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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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**IMPORTANT**

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**HSBC CHINA DRAGON FUND**  
**滙豐中國翔龍基金**

Managed by  
HSBC Global Asset Management (Hong Kong) Limited

**TERMINATION AUDIT ANNOUNCEMENT**

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 Termination of the Fund has become effective on 28 August 2025 (the “Termination Date”) and the Deauthorization/ the Delisting of the Fund has also become effective on 29 August 2025.

The board of directors of the Manager is pleased to announce the termination audit of the Fund for the period from 1 April 2024 to the Termination Date.

The results of the termination audit of the Fund for the period from 1 April 2024 to the Termination Date have been reviewed by the Fund’s Manager and Trustee. This termination audit announcement of the Fund is based on the termination audit report of the Fund for the period from 1 April 2024 to the Termination Date (the “Termination Audit Report”).

## Statement of assets and liabilities

**As at 28 August 2025 (date of termination)**

	Notes	As at 28 August 2025 (date of termination) HK\$	As at 31 March 2024 HK\$
<b>Assets</b>			
Financial assets at fair value through profit or loss	8,12	–	463,933,205
Other receivables		–	3
Cash and cash equivalents	10(d)	–	199,463
<b>Total assets</b>		–	464,132,671
<b>Liabilities</b>			
Bank overdraft	10(d)	–	117
Accrued expenses and other payables	10(a), (b) & (c)	–	963,633
<b>Total liabilities</b>		–	963,750
<b>Net assets attributable to unitholders</b>		–	463,168,921
Representing:			
<b>Total equity</b>		–	463,168,921
<b>Number of units in issue</b>	15, 16	–	28,160,756
<b>Net asset value per unit</b>	15	–	16.45

## Statement of comprehensive income

**For the period from 1 April 2024 to 28 August 2025 (date of termination)**

		<b>Period from 1 April 2024 to 28 August 2025 (date of termination) HK\$</b>	<b>Year ended 31 March 2024 HK\$</b>
	<b>Notes</b>		
Dividend income	4	14,731,741	13,232,219
Interest income on deposits	5, 10(d)	410,771	5,772
Net gains/(losses) from financial assets at fair value through profit or loss	6	17,871,288	(65,496,441)
Net foreign exchange gains/(losses)		4,211,725	(125,832)
Other income		112,642	7,197
<b>Total investment income/(loss)</b>		<b>37,338,167</b>	<b>(52,377,085)</b>
Management fees	10(a)	(5,777,161)	(6,981,456)
Transaction costs	9,10(e)	(2,061,779)	(2,250,426)
Trustee's fees	10(b)	(269,601)	(325,801)
Custodian fees	10(c)	(630,685)	(669,595)
Auditor's remuneration		(335,096)	(312,725)
Legal and professional fees		(5,056,678)	(1,668,031)
Other operating expenses	10(b), 10(d)	(243,006)	(312,835)
<b>Total operating expenses</b>		<b>(14,374,006)</b>	<b>(12,520,869)</b>
<b>Income/(loss) before taxation</b>		<b>22,964,161</b>	<b>(64,897,954)</b>
Taxation	7	(1,473,168)	(1,323,222)
<b>Increase/(decrease) in net assets attributable to unitholders and total comprehensive income/(loss) for the period/year</b>		<b>21,490,993</b>	<b>(66,221,176)</b>

## Statement of changes in equity

For the period from 1 April 2024 to 28 August 2025 (date of termination)

	Note	Period from 1 April 2024 to 28 August 2025 (date of termination) HK\$	Year ended 31 March 2024 HK\$
<b>Balance at the beginning of the period/year</b>		463,168,921	529,390,097
Increase/(decrease) in net assets attributable to unitholders and total comprehensive income/ (loss) for the period/year		21,490,993	(66,221,176)
Redemption of units during the period/year	16	(484,659,914)	–
<b>Balance at the end of the period/year</b>		<u>–</u>	<u>463,168,921</u>

The movement of number of units during the period/year was as follows

Units issued and redeemed:

	Note	Period from 1 April 2024 to 28 August 2025 (date of termination) Units	Year ended 31 March 2024 Units
<b>Number of units in issue</b>			
<b>Balance at the beginning of the period/year</b>	15	28,160,756	28,160,756
Redeemed during the period/year		(28,160,756)	–
<b>Balance at the end of the period/year</b>	15	<u>–</u>	<u>28,160,756</u>

## Cash flow statement

For the period from 1 April 2024 to 28 August 2025 (date of termination)

