquidity risk for the Fund.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**12 Financial instruments and associated risks (continued)****(d) Capital management**

At 30 September 2023, the Fund had \$463,537,338 (as at 31 March 2023: \$529,390,097) of capital classified as equity.

The Fund's objective in managing the capital is to ensure a stable and strong base to maximise returns to all investors. The Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies stated in the Trust Deed.

There were no changes in the policies and procedures during the period with respect to the Fund's approach to its capital management.

The Fund is not subject to externally imposed capital requirements.

During the periods ended 30 September 2023 and 2022, no distributions were made to the unitholders of the Fund.

**13 Fair value information**

The Fund's financial instruments are measured at fair value on the date of statement of assets and liabilities. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including other receivables and accrued expenses and other payables, the carrying amounts approximate fair values due to the immediate or short-term nature of these financial instruments.

The Fund's accounting policy on fair value measurements is detailed in significant accounting policy in note 2(c)(iv).

**Valuation of financial instruments**

The Fund measures fair values using the three levels of fair value hierarchy defined in HKFRS 7, *Financial instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: Quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs.

The fair values of financial assets and financial liabilities that are traded in active markets, such as equities, bonds and warrants which are listed on recognised stock exchanges or have daily quoted prices are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair value using valuation techniques.

The Fund uses widely recognised valuation models for determining the fair value of financial instruments which do not have quoted market prices in an active market. Valuation techniques include comparison to quoted prices for identical instruments that are considered less than active and other valuation models.

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**13 Fair value information (continued)****Valuation of financial instruments (continued)**

The following analyses financial instruments measured at fair value at the date of the statement of assets and liabilities by the level in the fair value hierarchy into which the fair value measurement is categorised.

	30 September 2023 (unaudited)			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Listed equities	463,622,215	–	–	463,622,215
	<u>463,622,215</u>	<u>–</u>	<u>–</u>	<u>463,622,215</u>
	31 March 2023 (audited)			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Listed equities	526,170,640	–	–	526,170,640
	<u>526,170,640</u>	<u>–</u>	<u>–</u>	<u>526,170,640</u>

For all other financial instruments, their carrying amounts approximate fair value due to the intermediate or short-term nature of these financial instruments.

As at 30 September 2023 and 31 March 2023, the Fund did not hold any level 3 financial instruments.

During the period/year ended 30 September 2023 and 31 March 2023, there were no transfers between levels.

**14 Segment information**

The Manager makes the strategic resource allocation on behalf of the Fund and has determined the operating segments based on the internal reports reviewed which are used to make strategic decisions.

The Manager's asset allocation decisions are based on one single and integrated investment strategy and the Fund's performance is evaluated on an overall basis. Accordingly, the Manager considers that the Fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in the offering circular of the Fund. There were no changes in the operating segment during the period.

The segment information provided to the Manager is the same as that disclosed in the interim statement of comprehensive income and statement of assets and liabilities. The Fund is domiciled in Hong Kong.

**15 Units in issue and NAV per unit**

As at 30 September 2023, units in issue were 28,160,756 units (as at 31 March 2023: 28,160,756 units) and NAV per unit was \$16.46 (as at 31 March 2023: \$18.80).

## Notes to the unaudited interim financial report

For the six months ended 30 September 2023

**16 Redemption of units under the Recurring Redemption Offer**

For the period ended 30 September 2023 and 2022, the Manager offered a right to the unitholders to redeem the whole or a part of their units on a recurring redemption basis.

On 30 August 2022, 7,040,120 units, representing 20% of the total outstanding number of units as at 29 August 2022, were redeemed at a total amount of HKD131,298,238. A redemption levy of 0.03% per unit was charged and deducted from the redemption price and retained by the Fund. The redeemed units were then cancelled.

**17 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 September 2023**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard which are not yet effective for the period ended 30 September 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Fund.

**Effective for  
accounting periods  
beginning on or after**

Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*

1 January 2024

The Fund is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption is unlikely to have a significant impact on the Fund's financial statements.

### III. INDEBTEDNESS STATEMENT

At the close of business on 7 June 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this document, the Fund did not have any outstanding borrowings, mortgages, charges, debenture or other loan capital or bank overdrafts, loans or other similar indebtedness or hire purchase commitments, liabilities under acceptances or acceptances credits or any guarantees or other material contingent liabilities.

### IV. MATERIAL CHANGE

Save for information set out in this section below and in the section headed “Financial and Trading Prospects”, there is no material change in the financial or trading position or outlook of the Fund subsequent to 31 March 2023, being the date to which the latest audited financial statements of the Fund were prepared, up to and including the Latest Practicable Date.

MSCI China A Onshore Gross Index dropped 17.3% in 1 year ended 31 March 2024. The re-opening of the economy did not bring in better growth as anticipated, but rather further rationalization in the property ecosystem as property deflation continued.

Since June 2023, a series of policy easing measures have been announced to stabilize growth. July Politburo meeting sent more dovish policy signals than market expected, notably the phrase “housing is for living in, not for speculation” was removed from the official statement. Similarly, the statement “to formulate and implement a basket of debt resolution plans” suggested lower tail risk associated with LGFVs. There was a short rally in July on likely policy relief.

However, one of the largest POE developers, Country Garden, missed coupon payments in August. Along with Zhongrong Trust’s reported redemption stop, investors turned more cautious. Q4 economic data came in mixed and major consumer and internet names guided for lower-than-expected Q4 and 2024 forecasts citing greater competition and low confidence in a macro recovery. Investors are keen to understand how Beijing may tackle the complex of property deflation, LGFV leverage, bank NPLs, low interests in A-shares among domestic households and weak private sector confidence.

The Fund increased its positions in Financials, banks in particular, and Industrials while the positions in Materials and Information Technology were trimmed.

## V. FINANCIAL AND TRADING PROSPECTS

The pro-growth policy step-up with a focus on improving policy coordination, boosting private sector confidence, and expanding domestic demand helps the cyclical outlook, though policy execution and effectiveness remains key, as well as external demand/financial conditions. The property sector remains the weakest link, but certain segments of the Chinese economy have proved their resilience, particularly some new economy sectors with intense use or production of innovation and new technologies. The divergent trend across sectors is in line with policy priorities for economic transition toward quality and sustainable growth.

The property sector is in a medium-term, structural slowdown, largely reflecting the demographic change, and adjustment to a smaller and more sustainable size. That said, a cyclical bottom/recovery in home sales is possible, following sharp corrections. Social housing construction and urban village renovation (i.e. the “three major projects” policy push) help provide some cushion on investment.

We expect further piecemeal and targeted counter-cyclical policy easing efforts, but no big-bang stimulus. There is greater emphasis on structural policies to facilitate the quality-growth economic transition. The PBoC is likely to maintain an accommodative stance with a preference for liquidity tools to provide targeted credit support and complement fiscal policy operations. The 2024 annual budgets are consistent with moderate fiscal expansion, though implementation is key to achieving the budget potential. It is positive that the central government would leverage up and shoulder a greater fiscal responsibility given fiscal/debt constraints at local-government levels.

The Fund continues to focus on high-quality growth companies in China, and companies that can gain market share and economy of scale. We try to avoid stocks with earnings downward revision risk amid weak macro environment.

## VI. LITIGATION

As at the Latest Practicable Date, neither the Manager nor the Trustee (as trustee of the Fund) was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance to be pending or threatened against the Manager or the Trustee (as trustee of the Fund).



The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

**HSBC CHINA DRAGON FUND**

**滙豐中國翔龍基金**

*A Hong Kong unit trust authorised under  
section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)*

**(Stock Code: 820)**

**Announcement**

**DESPATCH OF CIRCULAR TO UNITHOLDERS  
IN RELATION TO THE RECURRING REDEMPTION OFFER**

The circular to Unitholders for the Recurring Redemption Offer has been dispatched to the Unitholders of the Fund on 11 June 2024.

**It should be noted that dealings in the Units will continue during the period from the date of this announcement to the Redemption Day. Those Unitholders selling their Units and persons purchasing the Units during such period will accordingly bear the risk that the Recurring Redemption Offer may not occur or may be delayed. If any Unitholder or other person contemplating selling or purchasing any of the Units during this period is in doubt about his or her position, he or she is advised to exercise caution when dealing in the Units and is also recommended to consult his or her professional adviser.**

Reference is made to (i) the announcement dated 21 May 2024 by HSBC Global Asset Management (Hong Kong) Limited (the "**Manager**") of HSBC China Dragon Fund (the "**Fund**") in relation to the proposed Recurring Redemption Offer and (ii) the circular issued by the Manager dated 11 June 2024 (the "**Circular**").

Capitalised terms used herein shall, unless otherwise defined, have the same meanings ascribed to them in the Circular.

The Circular containing, among other things, further details of the Recurring Redemption Offer has been despatched to the Unitholders on 11 June 2024.

**It should be noted that dealings in the Units will continue during the period from the date of this announcement to the Redemption Day. Those Unitholders selling their Units and persons purchasing the Units during such period will accordingly bear the risk that the Recurring Redemption Offer may not occur or may be delayed. If any Unitholder or other person contemplating selling or purchasing any of the Units during this period is in doubt about his or her position, he or she is advised to exercise caution when dealing in the Units and is also recommended to consult his or her professional adviser.**

All directors of the Manager jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due

and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

HSBC Global Asset Management (Hong Kong) Limited  
*Manager of HSBC China Dragon Fund*  
11 June 2024

*As at the date of this announcement, the board of directors of the Manager is comprised as follows:  
Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun and Mr. TAM, Chun Pong Stephen  
and Mr. TO, Kok Wing.*

# HSBC CHINA DRAGON FUND

## 滙豐中國翔龍基金

(a Hong Kong unit trust authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))  
(根據《證券及期貨條例》(香港法例第571章)第104條獲認可之香港單位信託基金)  
(Stock Code 股份代號: 820)

11 June 2024

Dear Unitholders,

### Letter to Existing Unitholders — Election of Means of Receipt and Language of Corporate Communications

The Circular to Unitholders in relation to Recurring Redemption Offer of HSBC China Dragon Fund (the “Fund”) has been prepared in English and Chinese. Copies prepared in the language different from those you have received are available from Computershare Hong Kong Investor Services Limited (the Fund’s Registrar) on request, or on the Fund’s website at [www.assetmanagement.hsbc.com/hk-chinadragonfund](http://www.assetmanagement.hsbc.com/hk-chinadragonfund) and the HKExnews’s at [www.hkexnews.hk](http://www.hkexnews.hk).

You may at any time change your choice of language or means of receipt, free of charge, by completing the attached Change Request Form and returning it to the Fund’s Registrar. You may also send email with a scanned copy of this form to [hsbcchinadragon.ecom@computershare.com.hk](mailto:hsbcchinadragon.ecom@computershare.com.hk).

Should you have any queries relating to this letter, please call the enquiry hotline at (852) 2862 8688 during business hours (9:00 a.m. to 6:00 p.m., Mondays to Fridays).