	Period from 1 April 2024 to 28 August 2025 (date of termination) HK\$	Year ended 31 March 2024  HK\$
<b>Operating activities</b>		
Interest income received	410,774	5,885
Dividend income received	14,731,741	13,232,219
Management fees paid	(6,303,234)	(7,126,949)
Trustee's fees paid	(294,151)	(332,591)
Transaction costs paid	(2,061,779)	(2,250,426)
Tax paid	(1,473,168)	(1,323,222)
Proceeds from sales of investments	1,180,702,874	990,803,624
Payments for purchases of investments	(698,898,381)	(991,400,283)
Other operating expenses paid	(2,354,108)	(3,443,367)
<b>Net cash generated from/(used in) operating activities</b>	484,460,568	(1,835,110)
<b>Financing activity</b>		
Payment on redemption of units	(484,659,914)	–
<b>Cash used in financing activity</b>	(484,659,914)	–
<b>Net decrease in cash and cash equivalents</b>	(199,346)	(1,835,110)
<b>Cash and cash equivalents at the beginning of the period/year</b>	199,346	2,025,079
<b>Effect of foreign exchange rates changes</b>	–	9,377
<b>Cash and cash equivalents at the end of the period/year</b>	–	199,346
Cash at Bank	–	199,463
Bank overdraft	–	(117)
<b>Cash and cash equivalents at the cash flow statement</b>	–	199,346

## Notes to the financial statements

### 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. HSBC Global Asset Management (Hong Kong) Limited is the Manager of the Fund (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited is the Trustee of the Fund (the “Trustee”).

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 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.

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

Pursuant to the notice of termination, voluntary deauthorization and delisting dated 27 August 2025 from the Manager, the Fund was terminated with effect on 28 August 2025.

The SFC has approved the deauthorisation of the Fund and the Stock Exchange has approved the delisting of the Fund from the Stock Exchange. The termination of the Fund is effective since 28 August 2025 and the deauthorisation and delisting are effective on 29 August 2025. Following the deauthorisation, the Fund will no longer be regulated by the SFC and will not be available for public distribution in Hong Kong.

## **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 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 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.

As explained in note 1, the Fund was terminated on 28 August 2025. Accordingly, the Fund is no longer a going concern. The financial statements did not include any provision for the future costs in connection with the termination except to the extent that such costs were incurred at the end of the reporting date. In preparing the financial statements on an alternate basis, the Manager and Trustee of the Fund have considered whether or not the existing HKFRSs accounting policies are appropriate for these circumstances and concluded that they provide adequate and appropriate guidance in the circumstances.

The Manager and the Trustee of the Fund expect this will be the last set of financial statements of the Fund. Therefore, the current financial period covers a period from 1 April 2024 to 28 August 2025 (date of termination). The previous financial statements were prepared in respect of the year from 1 April 2023 to 31 March 2024. Consequently, the comparative figures shown on the statement of comprehensive income, statement of changes in equity, cash flow statement and related notes are therefore not comparable with those of the current period.

**(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 and cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes equity 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 equity investments into financial assets at FVTPL category. Financial assets measured at amortised cost include other receivables and cash and cash equivalents. Financial liabilities that are not at fair value through profit or loss include bank overdraft 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 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:

*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.

### *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.

In accordance with HKAS12, 'Income taxes', the Fund is required to recognize tax liability where it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's capital gains sourced from such foreign country, assuming that the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities, using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Fund. Therefore, when measuring any uncertain tax liabilities, the Manager considers all of the relevant facts and circumstances available at the time that could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

If the Fund concludes that it is not probable that its tax treatment will be accepted by the authorities, it reflects the effect of this uncertainty in its income tax accounting in the period in which that determination is made. The Fund measures the impact of the uncertainty using either the most likely amount method or the expected value method, whichever is the most appropriate given the circumstances.

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 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.

***(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 (a);
- (vii) 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
- (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. 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.

**(1) 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 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 year 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 years have been prepared or presented in this financial report.

The Fund has not applied other new standard or interpretation that is not yet effective for the current accounting year.

**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 period/year are shown as follows:

	<b>Period from 1 April 2024 to 28 August 2025 (date of termination) HK\$</b>	<b>Year ended 31 March 2024 HK\$</b>
Dividend income	14,731,741	13,232,219
Withholding taxes	(1,473,168)	(1,323,222)
	13,258,573	11,908,997

**5 Interest income on deposits**

The Fund earned all its interest income \$410,771 (2024: \$5,772) 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>Period from 1 April 2024 to 28 August 2025 (date of termination) HK\$</b>	<b>Year ended 31 March 2024  HK\$</b>
Realised gains/(losses) on sale of investments	29,327,823	(52,432,975)
Change in unrealised losses in value of investments	(11,456,535)	(13,063,466)
	17,871,288	(65,496,441)

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>Period from 1 April 2024 to 28 August 2025 (date of termination) HK\$</b>	<b>Year ended 31 March 2024  HK\$</b>
Withholding tax arise from dividend income in PRC	<u>1,473,168</u>	<u>1,323,222</u>

## 8 Financial assets at fair value through profit or loss

As at 28 August 2025 (date of termination), the Fund did not hold any investments.

Investments at fair value through profit or loss as of 31 March 2024 are shown as follows:

	<b>31 March 2024</b> <b>HK\$</b>
Listed equities	
– Hong Kong	8,200,006
– Outside Hong Kong	455,733,199
	<hr/>
Total financial assets at fair value through profit or loss	463,933,205
	<hr/> <hr/>

## 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 ended 28 August 2025 (date of termination) and year ended 31 March 2024 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.

The Fund has invested directly in A Shares via the US\$200 million QFII investment quota obtained by the Manager during the period ended 28 August 2025 (date of termination) and year ended 31 March 2024.

**(a) Management fees**

The fee payable to the Manager is calculated at the rate of 1.5% (2024: 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 ended 28 August 2025 (date of termination) and payable at the end of the period ended 28 August 2025 (date of termination) amounted to \$5,777,161 (2024: \$6,981,456) and Nil (2024: \$526,073) respectively.

**(b) Trustee's fees**

The fee payable to the Trustee is calculated at the rate of 0.07% (2024: 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 period ended 28 August 2025 (date of termination) and payable at the end of the period ended 28 August 2025 (date of termination) amounted to \$269,601 (2024: \$325,801) and Nil (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 service fee charged to the Fund in respect of the period ended 28 August 2025 (date of termination) amounted to \$77,913 (2024: \$78,243) respectively. The Trustee is also entitled to an SFC fund data reporting fee of US\$125 per report. The SFC fund data reporting fee charged to the Fund in respect of the period ended 28 August 2025 (date of termination) amounted to \$37,945 (2024: \$30,480) respectively.

**(c) Custodian fee**

During the period ended 28 August 2025 (date of termination), the custodian fee paid to the Bank of Communications Co. Ltd (the "QFII Custodian") is calculated at the rate of 0.1% (2024: 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 ended 28 August 2025 (date of termination) amounted to \$333,314 (2024: \$339,227) respectively. No custodian fee remained payable as at 28 August 2025 (date of termination) and year ended 31 March 2024.

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 period ended 28 August 2025 (date of termination) amounted to \$297,371 (2024: \$330,368) and the corresponding payable as at 28 August 2025 (date of termination) is Nil (2024: \$31,541).

***(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. As at 28 August 2025 (date of termination), the bank balances held by the Fund were Nil (2024: \$28,466 and \$170,880 respectively). During the period ended 28 August 2025 (date of termination), interest earned from The Hongkong and Shanghai Banking Corporation Limited and The Bank of Communications Co. Ltd amounted to \$69,217 and \$75,454 respectively (2024: \$2,900 and \$2,872 respectively). During the period ended 28 August 2025 (date of termination), interest expense paid from bank overdraft to HSBC Hong Kong amounted to \$8,361 (2024: \$1,882).

***(e) Transaction costs***

During the period ended 28 August 2025 (date of termination) and year ended 31 March 2024, 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 28 August 2025 (date of termination), HSBC Hong Kong held Nil units (31 March 2024: 12,974 units) of the Fund. As at 28 August 2025 (date of termination), HSBC International Trustee Limited held Nil units (31 March 2024: 64,168 units) of the Fund for its clients on a discretionary basis. Both entities did not subscribe any units for the period ended 28 August 2025 (date of termination) and year ended 31 March 2024. Both the entities redeemed all units during period ended 28 August 2025 (date of termination) (2024; 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 28 August 2025 (date of termination) and 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. During the period ended 28 August, the Fund obtained services through commission sharing arrangements on transactions amounting to \$25,725,790 (2024: Nil). Commission which amounted to \$1,162 (2024:Nil) has paid from the Fund on these transactions.

## **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 28 August 2025 (date of termination) and 31 March 2024 are summarised below. The Fund did not hold any investment as at 28 August 2025 (date of termination).