Yours faithfully,  
HSBC Global Asset Management (Hong Kong) Limited  
as manager of HSBC China Dragon Fund

各位單位持有人：

### 致現有單位持有人之函件 — 選擇收取公司通訊的方式及語言

滙豐中國翔龍基金(「本基金」)致單位持有人關於經常性贖回要約備有英文及中文版。香港中央證券登記有限公司(本基金之過戶登記處)在收到閣下的要求後，可提供閣下所收到的版本以外另一種語言編製的版本。有關文件亦將刊載於本基金網站[www.assetmanagement.hsbc.com/hk-chinadragonfund](http://www.assetmanagement.hsbc.com/hk-chinadragonfund)內，並於香港交易所披露易網站[www.hkexnews.hk](http://www.hkexnews.hk)登載。

如閣下欲更改已選擇的語言版本及收取方式，可隨時填寫隨附的變更申請表格，費用全免，然後把表格寄交本基金之過戶登記處。你亦可把已填妥之變更申請表格的掃描副本電郵到[hsbcchinadragon.ecom@computershare.com.hk](mailto:hsbcchinadragon.ecom@computershare.com.hk)。

若閣下對本函件有任何疑問，請於星期一至星期五早上九時至下午六時致電查詢熱線(852) 2862 8688。

代表  
滙豐環球投資管理(香港)有限公司  
作為滙豐中國翔龍基金之經理人  
謹啟

2024年6月11日

“Corporate Communications” refer to any documents issued or to be issued by the Fund for the information or action of the Unitholders, including but not limited to annual report, interim report, notice of meeting, listing document, circular and proxy form.

「公司通訊」指本基金發出或將予發出以供基金單位持有人參照或採取行動的任何文件，包括但不限於年報、中期報告、會議通告、上市文件、通函及代表委任表格。

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission take no responsibility for the contents of this redemption form, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this redemption form.

香港聯合交易所有限公司、香港交易及結算有限公司、香港中央結算有限公司及香港證券及期貨事務監察委員會對本贖回表格的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不對因本贖回表格的全部或任何部份內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

Unless the context otherwise requires, terms used in this form shall bear the same meanings as those defined in the CIRCULAR TO UNITHOLDERS IN RELATION TO THE RECURRING REDEMPTION OFFER dated 11 June 2024 (“Unitholder Circular”) issued by HSBC GLOBAL ASSET MANAGEMENT (HONG KONG) LIMITED as manager of HSBC CHINA DRAGON FUND.

除文義另有所指外，本表格所用詞彙與滙豐環球投資管理(香港)有限公司(作為滙豐中國翔龍基金的經理人)於2024年6月11日向單位持有人所發出有關經常性贖回要約通函(「單位持有人通函」)所界定者具有相同涵義。

**REDEMPTION FORM — FOR USE IF YOU WANT TO ACCEPT THE RECURRING REDEMPTION OFFER UNDER THE UNITHOLDER CIRCULAR.**

贖回表格 — 在閣下欲接納單位持有人通函下的經常性贖回要約時適用。

## HSBC CHINA DRAGON FUND 滙豐中國翔龍基金

a Hong Kong unit trust authorised under section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong)

(Stock Code: 820)

(根據《證券及期貨條例》(香港法例第571章)第104條獲認可之香港單位信託基金)

(股份代號: 820)

<b>Receiving Agent</b> 收款代理	<b>FOR THE CONSIDERATION</b> stated below, the holder(s) (“Unitholder(s)”) of unit(s) (“Units”) of the Fund named below hereby participate in the Recurring Redemption Offer subject to the terms and conditions contained herein and in the Unitholder Circular. 在本表格及單位持有人通函所載條款及條件的規限下，名列下方的本基金的單位(「單位」)的持有人(「單位持有人」)謹此按下列代價參與經常性贖回要約。		
Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong 香港中央證券登記 有限公司 香港灣仔皇后大道東183號 合和中心17樓 1712-1716號舖	Number of Unit(s) (Note) 單位數目(附註)	<b>FIGURE</b> 數目	<b>WORDS</b> 大寫
	Certificate number(s) 證書號碼		
	Unitholder(s) name(s) and address(es) in full 單位持有人 全名及地址 (EITHER TYPEWRITTEN OR WRITTEN IN BLOCK CAPITALS) (請用打字機或正楷填寫)	Family name(s) or company name(s): 姓氏或公司名稱:	Forename(s): 名字:
		Registered Address: 登記地址:	Telephone number: 電話號碼:
	<b>CONSIDERATION</b> 代價	The net asset value per Unit of the HSBC CHINA DRAGON FUND as at the Redemption Day less the Redemption Levy (i.e. up to 2% of the net asset value of the Units being redeemed) 滙豐中國翔龍基金於贖回日的每單位資產淨值減贖回微費(即最高為被贖回單位資產淨值的2%)	
Signed by the Unitholder(s) in the presence of: 單位持有人在下列見證人見證下簽署:		<b>ALL JOINT REGISTERED UNITHOLDERS MUST SIGN HERE</b> 所有聯名登記單位持有人均須在此簽署	
	SIGNED by the Unitholder(s), this _____ day of _____, 2024 由單位持有人在於2024年_____月_____日簽署		

**SIGNATURE OF WITNESS**  
見證人簽署

\_\_\_\_\_  
**NAME OF WITNESS**  
見證人姓名

\_\_\_\_\_  
**Address of Witness**  
見證人地址

\_\_\_\_\_  
**Occupation**  
職業

**Note:** Insert the total number of Units for which the Recurring Redemption Offer is accepted.

附註: 請填上接納經常性贖回要約的相關單位總數。

**THIS REDEMPTION FORM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to any aspect of this redemption form or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Units, you should at once hand this redemption form and the accompanying Unitholder Circular to the purchaser(s) or the transferee(s) or to the bank or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The making of the Recurring Redemption Offer to certain persons resident in jurisdictions outside Hong Kong may be affected by the laws of the relevant jurisdictions. If you are a citizen or resident or national of a jurisdiction outside Hong Kong, you should inform yourself about or obtain appropriate legal advice regarding the implications of the Recurring Redemption Offer in the relevant jurisdictions and observe any applicable regulatory or legal requirements. It is your responsibility if you wish to accept the Recurring Redemption Offer to satisfy yourself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities, regulatory or legal requirements and the payment of any transfer or cancellation or other taxes due in respect of such jurisdiction.

#### HOW TO COMPLETE THIS FORM

This redemption form should be read in conjunction with the Unitholder Circular. The defined terms under the section "Definitions" in the Unitholder Circular are incorporated into and form part of this redemption form.

To accept the Recurring Redemption Offer made by the Fund, you should duly complete and sign this redemption form and forward this form, together with the relevant certificate(s) representing the Units and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Units which is/are in your name which you intend to accept the Recurring Redemption Offer, by post or by hand, marked "HSBC CHINA DRAGON FUND — Recurring Redemption Offer" on the envelope, to the Receiving Agent, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event so as to reach the Receiving Agent no later than 4:30 p.m. on 2 July 2024 (or such later time and/or date(s) as the Fund may determine and announce with the consent of the Trustee of the Fund and HSBC Global Asset Management (Hong Kong) Limited).

If the number of Units to be redeemed is not indicated on this redemption form or is not indicated in a legible manner, the relevant Unitholder shall be deemed to have accepted the Recurring Redemption Offer in regard to such number of Units as supported by the certificate(s) of Units given.

If the number of Units to be redeemed as indicated on this redemption form is greater than the number of Units as supported by the certificate(s) of Units given, the relevant Unitholder shall be deemed to have accepted the Recurring Redemption Offer in regard to such number of Units as supported by the certificate(s) of Units given.

#### FORM OF ACCEPTANCE OF THE RECURRING REDEMPTION OFFER

To: The HSBC China Dragon Fund and HSBC Global Asset Management (Hong Kong) Limited

1. My/Our execution of this redemption form (whether or not such form is dated), which shall be binding on my/our successors and assignees, shall constitute:
  - (a) my/our irrevocable acceptance of the Recurring Redemption Offer made by HSBC Global Asset Management (Hong Kong) Limited as manager of the Fund, as contained in the Unitholder Circular, for the consideration and subject to the terms and conditions therein and herein mentioned, in respect of the number of Units specified in this redemption form;
  - (b) my/our irrevocable instruction and authority to HSBC Global Asset Management (Hong Kong) Limited and/or the Fund, the Receiving Agent and/or their respective agent(s) to send (i) with respect to the portion of my/our Units redeemed under the Recurring Redemption Offer, a cheque crossed (or cheques crossed) "Not negotiable — account payee only" drawn in my/our favour for the cash consideration to which I/we shall have become entitled under the terms of the Recurring Redemption Offer, by ordinary post at my/our risk to the person and the address stated below or, if no name and address is stated below, to me or the first-named of us (in the case of joint registered Unitholders) at the registered address shown in the register of Unitholders within the time specified in the Unitholder Circular after the Redemption Day and (ii) with respect to the portion of my/our Units NOT redeemed under the Recurring Redemption Offer, the relevant certificate(s) representing such number of Units which is/are in my/our name, by ordinary post at my/our risk to the person and the address stated below or, if no name and address is stated below, to me or the first-named of us (in the case of joint registered Unitholders) at the registered address shown in the register of Unitholders within 10 Business Days after the Redemption Day:  
*(Insert name and address of the person to whom the cheque(s) is/are to be sent if different from the registered Unitholder or the first-named of joint registered Unitholders.)*  
Name: (in block capitals) \_\_\_\_\_  
Address: (in block capitals) \_\_\_\_\_
  - (c) my/our irrevocable instruction and authority to HSBC Global Asset Management (Hong Kong) Limited and/or the Fund or such person or persons as they may direct to complete, amend and execute any document on my/our behalf including without limitation to insert a date in this redemption form or, if I/we or any other person shall have inserted a date, to delete such date and insert another date in this redemption form and to do any other act that may be necessary or expedient for the purpose of vesting in the Fund or such person or persons as they may direct my/our Unit(s) tendered for acceptance of the Recurring Redemption Offer;
  - (d) my/our undertaking to execute such further documents and to do such acts and things by way of further assurance as may be necessary or desirable to redeem my/our Unit(s) tendered for acceptance under the Recurring Redemption Offer to the Fund, HSBC Global Asset Management (Hong Kong) Limited or such person or persons as they may direct free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the announcement regarding the Recurring Redemption Offer dated 21 May 2024 (the "Announcement") or subsequently becoming attached to them;
  - (e) my/our agreement to ratify each and every act or thing which may be done or effected by HSBC Global Asset Management (Hong Kong) Limited and/or the Fund or their respective agents or such person or persons as it/they may direct on the exercise of any of the authorities contained herein;
  - (f) my/our irrevocable instruction and authority to HSBC Global Asset Management (Hong Kong) Limited and/or the Fund or their respective agent(s) to collect from HSBC Global Asset Management (Hong Kong) Limited or the Fund or the Receiving Agent on my/our behalf the certificate(s) in respect of the Units due to be issued to me/us in accordance with, and against surrender of, the enclosed other document(s) of title (if any) (and/or any satisfactory indemnity or indemnities required in respect thereof), which has/have been duly signed by me/us, and to deliver the same to the Receiving Agent and to authorise and instruct the Receiving Agent to hold such certificate(s) subject to the terms and conditions of the Recurring Redemption Offer as if it/they were certificate(s) delivered to the Receiving Agent together with this Redemption Form; and
  - (g) my/our appointment of HSBC Global Asset Management (Hong Kong) Limited and/or the Fund as my/our attorney in respect of all the Unit(s) to which this redemption form relates, such power of attorney to take effect from the date and time on which the Recurring Redemption Offer becomes unconditional in all respects and thereafter be irrevocable.
2. I/We understand that acceptance of the Recurring Redemption Offer by me/us will constitute a warranty by me/us to HSBC Global Asset Management (Hong Kong) Limited and/or the Fund that (i) the number of Unit(s) specified in this redemption form will be redeemed free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Announcement or subsequently becoming attached to them; and (ii) if my/our registered address is located in a jurisdiction outside Hong Kong, I/we have fully observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other consents, complied with all necessary regulatory formalities or legal requirements and paid any transfer or other taxes by whomsoever payable, that I/we have not taken or omitted to take any action which will or may result in HSBC Global Asset Management (Hong Kong) Limited and/or the Fund or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Recurring Redemption Offer or my/our acceptance thereof, and am/are permitted under all applicable laws to receive and accept the Recurring Redemption Offer, and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws.
3. In the event that my/our acceptance is not valid, or is treated as invalid, in accordance with the terms of the Recurring Redemption Offer, all instructions, authorisations and undertakings contained in paragraph 1 above shall cease and in which event, I/we authorise and request you to return to me/us my/our certificate(s) representing the number of Units which is/are in my/our name and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), together with this redemption form duly cancelled, by ordinary post at my/our risk to the person and address stated in paragraph 1(b) above or, if no name and address is stated, to me or the first-named of us (in the case of joint registered Unitholders) at the registered address shown in the register of Unitholders.
4. I/We enclose the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the whole or part of my/our holding of Unit(s) which are to be held by you on the terms and conditions of the Recurring Redemption Offer. I/We understand that no acknowledgement of receipt of any redemption form, certificate(s) representing the Units and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) will be given. I/we further understand that all documents will be sent at my/our own risk.
5. I/We warrant that I/we are the registered holder(s) of the number of Units specified in this redemption form and I/we have the full right, power and authority to sell and pass the title and ownership of such Units to the Fund by way of acceptance of the Recurring Redemption Offer.
6. I/We warrant to HSBC Global Asset Management (Hong Kong) Limited and the Fund that I/we have satisfied the laws of the jurisdiction where my/our address is stated in the register of Unitholders in connection with my/our acceptance of the Recurring Redemption Offer, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with necessary formalities, regulatory or legal requirements.
7. I/We warrant to HSBC Global Asset Management (Hong Kong) Limited and the Fund that I/we shall be fully responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction where my/our address is stated in the register of Unitholders in connection with my/our acceptance of the Recurring Redemption Offer.
8. I/We acknowledge that, save as expressly provided in the Unitholder Circular and this redemption form, all acceptances, instructions, authorities and undertakings hereby given shall be irrevocable and unconditional.
9. I/We acknowledge that my/our Units redeemed pursuant to the Recurring Redemption Offer will be cancelled after the redemption.
10. I/We irrevocably undertake, represent, warrant and agree to and with HSBC Global Asset Management (Hong Kong) Limited and the Fund (so as to bind my/our successors and assigns) that in respect of the Units which are accepted or deemed to have been accepted under the Recurring Redemption Offer, which acceptance has not been validly withdrawn, and which have not been cancelled, to give an authority to the Fund and/or its agents from me/us to send any notice, circular, warrant or other document or communication which may be required to be sent to me/us as a Unitholder (including any relevant certificate(s) representing my/our Units) to the attention of "HSBC China Dragon Fund" at Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
11. The Fund reserves the right to treat as valid any acceptance of the Recurring Redemption Offer which is not entirely in order or which is not accompanied by the relevant certificate(s) of the Units and/or other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof), but, in such cases, the consideration due will not be despatched until the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) has/have been received by the Receiving Agent.