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 period ended 28 August 2025 (date of termination) and year ended 31 March 2024, 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 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*

As at 28 August 2025 (date of termination), the Fund did not hold any investments. The impact on a 6% 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.

	<b>31 March 2024</b>		
	<b>% of total net assets</b>	<b>Change in price %</b>	<b>Effects on net assets attributable to the unitholders HK\$</b>
<b>Investment</b>			
Listed equities:			
– Hong Kong	1.77	6	492,000
– Outside Hong Kong	98.40	6	27,343,992
	100.17	6	27,835,992

(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.

The Fund did not hold any interest-bearing assets and liabilities as at 28 August 2025 (date of termination). 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, therefore the Manager considers the Fund is not subject to significant interest rate risk. No sensitivity analysis is performed for the period ended 28 August 2025 (date of termination) and year ended 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):

At 28 August 2025 (date of termination), the Fund did not hold any financial assets or liabilities. At 31 March 2024, all financial instruments for the Fund were denominated in HKD, which is the Fund’s functional currency, therefore this Fund was not subject to any material currency risk.

	<b>Assets HK\$</b>	<b>Liabilities HK\$</b>	<b>Net exposure HK\$</b>
<b>31 March 2024</b>			
Renminbi	464,104,085	–	464,104,085

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 28 August 2025 (date of termination), the Manager and the Trustee do not consider the Fund is subject to any material currency risk hence there is no currency sensitivity prepared (2024: strengthened by 5%). At 31 March 2024, had the HKD further strengthened in relation to the Renminbi by 5%, with all other variables held constant, net assets attributable to unitholders would have increased/(decreased) by the amounts shown in the following table.

	<b>HK\$</b>
<b>31 March 2024</b>	
Renminbi	23,205,204

As at 31 March 2024, a 5% weakening of the HKD against the above currency would have resulted in an approximately equal but opposite effect on the basis that all other variables remain constant.

**(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. As at 28 August 2025 (date of termination), the Fund did not hold any financial assets.

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 28 August 2025 (date of termination) and 31 March 2024.

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 Aa3 (2024: 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 (2024: 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.

As at 28 August 2025 (date of termination), the Fund is not subject to credit risk as there is no financial assets and liabilities held. As at 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 ECL***

As at 31 March 2024, 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.

As at 31 March 2024, 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 and cash and cash equivalents. The amount of the loss allowance did not change during the period ended 28 August 2025 (date of termination) and year ended 31 March 2024.

***(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 28 August 2025 (date of termination), the Fund did not hold any listed equity investments. As at 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 exchange in the 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. As at 28 August 2025 (date of termination), the Fund did not hold any class of units and as at 31 March 2024, there were no significant exposures to liquidity risk for the Fund.

***(d) Capital management***

As at 28 August 2025 (date of termination), the Fund did not hold any capital classified as equity. At 31 March 2024, the Fund had \$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 year with respect to the Fund's approach to its capital management.

The Fund is not subject to externally imposed capital requirements.

During the period ended 28 August 2025 (date of termination) and year ended 31 March 2024, 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 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.

As at 28 August 2025 (date of termination), the Fund did not hold any investments.

	<b>31 March 2024</b>			<b>Total HK\$</b>
	<b>Level 1 HK\$</b>	<b>Level 2 HK\$</b>	<b>Level 3 HK\$</b>	
Listed equities	463,933,205	–	–	463,933,205
	463,933,205	–	–	463,933,205

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 28 August 2025 (date of termination) and 31 March 2024, the Fund did not hold any level 3 financial instruments.

During the period ended 28 August 2025 (date of termination) and year ended 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/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 28 August 2025 (date of termination), no units held by the Fund (2024: 28,160,756 units) and NAV per unit was Nil (2024: HKD16.45).

## **16 Redemption of units under the Recurring Redemption Offer**

On 5 August 2025, the total distribution of HKD17.3955 at a total amount of HKD391,897,357 were made. 22,528,663 units, representing 80% of the total outstanding number of units were then cancelled.

On 3 July 2024, 5,632,093 units representing 20% of the total outstanding number of units as at 2 July 2024, were redeemed at a total amount of HKD92,760,572. A redemption levy of 0.02 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.

**Investment portfolio as at 28 August 2025 (Unaudited)  
(Expressed in Hong Kong dollars)**

The Fund did not hold any investment as at 28 August 2025 (date of termination).

## Statement of movements in portfolio holdings (Unaudited) For the year ended 28 August 2025

As at 28 August 2025 (date of termination), the Fund has no investments.