If you have questions in relation to the Recurring Redemption Offer, please telephone the Unitholder Helpline at (852) 2862 8691. The Unitholder Helpline is available from 9:00 a.m. to 6:00 p.m. Monday to Friday (other than public holidays) and will remain open until 2 July 2024. Please note that, the Unitholder Helpline will only be able to provide information contained in this document and information relating to the Fund's register of Unitholders and will be unable to give advice on the merits of the Recurring Redemption Offer or to provide financial, legal, tax or investment advice.

## PERSONAL DATA

### Personal Information Collection Statement

The main provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "Privacy Ordinance") came into effect in Hong Kong on 20 December 1996. This personal information collection statement informs you of the policies and practices of HSBC Global Asset Management (Hong Kong) Limited and/or the Fund, and the Receiving Agent in relation to personal data and the Privacy Ordinance.

#### 1. Reasons for the collection of your personal data

To accept the Recurring Redemption Offer for your Units, you must provide the personal data requested. Failure to supply the requested data may result in the processing of your acceptance being rejected or delayed.

It is important that you inform HSBC Global Asset Management (Hong Kong) Limited and/or the Fund and/or the Receiving Agent immediately of any inaccuracies in the data supplied.

#### 2. Purposes

The personal data which you provide on this form may be used, held and/or stored (by whatever means) for the following purposes:

- processing your acceptance and verification or compliance with the terms and application procedures set out in this redemption form and the Unitholder Circular;
- cancelling the Unit(s) registered in your name;
- maintaining or updating the relevant register of holders of the Unit(s);
- conducting or assisting to conduct signature verifications, and any other verification or exchange of information;
- establishing your entitlements under the Recurring Redemption Offer;
- distributing communication from HSBC Global Asset Management (Hong Kong) Limited and/or the Fund and/or their respective agents, such as the Receiving Agent;
- compiling statistical information and profiles of the Unitholders;
- making disclosures as required by laws, rules or regulations (whether statutory or otherwise);
- disclosing relevant information to facilitate claims or entitlements;
- any other purpose in connection with the business of HSBC Global Asset Management (Hong Kong) Limited and/or the Fund and/or the Receiving Agent; and
- any other incidental or associated purposes relating to the above and/or to enable HSBC Global Asset Management (Hong Kong) Limited and/or the Fund and/or the Receiving Agent to discharge their obligations to the Unitholders and/or regulators and

any other purpose to which the Unitholders may from time to time agree to or be informed of.

#### 3. Transfer of personal data

The personal data provided in this form will be kept confidential but HSBC Global Asset Management (Hong Kong) Limited and/or the Fund and the Receiving Agent may, to the extent necessary for achieving the purposes above or any of them, make such enquiries as they consider necessary to confirm the accuracy of the personal data and, in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) such personal data to, from or with any and all of the following persons and entities:

- HSBC Global Asset Management (Hong Kong) Limited's and/or the Fund's advisers and/or agent(s), such as financial advisers, legal advisers and the Receiving Agent;
- any agents, contractors or third party service providers who offer administrative, telecommunications, computer, payment or other services to HSBC Global Asset Management (Hong Kong) Limited and/or the Fund and/or the Receiving Agent in connection with the operation of its business;
- the Stock Exchange, the SFC and any other regulatory or governmental bodies;
- any other persons or institutions with which you have or propose to have dealings, such as your bankers, solicitors, accountants, licensed securities dealers or registered institutions in securities; and
- any other persons or institutions whom HSBC Global Asset Management (Hong Kong) Limited and/or the Fund and/or the Receiving Agent consider(s) to be necessary or desirable in the circumstances.

#### 4. Access to and correction of personal data

The Privacy Ordinance provides you with rights to ascertain whether HSBC Global Asset Management (Hong Kong) Limited and/or the Fund and/or the Receiving Agent holds your personal data, to obtain a copy of that data, and to correct any data that is incorrect.

In accordance with the Privacy Ordinance, HSBC Global Asset Management (Hong Kong) Limited and/or the Fund and/or the Receiving Agent have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and the kinds of data held should be addressed to HSBC Global Asset Management (Hong Kong) Limited and/or the Fund and/or the Receiving Agent (as the case may be).

**BY SIGNING THIS REDEMPTION FORM YOU AGREE TO ALL OF THE ABOVE**

## 個人資料

### 收集個人資料聲明

香港法例第486章《個人資料(私隱)條例》(《私隱條例》)的主要條文於1996年12月20日在香港生效。本收集個人資料聲明旨在知會閣下有關滙豐環球投資管理(香港)有限公司及/或本基金及收款代理關於個人資料及《私隱條例》的政策及慣例。

#### 1. 收集閣下個人資料的原因

如欲接納閣下單位的經常性贖回要約，閣下須提供所需的個人資料，倘閣下未能提供所需資料，則可能導致閣下的接納被拒或延誤處理。

倘所提供的資料有任何不準確之處，務請立刻知會滙豐環球投資管理(香港)有限公司及/或本基金及/或收款代理。

#### 2. 用途

閣下於本表格提供的個人資料可為下列用途而予以使用、持有及/或保存(以任何方式)：

- 處理閣下的接納及核實或遵循本贖回表格及單位持有人通函載列的條款及申請程序；
- 註銷以閣下名義登記的單位；
- 存置或更新有關的單位持有人名冊；
- 核實或協助核實簽名，以及進行任何其他資料核實或交換；
- 確定閣下根據經常性贖回要約所享有的權利；
- 發佈由滙豐環球投資管理(香港)有限公司及/或本基金及/或收款代理認為於有關情況下必要或合宜的任何其他人士或機構。
- 編製統計資料及單位持有人資料；
- 按法例、規則或規例(無論是法定或其他規定)的要求作出披露；
- 披露有關資料以便利處理權利要求或享有權；
- 有關滙豐環球投資管理(香港)有限公司及/或本基金及/或收款代理的業務的任何其他用途；及
- 有關上文所述任何其他附帶或關連用途及/或以便滙豐環球投資管理(香港)有限公司及/或本基金及/或

或收款代理履行彼等對單位持有人及/或監管機構的義務及單位持有人可能不時同意或被告知的任何其他用途。

#### 3. 轉交個人資料

於本表格提供的個人資料將予以保密，惟滙豐環球投資管理(香港)有限公司及/或本基金及/或收款代理為達致上述用途或其中任何用途，可在必要範圍內作出彼等認為必需的查詢，以確認個人資料的準確性，尤其可向、自或與任何及所有下列人士及實體披露、獲取、轉交(無論在香港境內或境外)該等個人資料：

- 滙豐環球投資管理(香港)有限公司的及/或本基金的顧問及/或代理人，如財務顧問、法律顧問及收款代理；
- 為滙豐環球投資管理(香港)有限公司及/或本基金及/或收款代理的業務經營提供行政、電訊、電腦、付款或其他服務的任何代理人、承包商或第三方服務供應商；
- 聯交所、證監會及任何其他監管或政府機構；
- 與閣下進行或擬進行交易的任何其他人士或機構，如閣下的銀行、律師、會計師、持牌證券交易商或註冊證券機構；及
- 滙豐環球投資管理(香港)有限公司及/或本基金及/或收款代理認為於有關情況下必要或合宜的任何其他人士或機構。

#### 4. 查閱及更正個人資料

根據《私隱條例》的規定，閣下有權確認滙豐環球投資管理(香港)有限公司及/或本基金及/或收款代理是否持有閣下的個人資料，並有權獲取有關資料的副本，以及更正任何不正確資料。

根據《私隱條例》的規定，滙豐環球投資管理(香港)有限公司及/或本基金及/或收款代理有權就處理任何資料查閱的要求收取合理手續費。查閱資料或更正資料或索取有關政策及慣例及所持資料類型的資料的所有要求，須交予滙豐環球投資管理(香港)有限公司及/或本基金及/或收款代理(視乎情況而定)。

閣下一經簽署本贖回表格，即表示同意上述所有內容



## Change Request Form 變更申請表格

**To:** HSBC China Dragon Fund (the "Fund")  
c/o Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre, 183 Queen's Road East,  
Wanchai, Hong Kong

**致:** 滙豐中國翔龍基金(「本基金」)  
經香港中央證券登記有限公司  
香港灣仔皇后大道東183號  
合和中心17M樓

I/We have already received a printed copy of the Current Corporate Communications in Chinese/English or have chosen to read the Current Corporate Communications posted on the Fund's website:  
本人/我們已收取本次公司通訊文件之英文/中文印刷本或已選擇瀏覽本基金網站所登載之本次公司通訊文件:

**Part A — I/We would like to receive another printed version of the Current Corporate Communications of the Fund as indicated below:**

甲部 本人/我們現在希望以下列方式收取 貴基金本次公司通訊文件之另一語言印刷本:

(Please mark **ONLY ONE (X)** of the following boxes 請從下列選擇中, 僅在其中一個空格內劃上「X」號)

- I/We would like to receive a **printed copy in English** now.  
本人/我們現在希望收取一份英文印刷本。
- I/We would like to receive a **printed copy in Chinese** now.  
本人/我們現在希望收取一份中文印刷本。
- I/We would like to receive **both the printed English and Chinese** copies now.  
本人/我們現在希望收取英文和中文各一份印刷本。

**Part B — I/We would like to change the choice of language and means of receipt of future Corporate Communications of the Fund as indicated below:**

乙部 本人/我們現在希望更改以下列方式收取 貴基金日後公司通訊文件之語言版本及收取途徑:

(Please mark **ONLY ONE (X)** of the following boxes 請從下列選擇中, 僅在其中一個空格內劃上「X」號)

- read the **Website version** of all future Corporate Communications published on the Fund's website in place of receiving printed copies; **OR**  
瀏覽在本基金網站發表之公司通訊網上版本, 以代替印刷本; 或
- to receive the printed **English version** of all future Corporate Communications **ONLY**; **OR**  
僅收取本公司通訊之英文印刷本; 或
- to receive the printed **Chinese version** of all future Corporate Communications **ONLY**; **OR**  
僅收取本公司通訊之中文印刷本; 或
- to receive both printed **English and Chinese versions** of all future Corporate Communications.  
同時收取本公司通訊之英文及中文印刷本。

**Name(s) of Unitholders<sup>#</sup>**  
基金單位持有人姓名<sup>#</sup>

**Date**  
日期

(Please use **ENGLISH BLOCK LETTERS** 請用英文正楷填寫)

**Address<sup>#</sup>**  
地址<sup>#</sup>

(Please use **ENGLISH BLOCK LETTERS** 請用英文正楷填寫)

**Contact telephone number**  
聯絡電話號碼

**Signature(s)**  
簽名

<sup>#</sup> You are required to fill in the details if you download this Change Request Form from the Fund's Website. 假如你從基金網站下載本變更申請表格, 請必須填上有關資料。

Notes/附註:

- Please complete all your details clearly.  
請 閣下清楚填妥所有資料。
- By selection to read the Website Version of the Corporate Communications published on the Fund's website in place of receiving printed copies, you have expressly consented to waive the right to receive the Corporate Communications in printed form, including the right to receive notice of meeting by post or delivery at your address pursuant to the trust deed constituting the Fund.  
在選擇瀏覽在本基金網站發表之公司通訊網上版本以代替收取印刷本後, 閣下已明示同意放棄收取公司通訊印刷本的權利, 包括根據成立本基金的信託契據以郵寄或送遞予 閣下之地址的方式收取大會通告之權利。
- If your units are held in joint names, the Unitholder whose name stands first on the register of members of the Fund in respect of the joint holding should sign on this Change Request Form in order to be valid.  
如屬聯名基金單位持有人, 則本變更申請表格須由該名於基金單位持有人名冊上就聯名持有基金單位其姓名位列首位的基金單位持有人簽署, 方為有效。
- The above instruction will apply to all future Corporate Communications to be sent to Unitholders of the Fund until you notify otherwise by reasonable notice in writing to the Fund's Registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or by email to [hsbchinadragon.com@computershare.com.hk](mailto:hsbchinadragon.com@computershare.com.hk).  
上述指示適用於將來寄發予本基金單位持有人之所有公司通訊, 直至 閣下發出合理書面通知予本基金之過戶登記處香港中央證券登記有限公司地址為香港灣仔皇后大道東183號合和中心17M樓或以電郵方式發送通知[hsbchinadragon.com@computershare.com.hk](mailto:hsbchinadragon.com@computershare.com.hk)另作選擇為止。
- All Future Corporate Communications in both printed English and Chinese versions will be available for inspection from the Fund's Registrar upon request.  
本基金之過戶登記處將備有所有公司通訊之英、中文印刷本以供索閱。
- The unitholders are entitled to change the choice of means of receipt or language of the Fund's Corporate Communications at any time by reasonable notice in writing to the Fund's Registrar.  
基金單位持有人有權隨時發出合理書面通知本基金之過戶登記處, 要求更改收取公司通訊之語言版本及方式。
- Any form with more than one box marked (X), with no box marked (X), with no signature or otherwise incorrectly completed will be void.  
如在本表格作出超過一項選擇、或未有作出選擇、或未有簽署、或在其他方面填寫不正確, 則本表格將會作廢。
- For the avoidance of doubt, we do not accept any special instructions written on this Request Form.  
為免存疑, 任何在本申請表格上的額外手寫指示, 本公司將不予處理。

### Mailing Label 郵寄標籤

**Computershare Hong Kong Investor Services Limited**  
香港中央證券登記有限公司  
Freepost No. 簡便回郵號碼: 37  
Hong Kong 香港

Please cut the mailing label and stick it on an envelope  
to return this Change Request Form to us.  
**No postage is necessary if posted in Hong Kong**

當 閣下寄回本變更申請表格時, 請將郵寄標籤剪貼於信封上。  
如在本港投寄, 閣下無需支付郵費或貼上郵票。

### Get in touch with us 與我們聯繫

Send us an enquiry 垂詢  
Rate our service 評價  
Lodge a complaint 投訴



Contact Us 聯繫我們

[www.computershare.com/hk/contact](http://www.computershare.com/hk/contact)

# **HSBC CHINA DRAGON FUND**

## **滙豐中國翔龍基金**

(a Hong Kong unit trust authorised under section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong))  
(stock code: 820)

Managed by  
HSBC Global Asset Management (Hong Kong) Limited

### **2024 ANNUAL RESULTS ANNOUNCEMENT**

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

HSBC China Dragon Fund (the “Fund”) is a unit trust constituted by the Trust Deed dated 20 June 2007 (as amended) governed by the laws of Hong Kong. The Manager of the Fund is HSBC Global Asset Management (Hong Kong) Limited.

The board of directors of the Manager is pleased to announce the annual results of the Fund for the period from 1 April 2023 to 31 March 2024.

The annual results of the Fund for the period from 1 April 2023 to 31 March 2024 have been reviewed by the Fund’s Manager and Trustee. This final results announcement of the Fund is based on the audited annual report of the Fund for the period from 1 April 2023 to 31 March 2024.



## Statement of financial position

As at 31 March 2024

	Notes	2024 HK\$	2023 HK\$
<b>Assets</b>			
Financial assets at fair value through profit or loss	8, 12	463,933,205	526,170,640
Other receivables		3	116
Amounts receivable on sales of investments		–	7,772,482
Cash and cash equivalents	10(d)	<u>199,463</u>	<u>2,025,079</u>
<b>Total assets</b>		<u>464,132,671</u>	<u>535,968,317</u>
<b>Liabilities</b>			
Bank overdraft	10(d)	117	–
Amounts payable on purchases of investments		–	5,110,135
Accrued expenses and other payables	10(a), (b) & (c)	<u>963,633</u>	<u>1,468,085</u>
<b>Total liabilities</b>		<u>963,750</u>	<u>6,578,220</u>
<b>Net assets attributable to unitholders</b>		<u>463,168,921</u>	<u>529,390,097</u>
Representing:			
<b>Total equity</b>		<u>463,168,921</u>	<u>529,390,097</u>
<b>Number of units in issue</b>	15, 16	<u>28,160,756</u>	<u>28,160,756</u>
<b>Net asset value per unit</b>	15	<u>16.45</u>	<u>18.80</u>

## Statement of comprehensive income

For the year ended 31 March 2024

	Notes	2024 HK\$	2023 HK\$
Dividend income	4	13,232,219	13,515,009
Interest income on deposits	5, 10(d)	5,772	14,415
Net losses from financial assets at fair value through profit or loss	6	(65,496,441)	(10,256,845)
Net foreign exchange loss		(125,832)	(1,453,287)
Other income		<u>7,197</u>	<u>1,993,160</u>
<b>Total investment (loss)/income</b>		<u>(52,377,085)</u>	<u>3,812,452</u>
Management fees	10(a)	(6,981,456)	(8,403,162)
Transaction costs	9, 10(e)	(2,250,426)	(3,035,681)
Trustee's fees	10(b)	(325,801)	(392,148)
Custodian fees	10(c)	(669,595)	(936,733)
Auditor's remuneration		(312,725)	(312,525)
Legal and professional fees		(1,668,031)	(1,358,086)
Other operating expenses	10(b)	<u>(312,835)</u>	<u>(251,872)</u>
<b>Total operating expenses</b>		<u>(12,520,869)</u>	<u>(14,690,207)</u>
<b>Loss before taxation</b>		(64,897,954)	(10,877,755)
Taxation	4, 7	<u>(1,323,222)</u>	<u>(1,351,504)</u>
<b>Decrease in net assets attributable to unitholders and total comprehensive loss for the year</b>		<u>(66,221,176)</u>	<u>(12,229,259)</u>

## Statement of changes in equity

### For the year ended 31 March 2024

	Notes	2024 HK\$	2023 HK\$
<b>Balance at the beginning of the year</b>		529,390,097	672,917,594
Decrease in net assets attributable to unitholders and total comprehensive loss for the year		(66,221,176)	(12,229,259)
Redemption of units during the year	16	<u>—</u>	<u>(131,298,238)</u>
<b>Balance at the end of the year</b>		<u>463,168,921</u>	<u>529,390,097</u>

The movement of number of units during the year was as follows

#### Units issued and redeemed:

		2024 Units	2023 Units
Number of units in issue			
<b>Balance at the beginning of the year</b>	15	28,160,756	35,200,876
Redeemed during the year		<u>—</u>	<u>(7,040,120)</u>
<b>Balance at the end of the year</b>	15	<u>28,160,756</u>	<u>28,160,756</u>

## Cash flow statement

For the year ended 31 March 2024

	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Operating activities</b>		
Interest income received	5,885	14,301
Dividend income received	13,232,219	13,515,009
Management fees paid	(7,126,949)	(8,598,438)
Trustee's fees paid	(332,591)	(401,261)
Transaction costs paid	(2,250,426)	(3,035,681)
Tax paid	(1,323,222)	(1,351,504)
Proceeds from sales of investments	990,803,624	1,380,853,355
Payments for purchases of investments	(991,400,283)	(1,243,560,149)
Other operating expenses paid	<u>(3,443,367)</u>	<u>(5,229,339)</u>
<b>Net cash (used in)/generated from operating activities</b>	<u>(1,835,110)</u>	<u>132,206,293</u>
<b>Financing activity</b>		
Payments on redemption of units	<u>—</u>	<u>(131,087,034)</u>
<b>Cash used in financing activity</b>	<u>—</u>	<u>(131,087,034)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,835,110)	1,119,259
<b>Cash and cash equivalents at the beginning of the year</b>	2,025,079	742,610
<b>Effect of foreign exchange rates changes</b>	<u>9,377</u>	<u>163,210</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>199,346</u>	<u>2,025,079</u>
Cash at Bank	199,463	2,025,079
Bank overdraft	<u>(117)</u>	<u>—</u>
<b>Cash and cash equivalents at the cash flow statement</b>	<u>199,346</u>	<u>2,025,079</u>

# Notes to the financial statements

For the year ended 31 March 2024

## 1 Background

HSBC China Dragon Fund (“the Fund”) is a closed-ended unit trust governed by its Trust Deed dated 20 June 2007 (“the Trust Deed”), as amended made between HSBC Global Asset Management (Hong Kong) Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”). The Fund is authorised by the Hong Kong Securities and Futures Commission (“the SFC”) under Section 104(1) of the Hong Kong Securities and Futures Ordinance (“HK SFO”). The Fund is also listed on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) (a subsidiary of the Hong Kong Exchanges and Clearing Limited). The period fixed for the duration of the Fund is eighty years after the date of inception.

The investment objective of the Fund is to achieve long-term capital growth by investing primarily in A Shares directly through (i) the qualified foreign institutional investor (“QFII”) investment quota of the Manager and (ii) Shenzhen-Hong Kong Stock Connect and any other similar stock connect programme between another city of the People’s Republic of China (“PRC”) and Hong Kong (“Stock Connect”); and indirectly through investment of (i) up to 40% of its net asset value in financial derivative instruments and securities linked to A Shares (such as CAAPs (including A Share participation certificates/notes and/or other access products issued by third party investment banks or brokers)) and (ii) up to 40% of its net asset value in exchange-traded funds (“ETFs”) (including synthetic ETFs) authorised by the SFC with exposure to A Shares; provided that the Fund’s investment in a Chinese A Share access product, being a security linked to A Shares or portfolios of A Shares which aim to replicate synthetically the economic benefit of the relevant A Shares or portfolio of A Shares (“CAAPs”) and ETFs (including synthetic ETFs) authorised by the SFC with exposure to A Shares will not exceed 50% in the aggregate of its net asset value.

The Fund will not invest more than 10% of its net asset value in CAAPs issued by a single issuer; and the Fund’s aggregate investment in (i) CAAPs shall not be more than 40% of its net asset value and (ii) A shares through the Stock Connect shall not be more than 30% of the Fund’s net asset value.

Under the prevailing regulations in the PRC, foreign investors can invest in the PRC A Share market through institutions that have obtained QFII status in the PRC. The Fund itself is not a QFII, but may invest directly in A Shares via the US\$200 million QFII investment quota obtained by the Manager.

## 2 Material accounting policies

### (a) *Statement of compliance*

The financial statements of the Fund have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants

(“HKICPA”), the relevant disclosure provisions of the Trust Deed, as amended, and the relevant disclosure requirements of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC (the “SFC Code”). Material accounting policies adopted by the Fund is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Fund. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Fund for the current and prior accounting periods reflected in these financial statements.

**(b) Basis of preparation of the financial statements**

The functional and presentation currency of the Fund is Hong Kong dollar (“HKD”) reflecting the fact that the units of the Fund are issued in Hong Kong dollars.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) Financial instruments**

**(i) Classification**

On initial recognition, the Fund classifies financial assets as measured at amortised cost or fair value through profit or loss (“FVTPL”).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”).

All other financial assets of the Fund are measured at FVTPL.

### *Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes other receivables, amounts receivable on sales of investments and cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes listed equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

### *Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for the time value of money (e.g. periodical reset of interest rates).

The Fund classifies its investments based on the business model and contractual cash flows assessment. Accordingly, the Fund classifies all its investments, including equities and equity-linked instruments, into financial assets at FVTPL category. Financial assets measured at amortised cost include other receivables, amounts receivable on sales of investments and cash and cash equivalents. Financial liabilities that are not at fair value through profit or loss include amounts payable on purchases of investments and accrued expenses and other payables.

#### *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

#### (ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

A regular way purchase or sale of financial assets and financial liabilities at fair value through profit or loss is recognised using trade date accounting. From this date, any gains or losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract.



(iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair values recognised in the statement of comprehensive income.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest method, less impairment loss, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest method.

(iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid-ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where the quoted price is not within the bid-ask spread, the Manager will determine the points within the bid-ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Fund measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(v) Impairment

At each reporting date, the Fund assesses whether credit risk for financial assets held at amortised cost has increased significantly since initial recognition. If there is a significant increase in credit risk since initial recognition, then the Fund measures the loss allowances on financial assets at an amount equal to the lifetime expected credit losses. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowances on financial assets at an amount equal to the expected credit losses for the later of 12 months or the period to maturity, if the amount is material. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered as credit impaired.

(vi) Derecognition

The Fund derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

Assets held for trading that are sold are derecognised and corresponding receivables from the brokers are recognised as of the date the Fund commits to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

The Fund uses the weighted average method to determine realised gains and losses to be recognised in the statement of comprehensive income on derecognition.

(vii) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of assets and liabilities when the Fund has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis, or simultaneously, e.g. through a market clearing mechanism.

(d) *Cash and cash equivalents*

Cash and cash equivalents comprise deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(e) Revenue recognition**

Revenue is recognised in the statement of comprehensive income as follows:

*Dividend income*

Dividend income from equities is recognised when the share price of the investment goes ex-dividend. Dividends from other investments are recognised in the statement of comprehensive income on the date on which the unconditional right to receive payment is irrevocably established.

In some cases, the Fund may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases, the Fund recognises the dividend income for the amount of the equivalent cash dividends with the corresponding debit treated as an additional investment.

*Interest income*

Interest income is recognised in the statement of comprehensive income as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to gross carrying amount of the financial asset. Interest income on bank deposits is disclosed separately in the statement of comprehensive income.

**(f) Expenses**

All expenses are recognised in the statement of comprehensive income on an accruals basis.

**(g) Taxation**

Taxation comprises current tax and deferred tax. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of the statement of assets and liabilities. Current tax includes non-recoverable withholding taxes on investment income.

Deferred tax liabilities arise from deductible and taxable temporary differences, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

**(h) Foreign exchange gains or losses**

Foreign currency transactions during the years are translated into Hong Kong dollar at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollar at the foreign exchange rates ruling at the date of the statement of assets and liabilities. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in the statement of comprehensive income line item, “Net foreign exchange loss” is net foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified at fair value through profit or loss.

**(i) Related parties**

- (a) A person, or a close member of that person’s family, is related to the Fund if that person:
  - (i) has control or joint control over the Fund;
  - (ii) has significant influence over the Fund; or
  - (iii) is a member of the key management personnel of the Fund.
- (b) An entity is related to the Fund if any of the following conditions applies:
  - (i) The entity and the Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is controlled or jointly controlled by a person identified in (a);
  - (vi) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (vii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group’s parent.
  - (viii) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(j) Units in issue**

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has one class of units in issue which is not redeemable by the unitholders. Upon termination of the Fund, the unitholders are entitled to all net cash proceeds derived from the sale or realisation of the assets of the Fund less any liabilities, in accordance with their proportionate interest in the Fund at the date of termination. The units are classified as equity in accordance with HKAS 32.

**(k) Segment reporting**

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Fund is identified as the Manager. The Manager considers that the Fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in the offering circular of the Fund.

**(l) Transaction costs**

Transactions costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, brokers and dealers. Transaction costs, when incurred, are immediately recognised in statement of comprehensive income as an expense.

### **3 Changes in accounting policies**

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Fund. None of these developments have had a material effect on how the Fund's result and financial position for the current or prior periods have been prepared or presented in this financial report.

The Fund adopted the Amendments of HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments required the disclosure of ‘material’ rather than ‘significant’ accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Fund has not applied other new standard or interpretation that is not yet effective for the current accounting year (see note 17).

#### **4 Dividend income**

The amounts of dividend income and any net of non-recoverable withholding taxes, earned by the Fund during the years are shown as follows:

	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
Dividend income	13,232,219	13,515,009
Withholding taxes	<u>(1,323,222)</u>	<u>(1,351,504)</u>
	<u>11,908,997</u>	<u>12,163,505</u>

#### **5 Interest income on deposits**

The Fund earned all its interest income from cash and cash equivalents during the years ended 31 March 2024 and 2023.

#### **6 Net losses from financial assets at fair value through profit or loss**

During the years ended 31 March 2024 and 2023, the Fund earned or incurred gains or losses from financial assets at fair value through profit or loss as shown below:

	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
Realised losses on sale of investments	(52,432,975)	(44,152,460)
Movement on unrealised (losses)/gains in value of investments	<u>(13,063,466)</u>	<u>33,895,615</u>
	<u>(65,496,441)</u>	<u>(10,256,845)</u>

Gains and losses presented above exclude dividend income.

## 7 Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Fund is exempted from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Under the current general provisions of the PRC Corporate Income Tax Law (“CIT”) and published tax circulars, the Fund would be subject to PRC withholding tax at the rate of 10% in respect of its PRC sourced income earned, including capital gains realised on the sale of PRC A Shares, B Shares and H Shares listed companies, dividend income derived from PRC A Shares, B Shares and H Shares listed companies and interest income earned in respect of PRC bank deposits and corporate bonds. This withholding taxation basis should apply as it is intended that the Fund would be managed and operated in such a manner that it would not be considered a tax resident enterprise in China or otherwise as having a taxable permanent establishment in the PRC. The 10% withholding tax rate may be further reduced under an applicable tax treaty, which the PRC has entered into with the jurisdiction in which the beneficial owner of the relevant income is a resident.

The Offering Circular of the Fund gives the Manager the right to provide for withholding tax on such gains or income and withhold the tax for the account of the Fund. On the basis of the available information, the Manager has determined that it is appropriate to provide for PRC taxation at the withholding tax rate of 10% on dividend income from A Shares, B Shares and H Shares and interest income from PRC bank deposits and corporate bonds in the financial statements.

Before 17 November 2014, The Manager had also determined that it was appropriate to provide for PRC taxation at the withholding tax rate of 10% on realised gains on A shares.

The Manager had determined that it is also appropriate to provide for PRC taxation at the withholding tax rate of 10% on unrealised gains on A Shares with effect from 26 July 2013.

On 14 November 2014, the Ministry of Finance, the State Administration of Taxation (“SAT”) and the China Securities Regulatory Commission have jointly promulgated the Circular Concerning the Temporary Exemption of the Corporate Income Tax for Gains Earned by Qualified Foreign Institutional Investors and Renminbi Qualified Foreign Institutional Investors from the Transfer of Domestic Shares and Other Equity Interest Investment in China (“the Circular”).

According to the Circular, QFIIs have been granted a temporary PRC CIT exemption on capital gains deriving from PRC A Shares and other equity interest investments in PRC enterprises on or after 17 November 2014. Realised capital gains generated by QFIIs prior to 17 November 2014 would remain subject to the 10% withholding tax – unless otherwise exempt under the applicable double tax treaty.

As a result of the announcement of the Circular, the most significant change for the Fund was the cessation of withholding 10% of unrealised gains on its investments in A Shares as deferred tax liabilities as at 17 November 2014. The deferred tax liabilities in respect of unrealised gains recognised on A Shares amounted to \$22,547,473 as at 14 November 2014 have been released to the Fund. The Fund also ceased withholding 10% of realised gains on its investments in A Shares with effect from 17 November 2014.

**Taxation in the statement of comprehensive income represents:**

	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
Withholding tax arise from dividend income in PRC	<u>1,323,222</u>	<u>1,351,504</u>

**8 Financial assets at fair value through profit or loss**

Investments at fair value through profit or loss as of 31 March 2024 and 2023 are shown as follows:

	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
Listed equities		
– Hong Kong	8,200,006	8,750,226
– Outside Hong Kong	<u>455,733,199</u>	<u>517,420,414</u>
Total financial assets at fair value through profit or loss	<u>463,933,205</u>	<u>526,170,640</u>

**9 Transaction costs**

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers.

**10 Related party transactions**

The following is a summary of significant related party transactions or transactions entered into during the year ended 31 March 2024 and 2023 between the Fund and the Trustee, the Manager and their Connected Persons. Connected Persons are those as defined in the SFC Code. All transactions during the years between the Fund and the Trustee, the Manager and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Fund did not have any other transactions with Connected Persons except for those disclosed below.

The Fund has invested directly in A Shares via the US\$200 million QFII investment quota obtained by the Manager.