	<b><i>% of total net assets attributable to unitholders 2024</i></b>
<b><i>Listed investments</i></b>	
Equities	100.17
	-----
	100.17
	-----
<b>Total investments</b>	100.17
<b>Other net liabilities</b>	(0.17)
	-----
<b>Net assets attributable to unitholders</b>	100.00
	=====

## Performance table (Unaudited) (Expressed in Hong Kong dollars)

### (a) Total net asset value (at bid prices)

*Period/Year*

28 August 2025 (Date of termination)	–
31 March 2024	HK\$463,168,921
31 March 2023	HK\$529,390,097

### (b) Total net asset value per unit (at bid prices)

*Period/Year*

28 August 2025 (Date of termination)	–
31 March 2024	HK\$16.45
31 March 2023	HK\$18.80

### (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.

Period/Year	Net asset value per unit	
	Lowest HK\$	Highest HK\$
28 August 2025 (Date of termination)	15.02	19.54
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

***(d) Total expense ratio***

**28 August 2025  
(date of termination)**

Average net asset value	HK\$400,806,832
Total expenses	HK\$12,312,227
Total expense ratio	3.07%

## Issuance of Results

The Termination Audit Report of the Fund for the period from 1 April 2024 to the Termination Date will be despatched to Unitholders on or about 5 December 2025.

Hong Kong, 5 December 2025

**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 Ms. CHEN Wai Nga Sylvia and Mr. TO, Kok Wing.

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**THIS ANNOUNCEMENT 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 of 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 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, 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.

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.

## **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 TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING**

<p><b>The termination of the Fund will become effective on 28 August 2025. The deauthorisation of the Fund will become effective on 29 August 2025 and the delisting of the Fund from the SEHK will also become effective from 9:00 a.m. on 29 August 2025.</b></p>
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Reference is made to the Announcement and Notice dated 9 December 2024 and entitled "Announcement and Notice of the Cessation of Trading, Termination, Voluntary Deauthorisation and Delisting and Waiver from Strict Compliance with Certain Provisions of the Code" (the "**First Announcement**"), the Announcement dated 19 March 2025 and entitled "Interim Distribution Announcement" (the "**Interim Distribution Announcement**") and the Announcement dated 6 August 2025 and entitled "Final Distribution Announcement" (the "**Final Distribution Announcement**") issued by HSBC Global Asset Management (Hong Kong) Limited (the "**Manager**"), the manager of the Fund. Capitalised terms not defined in this Announcement and Notice shall have the same meanings as defined in the First Announcement, the Interim Distribution Announcement or the Final Distribution Announcement.

The purpose of this Announcement and Notice is to inform the investors that, following consultation with the Trustee, the Manager and the Trustee formed an opinion that the Fund has no outstanding contingent or actual assets or liabilities. The termination process of the Fund has also been completed.

Furthermore, the SFC has approved the deauthorisation of the Fund (the “**Deauthorisation**”) and the SEHK has approved the delisting of the Fund from the SEHK (the “**Delisting**”). The termination of the Fund will become effective on 28 August 2025 (the “**Termination Date**”) and the Deauthorisation will become effective on 29 August 2025 and the Delisting will also become effective from 9:00 a.m. on 29 August 2025. Following the Deauthorisation, the Fund will no longer be regulated by the SFC and will not be available for public distribution in Hong Kong. The documentations regarding the Fund previously issued to investors should be retained for personal use only and not for public circulation.

### Termination Audit Report

With reference to the Interim Distribution Announcement, under Chapter 11.6 of the Code, the Manager is required to publish and distribute annual reports containing the information provided under Appendix E to the Code to Unitholders within 4 months of the end of the Fund’s financial year (which ends on 31 March in each year). In order to minimize the operational costs, the Manager will rely on explanatory note (2) to Chapter 11.6 of the Code, which permits the extension of the reporting period for the annual report in the case of fund termination and combine the annual report for the preceding financial year with the termination audit of the Fund. As such, the Manager hereby announces that the Fund will publish the Termination Audit Report covering the period from 1 April 2024 to the Termination Date.

The Termination Audit Report will be made available to the Relevant Investors as soon as practicable and in any event no later than four months of the Termination Date (i.e. to be no later than 28 December 2025). For the avoidance of doubt, no half-yearly unaudited interim reports will be available in 2025. The Termination Audit Report will be published on the Manager’s website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk082003841><sup>1</sup> and the SEHK’s website and distributed to the applicable Relevant Investors. Hard copies of the Termination Audit Report will be made available from the Manager upon request, free of charge.