**(a) Management fees**

The fee payable to the Manager is calculated at the rate of 1.5% (2023: 1.5%) per annum of the net asset value of the Fund payable monthly in arrears. The management fee charged to the Fund in respect of the year and payable at the end of the year amounted to \$6,981,456 (2023: \$8,403,162) and \$526,073 (2023: \$671,566) respectively.



**(b) Trustee's fees**

The fee payable to the Trustee is calculated at the rate of 0.07% (2023: 0.07%) per annum of the net asset value of the Fund. In addition, the Trustee provides valuation services to the Fund in return for a daily fee. The daily valuation fee is US\$50 for each valuation per unit class. The valuation fee is waived since 1 April 2019. The Trustee's fee charged to the Fund in respect of the year and payable at the end of the year amounted to \$325,801 (2023: \$392,148) and \$24,550 (2023: \$31,340) respectively.

No rebate was made with regards to the Trustee's fee charged to the Fund during the years ended 31 March 2024 and 2023.

The Trustee is entitled to receive a financial reporting service fee of US\$5,000 per set of financial statements. The financial reporting fee charged to the Fund during the year ended 31 March 2024 is \$78,243 (2023: \$78,369). The Trustee is also entitled to an SFC fund data reporting fee of US\$125 per report. The SFC fund data reporting fee during the year is \$30,480 (2023: \$38,052).

**10 Related party transactions (continued)**

**(c) Custodian fee**

The custodian fee paid to the Bank of Communications Co. Ltd (the "QFII Custodian") is calculated at the rate of 0.1% (2023: 0.1%) per annum of the net asset value of the assets held by the QFII custodian as determined by the QFII custodian (based on the actual number of calendar days in a year). In respect of the year, custodian fee of \$339,227 (2023: \$521,620) was charged to the Fund and no custodian fee was remained payable at the end of the reporting year 2024 and 2023.

The administrative fee charged to the Fund by The Hongkong and Shanghai Banking Corporation Limited ("HSBC Hong Kong") on purchases and sales of investments and sub-custody of investments during the year ended 31 March 2024 is amounted to \$330,368 (2023: \$415,113) and the corresponding payable at the end of the year ended 31 March 2024 is \$31,541 (2023: \$29,006).

**(d) Bank balances**

Bank accounts are maintained with HSBC Hong Kong, which is a member of the HSBC Group, and The Bank of Communications Co. Ltd, the QFII custodian of the Fund. The bank balances held as at 31 March 2024 amounted to \$28,466 and \$170,880 respectively (2023: \$5,137 and \$2,019,942 respectively). During the year ended 31 March 2024, interest earned from HSBC Hong Kong and The Bank of Communications Co. Ltd amounted to \$2,900 and \$2,872 respectively (2023: \$1,417 and \$8,276 respectively). During the year ended 31 March 2024, interest expense paid from bank overdraft to HSBC Hong Kong amounted to \$1,882 (2023: nil).

**(e) Transaction costs**

During the year ended 31 March 2024 and 2023, the Fund did not utilise the brokerage services of The Hong Kong and Shanghai Banking Corporation Limited, and no commission was paid to the entity.

**(f) Holding of units**

As at 31 March 2024 and 2023, HSBC Hong Kong held 12,974 units (2023: 12,974 units) of the Fund. HSBC Hong Kong did not subscribe any units of the Fund (2023: Nil) and did not redeem any units of the Fund during the year ended 31 March 2024 (2023: 12,842 units). As at 31 March 2024 and 2023, HSBC International Trustee Limited held 64,168 units (2023: 64,168 units) of the Fund for its clients on a discretionary basis and did not subscribe or redeem any units of the Fund during the years ended 31 March 2024 and 2023. Both entities are members of the HSBC Group.

**11 Soft dollar practices**

The Manager may enter into soft commission arrangements for the provision to the Manager or Connected Persons of goods and services which are of demonstrable benefit to the unitholders provided that (i) the brokerage rates do not exceed customary institutional full service brokerage rates and the execution of transactions for a Fund is consistent with best execution standards, (ii) periodic disclosure is made in the annual report of the Fund or the relevant 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 it, and (iii) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

During the year ended 31 March 2024, the Manager had entered into soft commission arrangements with brokers under which certain goods and services used to support investment decision making may be received by the Manager (2023: nil). The Manager did not make direct payment for these services but transacted an agreed amount of business with the brokers on behalf of the Fund. During the year ended 31 March 2024, the Manager did not obtain any services through soft commission arrangements on transactions and no commission is paid from the Fund (2023: nil)

**12 Financial instruments and associated risks**

The Fund maintains investment portfolio in a variety of financial instruments as dictated by its investment management strategy.

The risk exposures inherent in the Fund as at 31 March 2024 and 2023 are summarized below. Details of such investments held as at 31 March 2024 and 2023 are shown in the investment portfolio.

The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instruments. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

Investors should note that additional information in respect of risks associated with investment in the Fund can be found in the Fund's offering document.

During the years ended 31 March 2024 and 2023, the Manager invested in financial instruments which the Manager considered are commensurate with the risk level of the Fund in accordance with its investment objective.

The nature and extent of the financial instruments outstanding at the date of the statement of assets and liabilities and the risk management policies employed by the Fund are discussed below.

**(a) Market risk**

**(i) Price risk**

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Fund is exposed to price risk arising from changes in market prices of its investment assets. Price risk is managed by a diversified portfolio of investments across different industries in accordance with the investment objective of the Fund.

*Price sensitivity*

The impact on a 6% (2023: 15%) increase in value of the investments as at 31 March 2024, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net assets attributable to unitholders by an equal but opposite amount.

	2024			2023		
	% of total net assets	Change in price %	Effect on net assets attributable to the unitholders HK\$	% of total net assets	Change in price %	Effect on net assets attributable to the unitholders HK\$
<b>Investment assets</b>						
Listed equities:						
– Hong Kong	1.77	6	492,000	1.65	15	1,312,534
– Outside Hong Kong	<u>98.40</u>	6	<u>27,343,992</u>	<u>97.74</u>	15	<u>77,613,062</u>
	<u>100.17</u>	6	<u>27,835,992</u>	<u>99.39</u>	15	<u>78,925,596</u>

**(ii) Interest rate risk**

Interest rate risk arises from changes in interest rates which may affect the value of debt instruments and therefore result in potential gain or loss to the Fund. As at the end of the reporting period, the Fund's exposure to interest rate risk is considered relatively low as the Fund's financial instruments were predominately non-interest bearing. The Fund's interest rate risk is managed on an ongoing basis by the Manager.

Except for the bank deposits and bank overdraft, the Fund did not hold any other interest-bearing assets and liabilities as at 31 March 2024 and 2023, therefore the Manager considers the Fund is not subject to significant interest rate risk. No sensitivity analysis is performed for the years ended 31 March 2024 and 2023.

(iii) Currency risk

The Fund may invest in financial investments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the HKD.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may attempt to mitigate this risk by using financial derivative instruments.

In accordance with the Fund's policy, the Manager monitors the Fund's currency exposure on an ongoing basis.

At the date of statement of assets and liabilities the Fund had the following exposure (in Hong Kong dollars equivalent):

	<b>Assets</b>	<b>Liabilities</b>	<b>Net exposure</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>31 March 2024</b>			
Renminbi	<u>464,104,085</u>	<u>–</u>	<u>464,104,085</u>
<b>31 March 2023</b>			
Renminbi	<u>535,963,064</u>	<u>5,110,135</u>	<u>530,852,929</u>

Amounts in the above table are based on the carrying value of the assets and liabilities.

*Currency sensitivity*

As the HKD is pegged to the United States dollar ("USD"), the Fund does not expect any significant movements in USD/HKD exchange rate. During the year ended 31 March 2024, the HKD strengthened in relation to the Renminbi by approximately 5% (2023: strengthened by 7%). At 31 March 2024, had the HKD further strengthened in relation to the Renminbi by 5% (2023: strengthened by 7%), with all other variables held constant, net assets attributable to unitholders would have increased/(decreased) by the amounts shown in the following table.

All amounts stated in Hong Kong dollars

HK\$

**31 March 2024**

Renminbi 23,205,204

**31 March 2023**

Renminbi 37,159,705

A 5% weakening of the HKD (2023: weakening by 7%) against the above currency would have resulted in an approximately equal but opposite effect on the basis that all other variables remain constant. The analysis is performed on the same basis for 2023.

**(b) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's exposure to credit risk is monitored by the Manager on an ongoing basis. At 31 March 2024, all of the Fund's financial assets were exposed to credit risk.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

The Fund invests in A Shares via the QFII investment quota obtained by the Manager. These investments are held in a segregated account with the QFII custodian on behalf of the Fund. Substantially all of the assets of the Fund are held by the Trustee or the QFII Custodian. Bankruptcy or insolvency of the Trustee or the QFII custodian may cause the Fund's rights with respect to securities held by the Trustee or the QFII custodian to be delayed or limited. There were no investments in debt securities held by the Fund as at 31 March 2024 and 2023.

The majority of the cash held by the Fund is deposited with Bank of Communications Co., Ltd. and HSBC Hong Kong with credit rating as A2 and Aa2 (2023: A2 and Aa2) respectively sourced from Moody's.

Bankruptcy or insolvency of the banks may cause the Fund's rights with respect to the cash held by the banks to be delayed or limited. The Fund monitors the credit rating of the banks on an ongoing basis.

Substantially all the assets of the Fund are held by QFII custodian where its credit rating is A2 (2023: A2) as sourced from Moody's.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the date of the statement of assets and liabilities.

At both 31 March 2024 and 2023, there were no significant concentrations of credit risk to counterparties except to the Trustee, the QFII custodian and the banks.

The Manager considers that none of these assets are impaired nor past due at the end of the reporting period.

***Amounts arising from ECL***

Impairment on other receivable, amounts receivables on sales of investments and cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Funds consider that these exposures have low credit risk based on the external credit ratings and/ or review result of the counterparties.

The Funds monitor changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and/ or performed ongoing review of the counterparties.

The Manager considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on other receivable and cash and cash equivalents. The amount of the loss allowance did not change during the years ended 31 March 2024 and 2023.

***(c) Liquidity risk***

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund's policy to manage liquidity is to have sufficient liquidity to meet its liability without incurring undue losses or risking damage to the Fund's reputation.

As at 31 March 2024 and 2023, the Fund's listed equity investments are considered to be readily realisable under normal market conditions as they are all listed on stock exchange in PRC and Hong Kong.

The Fund has one class of units in issue which is not redeemable by the unitholders. All financial liabilities have contractual maturities of less than three months. At both 31 March 2024 and 2023, there were no significant exposures to liquidity risk for the Fund.

***(d) Capital management***

At 31 March 2024, the Fund had \$463,168,921 (2023: \$529,390,097) of capital classified as equity.

The Fund's objective in managing the capital is to ensure a stable and strong base to maximise returns to all investors. The Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies stated in the Trust Deed.

There were no changes in the policies and procedures during the year with respect to the Fund's approach to its capital management.

The Fund is not subject to externally imposed capital requirements.

During the years ended 31 March 2024 and 2023, no distributions were made to the unitholders of the Fund.

### 13 Fair value information

The Fund's financial instruments are measured at fair value on the date of statement of assets and liabilities. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including other receivables and accrued expenses and other payables, the carrying amounts approximate fair values due to the immediate or short-term nature of these financial instruments.

#### *Valuation of financial instruments*

The Fund's accounting policy on fair value measurements is detailed in significant accounting policy in note 2(c)(iv).

The Fund measures fair values using the three levels of fair value hierarchy defined in HKFRS 7, *Financial instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: Quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs.

The fair values of financial assets and financial liabilities that are traded in active markets, such as equities, bonds and warrants which are listed on recognised stock exchanges or have daily quoted prices are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair value using valuation techniques.

The Fund uses widely recognised valuation models for determining the fair value of financial instruments which do not have quoted market prices in an active market. Valuation techniques include comparison to quoted prices for identical instruments that are considered less than active and other valuation models.

The following analyses financial instruments measured at fair value at the date of the statement of assets and liabilities by the level in the fair value hierarchy into which the fair value measurement is categorised.

	<b>2024</b>			
	<b>Level 1 HK\$</b>	<b>Level 2 HK\$</b>	<b>Level 3 HK\$</b>	<b>Total HK\$</b>
Listed equities	463,933,205	–	–	463,933,205
	<u>463,933,205</u>	<u>–</u>	<u>–</u>	<u>463,933,205</u>
	<b>2023</b>			
	<b>Level 1 HK\$</b>	<b>Level 2 HK\$</b>	<b>Level 3 HK\$</b>	<b>Total HK\$</b>
Listed equities	526,170,640	–	–	526,170,640
	<u>526,170,640</u>	<u>–</u>	<u>–</u>	<u>526,170,640</u>

For all other financial instruments, their carrying amounts approximate fair value due to the intermediate or short-term nature of these financial instruments.

As at 31 March 2024 and 2023, the Fund did not hold any level 3 financial instruments.

During the years ended 31 March 2024 and 2023, there were no transfers between levels.

#### **14 Segment information**

The Manager makes the strategic resource allocation on behalf of the Fund and has determined the operating segments based on the internal reports reviewed which are used to make strategic decisions.

The Manager's asset allocation decisions are based on one single and integrated investment strategy and the Fund's performance is evaluated on an overall basis. Accordingly, the Manager considers that the Fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in the offering circular of the Fund. There were no changes in the operating segment during the year.

The segment information provided to the Manager is the same as that disclosed in statement of comprehensive income and statement of assets and liabilities. The Fund is domiciled in Hong Kong.

#### **15 Units in issue and NAV per unit**

As at 31 March 2024, units in issue was 28,160,756 units (2023: 28,160,756 units) and NAV per unit was HKD16.45 (2023: HKD18.80).



## 16 Redemption of units under the Recurring Redemption Offer

For the year ended 31 March 2023, the Manager offered a right to the unitholders to redeem the whole or a part of their units on a recurring redemption basis.

On 30 August 2022, 7,040,120 units, representing 20% of the total outstanding number of units as at 29 August 2022, were redeemed at a total amount of HKD 131,298,238. A redemption levy of \$0.03 per unit was charged and deducted from the redemption price and retained by the Fund. The redeemed units were then cancelled.

For the year ended 31 March 2024, the Manager did not offer right to the unitholders to redeem the whole or a part of their units on a recurring redemption basis.

Redemption levy retained by the Fund were recognised as “Other Income” in the statement of comprehensive income.

## 17 Possible impact of amendments issued and effective for the year ended 31 March 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments which are issued and effective for the year ended 31 March 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Fund:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current (“2020 Amendments”)</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025

The Fund is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption is unlikely to have a significant impact on the Fund’s financial statements.

## Investment portfolio (Unaudited)

As at 31 March 2024

	<i>HSBC China Dragon Fund</i>		
	<i>Holdings</i>	<i>Market value</i>	<i>% of total net assets attributable to unitholders</i>
		<i>HK\$</i>	
<b>Equities</b>			
<i>Listed investments</i>			
<i>The People's Republic of China</i>			
Agricultural Bank Of China – A Share	1,146,400	5,251,172	1.13
Air China Ltd	524,400	4,126,576	0.89
Air China Ltd – A Share	391,100	3,091,651	0.67
Anhui Anli Material Technology Co Ltd	479,000	6,929,816	1.50
Anhui Heli Co Ltd	130,400	2,787,434	0.60
Anhui Heli Co Ltd – A Share	68,300	1,466,639	0.32
Bank of Jiangsu Co Ltd	1,986,900	16,977,954	3.66
Beijing New Building Mater – A Share	103,300	3,159,104	0.68
BOE Technology Group Co Ltd	802,800	3,513,481	0.76
BOE Technology Group Co Ltd – A Share	312,600	1,374,342	0.30
China Merchants Bank Company Limited	176,900	6,140,277	1.33
China Merchants Bank Company Limited – A Share	198,100	6,907,487	1.49
China Merchants Energy	236,700	2,031,026	0.44
China Merchants Energy – A Share	140,700	1,212,794	0.26
China National Nuclear Power Co Ltd – A Share	470,000	4,677,277	1.01
China National Nuclear Power Corporation	438,585	4,344,838	0.94
China Resources Sanjiu Medical & Pharmaceutical Co Ltd – A Share	70,400	3,955,816	0.85
China Telecom Corp Ltd	1,057,700	6,932,188	1.50
Citic Securities Co Ltd	89,275	1,847,717	0.40
Citic Securities Company Limited – A Share	78,800	1,638,352	0.35
CMOC Group Limited	495,800	4,466,934	0.96
Contemporary Amperex Technology Co Ltd	35,620	7,301,588	1.58
Contemporary Amperex Technology Co Ltd – A Share	45,003	9,267,025	2.00
Fuanna – A Share	450,900	5,263,550	1.14
Gree Electric Appliances Inc – A Share	92,900	3,945,908	0.85
Guangxi Liuzhou Pharmaceut – A Share	323,600	7,393,770	1.60
Guotai Junan Securities Co – A Share	506,700	7,610,393	1.64
Hangzhou Hikvision Digital Technology Co Ltd – A Share	112,800	3,928,302	0.85
Henan Pinggao Electric Co	53,000	820,988	0.18
Henan Pinggao Electric Co – A Share	377,100	5,868,039	1.27
Hisense Visual Technology Co Ltd – A Share	266,200	6,887,909	1.49
Hla Group Corp Ltd	335,100	3,265,853	0.70
Huatai Securities Co Ltd	375,300	5,680,021	1.23
Huatai Securities Co Ltd – A Share	258,500	3,930,134	0.85
Huayu Automotive Systems Co Ltd	101,900	1,835,502	0.40

**HSBC China Dragon Fund**

	<b>Holdings</b>	<b>Market value HK\$</b>	<b>% of total net assets attributable to unitholders</b>
Huayu Automotive Systems Co Ltd – A Share	366,400	6,629,971	1.43
Hubei Hongcheng General Machinery Co Ltd	153,400	6,203,375	1.34
Inner Mongolia Yili Industrial Group Company Limited	50,800	1,527,820	0.33
Inner Mongolia Yili Industrial Group Company Limited – A Shares	271,000	8,187,536	1.77
Jcet Group Co Ltd	18,400	557,946	0.12
Jcet Group Co Ltd – A Share	201,700	6,144,059	1.33
Jiangsu Changshu Automotive Trim Group Co Ltd	565,800	9,705,051	2.10
Jiangsu General Science Te – A Share	193,800	1,096,774	0.24
Jiangsu General Science Techno	733,100	4,167,756	0.90
Kweichow Moutai Co Ltd – A Share	10,800	19,915,564	4.30
Luxshare Precision Industry Co Ltd	82,500	2,615,491	0.56
Luxshare Precision Industry Co Ltd – A Share	417,837	13,307,045	2.87
Midea Group Co Ltd	173,748	12,071,643	2.61
Nanjing Bestway Intelligen – A Share	173,109	7,566,844	1.63
Ningbo Orient Wires & Cabl – A Share	92,900	4,434,326	0.96
Ningbo Orient Wires & Cables	30,800	1,476,856	0.32
Offshore Oil Engineering Co Ltd	544,100	3,959,012	0.85
Offshore Oil Engineering Co Ltd – A Share	723,200	5,286,180	1.14
Petrochina Co Ltd	405,000	4,313,365	0.93
Petrochina Co Ltd – A Share	515,700	5,517,391	1.19
Postal Savings Bank Of Chi – A Share	1,982,900	10,193,891	2.20
Saic Motor Corp Ltd	165,400	2,686,909	0.58
Shengyi Technology Co Ltd	10,300	191,305	0.04
Shengyi Technology Co Ltd – A Share	268,600	5,011,538	1.08
Shenzhen Fuanna Bedding – A Share	74,500	865,724	0.19
Tcl Technology Group Corporation – A Share	1,841,800	9,314,061	2.01
Tongkun Group Co Ltd	20,500	303,630	0.07
Tongkun Group Co Ltd – A Share	593,200	8,826,075	1.91
Tsingtao Brewery Co Ltd	16,500	1,482,853	0.32
Tsingtao Brewery Co Ltd – A Share	40,400	3,647,295	0.79
Weichai Power Co Ltd – A Share	424,900	7,644,469	1.65
Xcmg Construction Machin – A Share	1,136,000	7,823,754	1.69
Xi An Shaangu Power Co Ltd	391,900	3,700,698	0.80
Xi An Shaangu Power Co Ltd – A Share	288,100	2,732,921	0.59
Xinyu Iron & Steel Co Ltd	975,800	3,715,343	0.80
Yantai Jereh Oilfield – A Share	63,000	2,056,367	0.44
Yantai Jereh Oilfield Services Group Co Ltd – A Share	238,200	7,810,473	1.69
Yto Express Group Co Ltd	304,400	5,106,563	1.10
Yunhai Metals	43,100	802,760	0.17
Yunhai Metals Szhk	77,500	1,436,926	0.31
Yunnan Aluminium Co Ltd – A Share	765,200	11,403,089	2.46
Zhejiang Conba Pharmaceuti Ord	380,300	1,980,057	0.43
Zhejiang Conba Pharmaceutical	1,906,600	9,972,096	2.15
Zhejiang Dahua Technology – A Share	133,700	2,723,940	0.59

<b>HSBC China Dragon Fund</b>			
	<b>Holdings</b>	<b>Market value HK\$</b>	<b>% of total net assets attributable to unitholders</b>
Zhejiang Dahua Technology Co Ltd – A Share	192,900	3,947,969	0.85
Zhejiang IDC Fluid Control – A Share	376,500	3,425,403	0.74
Zhejiang Wanma Co Ltd	473,000	4,694,364	1.01
Zhengzhou Coal Mining Machinery Group Co Ltd	79,000	1,273,129	0.27
Zhengzhou Coal Mining Machinery Group Co Ltd – A Share	670,700	10,857,985	2.34
Zhongman Petroleum And Nat – A Share	133,200	3,618,967	0.78
Zhongman Petroleum And Natural Ord	121,800	3,294,217	0.71
Zijin Mining Group Co Ltd – A Share	800,600	14,582,141	3.15
Zte Corp – A Share	82,700	2,495,242	0.54
Zte Corp A Shares	184,600	5,595,183	1.21
		<u>455,733,199</u>	<u>98.40</u>
<i>Hong Kong</i>			
China Mobile Ltd	71,600	8,200,006	1.77
		<u>8,200,006</u>	<u>1.77</u>
<b>Total investments</b> (Total cost of investments: \$ 452,476,671)		463,933,205	100.17
<b>Other net liabilities</b>		<u>(764,284)</u>	<u>(0.17)</u>
<b>Total net assets attributable to unitholders</b>		<u>463,168,921</u>	<u>100.00</u>

Statement of movements in portfolio holdings (Unaudited)  
For the year ended 31 March 2024

	<i>% of total net assets attributable to unitholders</i>	
	<b>2024</b>	<b>2023</b>
<b><i>Listed investments</i></b>		
Equities	<u>100.17</u>	<u>99.39</u>
	<u>-----</u>	<u>-----</u>
	100.17	99.39
<b>Total investments</b>	100.17	99.39
<b>Other net (liabilities)/assets</b>	<u>(0.17)</u>	<u>0.61</u>
<b>Net assets attributable to unitholders</b>	<u><u>100.00</u></u>	<u><u>100.00</u></u>

## Performance table (Unaudited)

For the year ended 31 March 2024

*(a) Total net asset value (at bid prices)*

*Year*

31 March 2024	HK\$463,168,921
31 March 2023	HK\$529,390,097
31 March 2022	HK\$672,917,594

*(b) Total net asset value per unit (at bid prices)*

*Year*

31 March 2024	HK\$16.45
31 March 2023	HK\$18.80
31 March 2022	HK\$19.12

**(c) Price record (Dealing NAV)**

The Fund is a closed-ended fund listed on The Stock Exchange of Hong Kong Limited and no unitholders may demand redemption of their units. In general, closed-ended funds may trade on the exchange at a discount or at a premium to their net asset value. There is no assurance that the units will be traded at a price that is equal to the net asset value. As the market price of the units may be determined by factors such as the net asset value and market supply and demand for the units, there is a risk that the units will be traded at a discount to its net asset value. In times of market disruption or when there is an insufficient number of buyers and/or sellers of the units, the bid/ask spread of the market price of the units may widen significantly. During the year ended 31 March 2013, the Manager offered a right to the unitholders to redeem not more than 40% of the aggregate number of units in issue.