The contents of the Termination Audit Report shall comply with the requirements under 4.5(f) and Appendix E to the Code and all other applicable provisions of the Code and other applicable laws and regulations.

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 visiting the Manager’s website: <https://www.assetmanagement.hsbc.com.hk><sup>1</sup>.

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

27 August 2025

*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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<sup>1</sup> The website has not been reviewed by the SFC.

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**THIS ANNOUNCEMENT 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 of this Announcement 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 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, 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.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement, 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.

## **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)**

## **FINAL DISTRIBUTION ANNOUNCEMENT**

Further to the Interim Distribution Announcement dated 19 March 2025 (the “Interim Distribution Announcement”) Announcement and Notice dated 9 December 2024 and entitled “Announcement and Notice of the Cessation of Trading, Termination, Voluntary Deauthorisation and Delisting and Waiver from Strict Compliance with Certain Provisions of the Code” (the “First Announcement”), this Announcement is to inform the Relevant Investors of the Final Distribution per Unit of the Fund, which is as follows:

	<b>Final Distribution</b>	<b>Final Distribution per Unit (rounded down to 4 decimal places)</b>
HSBC China Dragon Fund	HK\$324,311,368.22	HK\$14.3955

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 to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) is 17 March 2025 (i.e. the “Distribution Record Date”). The Final Distribution for the Fund will be credited to the CCASS accounts of the relevant financial intermediaries and stockbrokers through whom the Relevant Investors held the Units. It is expected that the Relevant Investors will receive the Final Distribution on 15 August 2025, but the exact timing may vary between different stockbrokers and financial intermediaries. Each Relevant Investor should contact their stockbrokers or financial

intermediaries in relation to the payment arrangements, including payment procedures and settlement date, of the relevant Final Distribution from them.

As mentioned in the First Announcement, 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 and any receivables. The Manager will make a further announcement if a Further Distribution is payable. For the avoidance of doubt, there will be no such announcement if there is no Further Distribution.

The Manager expects the Termination Date will be on or around 28 August 2025. The Manager will update investors by further announcements as soon as practicable as to the timetable in relation to the Termination Date, as well as the dates for the delisting and deauthorisation as and when appropriate in accordance with the applicable regulatory requirements.

Stockbrokers and financial intermediaries are urged to forward a copy of this Announcement to their clients holding Units in the Fund, and inform them of the contents of this Announcement as soon as possible.

Relevant Investors should contact their stockbrokers and financial intermediaries in relation to the payment of the relevant Distribution from them.

Investors are strongly advised to read and consider the First Announcement together with the Offering Circular of the Fund, for further details in relation to the Fund, the termination, deauthorisation and delisting and the applicable risk factors and their implications to investors.

If investors are in doubt about the contents of this Announcement, 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 6 below). Any product documents of the Fund should be retained by the investors for personal use only and not for public circulation.

Reference is made to the Announcement and Notice dated 9 December 2024 and entitled “Announcement and Notice of the Cessation of Trading, Termination, Voluntary Deauthorisation and Delisting and Waiver from Strict Compliance with Certain Provisions of the Code” (the “**First Announcement**”) and the Interim Distribution Announcement issued by HSBC Global Asset Management (Hong Kong) Limited (the “**Manager**”), the manager of the Fund.

Capitalised terms not defined in this Announcement shall have the same meanings as defined in the First Announcement or the Interim Distribution Announcement.

The purpose of this Announcement is to inform the Relevant Investors of the Final Distribution. Relevant Investors, as defined in the First Announcement, mean those investors who held Units in the Fund as at close of business on 17 March 2025 (i.e. the Distribution Record Date).

#### 1. **Final Distribution Amount**

As disclosed in the First Announcement, the Manager will, on or around 1 August 2025, disclose the amount of Final Distribution and amounts per Unit and the date of payment in respect of the Relevant Investors. The Manager obtained PRC tax clearance on 3 July 2025. On the above basis, the Manager, after having consulted with the Fund’s Auditor, its QFI’s Auditor and its QFI’s tax agent and the Trustee, has resolved to declare a Final Distribution in respect of the Relevant Investors at least 7 business days before the Final Distribution

Date and such Final Distribution will be paid to the Relevant Investors on or around 15 August 2025 and the following amount shall be paid in cash by the Fund in the form of a Final Distribution to the Relevant Investors of the Fund:

	<b>Final Distribution</b>	<b>Final Distribution per Unit (rounded down to 4 decimal places)<sup>1</sup></b>
HSBC China Dragon Fund	HK\$324,311,368.22	HK\$14.3955

The Final Distribution has been determined with reference to all actual and anticipated liabilities, which are expected to be settled from the available cash balance of the Fund. There is still cash held with the Trustee for the Final Distribution to be settled on the 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. Please refer to the breakdown of the Final Distribution of the Fund under the section titled "Total distribution of the Fund" below for further details.