Year	Net asset value per unit	
	Lowest HK\$	Highest HK\$
2024	14.45	19.39
2023	15.37	19.50
2022	17.85	22.85
2021	11.07	24.40
2020	10.71	13.79
2019	9.42	13.97
2018	11.08	15.22
2017	9.89	11.58
2016	9.27	18.36
2015	7.39	13.69

**(d) Total expense ratio**

	<b>2024</b>
Average net asset value	HK\$467,554,741
Total expenses	HK\$10,270,443
Total expense ratio	2.20%

## Issuance of Results

The audited annual report of the Fund for the period from 1 April 2023 to 31 March 2024 will be despatched to Unitholders on or about 31 July 2024.

Hong Kong, 29 July 2024

**HSBC Global Asset Management (Hong Kong) Limited**  
Manager of HSBC China Dragon Fund

As at the date of this announcement, the board of directors of the Manager is comprised as follows: Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun and Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.



# HSBC CHINA DRAGON FUND

## 滙豐中國翔龍基金

(a Hong Kong unit trust authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(根據《證券及期貨條例》(香港法例第571章)第104條獲認可之香港單位信託基金)

(Stock Code 股份代號：820)

31 July 2024

Dear Unitholders,

### Letter to Existing Unitholders — Election of Means of Receipt and Language of Corporate Communications

The 2024 Annual Report of HSBC China Dragon Fund (the “Fund”) has been prepared in English and Chinese. Copies prepared in the language different from those you have received are available from Computershare Hong Kong Investor Services Limited (the Fund’s Registrar) on request, or on the Fund’s website at [www.assetmanagement.hsbc.com/hk-chinadragonfund](http://www.assetmanagement.hsbc.com/hk-chinadragonfund) and the HKExnews’s at [www.hkexnews.hk](http://www.hkexnews.hk).

You may at any time change your choice of language or means of receipt, free of charge, by completing the attached Change Request Form and returning it to the Fund’s Registrar. You may also send email with a scanned copy of this form to [hsbcchinadragon.ecom@computershare.com.hk](mailto:hsbcchinadragon.ecom@computershare.com.hk).

Should you have any queries relating to this letter, please call the enquiry hotline at (852) 2862 8646 during business hours (9:00 a.m. to 6:00 p.m., Mondays to Fridays).

Yours faithfully,

**HSBC Global Asset Management (Hong Kong) Limited**  
as manager of HSBC China Dragon Fund

各位單位持有人：

### 致現有單位持有人之函件 — 選擇收取公司通訊的方式及語言

滙豐中國翔龍基金（「本基金」）2024年報備有英文及中文版。香港中央證券登記有限公司（本基金之過戶登記處）在收到閣下的要求後，可提供閣下所收到的版本以外另一種語言編製的版本。有關文件亦將刊載於本基金網站 [www.assetmanagement.hsbc.com/hk-chinadragonfund](http://www.assetmanagement.hsbc.com/hk-chinadragonfund) 內，並於香港交易所披露易網站 [www.hkexnews.hk](http://www.hkexnews.hk) 登載。

如閣下欲更改已選擇的語言版本及收取方式，可隨時填寫隨附的變更申請表格，費用全免，然後把表格寄交本基金之過戶登記處。你亦可把已填妥之變更申請表格的掃描副本電郵到 [hsbcchinadragon.ecom@computershare.com.hk](mailto:hsbcchinadragon.ecom@computershare.com.hk)。

若閣下對本函件有任何疑問，請於星期一至星期五早上九時至下午六時致電查詢熱線(852) 2862 8646。

滙豐環球投資管理（香港）有限公司  
作為滙豐中國翔龍基金之經理人  
謹啟

2024年7月31日

“Corporate Communications” refer to any documents issued or to be issued by the Fund for the information or action of the Unitholders, including but not limited to annual report, interim report, notice of meeting, listing document, circular and proxy form.

「公司通訊」指本基金發出或將予發出以供基金單位持有人參照或採取行動的任何文件，包括但不限於年報、中期報告、會議通告、上市文件、通函及代表委任表格。

## Change Request Form 變更申請表格

To: HSBC China Dragon Fund (the "Fund")  
c/o Computershare Hong Kong Investor Services Limited  
Hopewell Centre, 183 Queen's Road East,  
Wanchai, Hong Kong

致：滙豐中國翔龍基金（「本基金」）  
經香港中央證券登記有限公司  
香港灣仔皇后大道東183號  
合和中心17M樓

I/We have already received a printed copy of the Current Corporate Communications in Chinese/English or have chosen to read the Current Corporate Communications posted on the Fund's website:

本人/我們已收取本次公司通訊文件之英文/中文印刷本或已選擇瀏覽本基金網站所登載之本次公司通訊文件：

Part A — I/We would like to receive another printed version of the Current Corporate Communications of the Fund as indicated below:

甲部 本人/我們現在希望以下列方式收取 貴基金本次公司通訊文件之另一語言印刷本：

(Please mark **ONLY ONE (X)** of the following boxes 請從下列選擇中，僅在其中一個空格內劃上「X」號)

- I/We would like to receive a **printed copy in English** now.  
本人/我們現在希望收取一份**英文印刷本**。
- I/We would like to receive a **printed copy in Chinese** now.  
本人/我們現在希望收取一份**中文印刷本**。
- I/We would like to receive **both the printed English and Chinese copies** now.  
本人/我們現在希望收取**英文和中文各一份印刷本**。

Part B — I/We would like to change the choice of language and means of receipt of future Corporate Communications of the Fund as indicated below:

乙部 本人/我們現在希望更改以下列方式收取 貴基金日後公司通訊文件之語言版本及收取途徑：

(Please mark **ONLY ONE (X)** of the following boxes 請從下列選擇中，僅在其中一個空格內劃上「X」號)

- read the **Website version** of all future Corporate Communications published on the Fund's website in place of receiving printed copies; **OR**  
瀏覽在本基金網站發表之公司通訊**網上版本**，以代替印刷本；**或**
- to receive the printed **English version** of all future Corporate Communications **ONLY**; **OR**  
僅收取本公司通訊之**英文印刷本**；**或**
- to receive the printed **Chinese version** of all future Corporate Communications **ONLY**; **OR**  
僅收取本公司通訊之**中文印刷本**；**或**
- to receive both printed **English and Chinese versions** of all future Corporate Communications.  
同時收取本公司通訊之**英文及中文印刷本**。

Name(s) of Unitholders<sup>#</sup>  
基金單位持有人姓名<sup>#</sup>

Date  
日期

(Please use **ENGLISH BLOCK LETTERS** 請用英文正楷填寫)

Address<sup>#</sup>  
地址<sup>#</sup>

(Please use **ENGLISH BLOCK LETTERS** 請用英文正楷填寫)

Contact telephone number  
聯絡電話號碼

Signature(s)  
簽名

<sup>#</sup> You are required to fill in the details if you download this Change Request Form from the Fund's Website. 假如你從基金網站下載本變更申請表格，請必須填上有關資料。

Notes/附註：

- Please complete all your details clearly.  
請閣下清楚填寫所有資料。
- By selection to read the Website Version of the Corporate Communications published on the Fund's website in place of receiving printed copies, you have expressly consented to waive the right to receive the Corporate Communications in printed form, including the right to receive notice of meeting by post or delivery at your address pursuant to the trust deed constituting the Fund.  
在選擇瀏覽在本基金網站發表之公司通訊網上版本以代替收取印刷本後，閣下已明示同意放棄收取公司通訊印刷本的權利，包括根據成立本基金的信託契據以郵寄或送遞予閣下之地址的方式收取大會通告之權利。
- If your units are held in joint names, the Unitholder whose name stands first on the register of members of the Fund in respect of the joint holding should sign on this Change Request Form in order to be valid.  
如屬聯名基金單位持有人，則本變更申請表格須由該名於基金單位持有人名冊上就聯名持有基金單位其姓名名列首位的基金單位持有人簽署，方為有效。
- The above instruction will apply to all future Corporate Communications to be sent to Unitholders of the Fund until you notify otherwise by reasonable notice in writing to the Fund's Registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or by email to [hsbcchinadragon.ecom@computershare.com.hk](mailto:hsbcchinadragon.ecom@computershare.com.hk).  
上述指示適用於將來寄發予本基金單位持有人之所有公司通訊，直至閣下發出合理書面通知予本基金之過戶登記處香港中央證券登記有限公司地址為香港灣仔皇后大道東183號合和中心17M樓或以電郵方式發送通知 [hsbcchinadragon.ecom@computershare.com.hk](mailto:hsbcchinadragon.ecom@computershare.com.hk) 另作選擇為止。
- All Future Corporate Communications in both printed English and Chinese versions will be available for inspection from the Fund's Registrar upon request.  
本基金之過戶登記處將備有所有公司通訊之英文、中文印刷本以供索閱。
- The unitholders are entitled to change the choice of means of receipt or language of the Fund's Corporate Communications at any time by reasonable notice in writing to the Fund's Registrar.  
基金單位持有人有權隨時發出合理書面通知本基金之過戶登記處，要求更改收取公司通訊之語言版本及方式。
- Any form with more than one box marked (X), with no box marked (X), with no signature or otherwise incorrectly completed will be void.  
如在本表格作出超過一項選擇、或未有作出選擇、或未有簽署、或在其他方面填寫不正確，則本表格將會作廢。
- For the avoidance of doubt, we do not accept any special instructions written on this Request Form.  
為免存疑，任何在本申請表格上的額外手寫指示，本公司將不予處理。

### Mailing Label 郵寄標籤

Computershare Hong Kong Investor Services Limited  
香港中央證券登記有限公司

Freepost No. 簡便回郵號碼：37  
Hong Kong 香港

Please cut the mailing label and stick it on an envelope  
to return this Change Request Form to us.

No postage is necessary if posted in Hong Kong.

當閣下寄回本變更申請表格時，請將郵寄標籤剪貼於信封上。  
如在本港投寄，閣下無需支付郵費或貼上郵票。

### Get in touch with us 與我們聯繫

Send us an enquiry 垂詢  
Rate our service 評價  
Lodge a complaint 投訴



Contact Us 聯繫我們

[www.computershare.com/hk/contact](http://www.computershare.com/hk/contact)