As mentioned in the First Announcement, 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 and any receivables. The Manager will make a further announcement if a Further Distribution is payable. For the avoidance of doubt, there will be no such announcement if there is no Further Distribution.

## 2. **Distribution Payment**

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 to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) is 17 March 2025 (i.e. the "**Distribution Record Date**"). The Final Distribution for the Fund will be credited to the CCASS accounts of the relevant financial intermediaries and stockbrokers through whom the Relevant Investors held the Units. It is expected that the Relevant Investors will receive the Final Distribution on or around 15 August 2025, but the exact timing may vary between different stockbrokers and financial intermediaries. Each Relevant Investor should contact their stockbrokers or financial intermediaries in relation to the payment arrangements, including payment procedures and settlement date, of the relevant Final Distribution from them.

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.

<sup>1</sup> The Final Distribution per Unit is rounded down to 4 decimal places to provide a more accurate figure.

Pursuant to Clause 27.7.2 of the Trust Deed, any unclaimed proceeds (including any amounts payable to the Relevant Investors that have not been collected, such as uncashed cheques for Interim Distribution or Final Distribution, or payments outstanding due to missing documentation or inability to contact the Relevant Investor) or cash that are still held by the Trustee (including any residual cash not distributable due to rounding difference) may at the expiration of twelve (12) months from the date upon which the same were payable be paid into a court of competent jurisdiction subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

Prior to making such a payment into court, the Trustee has the right to deduct from the unclaimed proceeds or cash any expenses it may incur in making such payment. These expenses may include, but are not limited to, legal fees, court filing fees, administrative costs, and any other charges directly associated with the process of paying the unclaimed proceeds and cash into the court. For the avoidance of doubt, according to the Trust Deed such expenses shall not be borne by the Manager.

Once the unclaimed proceeds or cash have been paid into court, Investors who have not previously claimed their entitlements will need to apply directly to the court to recover their funds. For the avoidance of doubt, the Final Distribution (pending payment settlement from the Final Distribution Date with the Relevant Investors) shall not be regarded as part of the Fund's assets.

For the avoidance of doubt, the provisions in the Trust Deed will continue to take effect until the Termination Date of the Fund, specifically, the Trustee and the Manager will continue to act in the best interests of the Investors in accordance with the requirements of the applicable laws and regulations.

### 3. **Total distribution of the Fund**

Each of the Manager and the Trustee confirms that, the total distribution (being the total of the Interim Distribution and the Final Distribution) and the total distribution per Unit of the Fund as at 5 August 2025 were as follows:

	<b>Total distribution</b>	<b>Total distribution per Unit (rounded down to 4 decimal places)<sup>2</sup></b>
HSBC China Dragon Fund	HK\$391,897,357.22	HK\$17.3955

	<b>As at 5 August 2025, the reference date of the Final Distribution</b>
<b>Assets</b>	HK\$
Cash and cash equivalents*	324,289,071.91
Credit interests receivable	24,485.49
<b>Total assets (J)</b>	<b>324,313,557.40</b>

<sup>2</sup> Please note the total distribution per Unit is subject to rounding differences.

<b>Liabilities</b>	
Other payables	0.00
<b>Total liabilities (K)</b>	0.00
<b>Net Asset Value available for Final Distribution (E = J - K)</b>	324,313,557.40
<b>Number of Units in issue (C)</b>	22,528,663.00
<b>Final Distribution per Unit (F = E / C) (rounded down to 4 decimal places)</b>	14.3955
Interim Distribution per Unit (D) (rounded down to 4 decimal places)	3.0000
<b>Total distribution per Unit (G = D + F)</b>	17.3955
Interim Distribution (B = C x D)	67,585,989.00
Final distributed amount (H = C x F)	324,311,368.22
<b>Total distribution (I = B + H)</b>	391,897,357.22
Any Residual Cash (non-distributable cash due to rounding difference) (E – H)	2,189.18

\* Includes the refund of the excess of the Provision

#### 4. Provision of Costs and Expenses

As mentioned in the First Announcement, the Manager has set aside the Provision to discharge Future Costs. 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.

The following table shows the Provision set aside, the actual amount of Future Costs and whether the Provision is in excess or falls short of the actual amount of Future Costs as at 5 August 2025 for the Fund:

	HK\$
Amount of Provision set aside	3,000,000.00

Actual amount of Future Costs	(2,092,155.54)
Excess of the Provision to be included in the Final Distribution	907,844.46

During the period from the time after the First Announcement has been published up to the date of this Announcement, the actual Future Costs incurred for the Fund are HK\$2,092,155.54. The Manager and the Trustee confirm that, as of the date of this Announcement, all Future Costs in respect of the Fund (including the amount expected to be incurred up to the Termination Date) have been fully accounted for and there will be no further liabilities accruing to the Fund. In the unlikely event that there are additional Future Costs, the Manager will continue to bear the shortfall.

## 5. **Termination Date**

The Manager expects the Termination Date will be on or around 28 August 2025. With regards to the Termination Date, the Manager and the Trustee would have formed an opinion that the Fund cease to have any contingent or actual assets or liabilities.

The Manager will update investors by further announcements as soon as practicable as to the timetable in relation to the Termination Date, as well as the dates for the delisting and deauthorisation as and when appropriate in accordance with the applicable regulatory requirements.

## 6. **Enquiries**

Investors should exercise caution and consult their professional and financial advisers before dealing in the Units or otherwise deciding on the course of actions to be taken in relation to their Units. 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 visiting the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419><sup>3</sup>.

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

6 August 2025

*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*

<sup>3</sup> The website has not been reviewed by the SFC.

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**THIS ANNOUNCEMENT 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 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 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, 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.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement, 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.

## **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)*

## **INTERIM DISTRIBUTION ANNOUNCEMENT**

Further to the Announcement and Notice dated 9 December 2024 and entitled “Announcement and Notice of the Cessation of Trading, Termination, Voluntary Deauthorisation and Delisting and Waiver from Strict Compliance with Certain Provisions of the Code” (the “First Announcement”), this Announcement is to inform the Relevant Investors of the Interim Distribution per Unit of the Fund, which is as follows:

	<b>Interim Distribution</b>	<b>Interim Distribution per Unit (rounded down to 4 decimal places)</b>
HSBC China Dragon Fund	HK\$67,585,989.00	HK\$3.0000

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 to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) is 17 March 2025 (i.e. the “Distribution Record Date”). The Interim Distribution for the Fund will be credited to the CCASS and Registrar accounts of the relevant financial intermediaries and stockbrokers through whom the Relevant Investors held the Units. It is expected that the Relevant Investors will receive the Interim Distribution on 26 March 2025, but the exact timing may vary between different stockbrokers and financial intermediaries. Each Relevant Investor should contact their

stockbrokers or financial intermediaries in relation to the payment arrangements, including payment procedures and settlement date, of the relevant Interim Distribution from them.

The Manager will 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 on or 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 Manager currently does not expect there will be any Further Distribution after the Final Distribution. If there is any 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 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.

Stockbrokers and financial intermediaries are urged to forward a copy of this Announcement to their clients holding Units in the Fund, and inform them of the contents of this Announcement as soon as possible.

Relevant Investors should contact their stockbrokers and financial intermediaries in relation to the payment of the relevant Distribution from them.

Investors are strongly advised to read and consider the First Announcement together with the Offering Circular of the Fund, for further details in relation to the Fund, the termination, deauthorisation and delisting and the applicable risk factors and their implications to investors.

If investors are in doubt about the contents of this Announcement, 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 5 below). Any product documents of the Fund should be retained by the investors for personal use only and not for public circulation.

Reference is made to the First Announcement issued by HSBC Global Asset Management (Hong Kong) Limited (the “**Manager**”), the manager of the Fund.

Capitalised terms not defined in this Announcement shall have the same meanings as defined in the First Announcement.

The purpose of this Announcement is to inform the Relevant Investors of the Interim Distribution. Relevant Investors, as defined in the First Announcement, mean those investors who held Units in the Fund as at close of business on 17 March 2025 (i.e. the Distribution Record Date).

#### 1. **Interim Distribution Amount**

As disclosed in the First Announcement, the Manager would, on 19 March 2025, disclose the amount of Interim Distribution and amounts per Unit and the date of payment in respect of the Relevant Investors.

On the above basis, the Manager, after having consulted with the Trustee, has resolved to approve that an Interim Distribution of the following amount shall be paid in cash by the Fund in the form of an Interim Distribution to the Relevant Investors of the Fund:

	<b>Interim Distribution</b>	<b>Interim Distribution per Unit (rounded down to 4 decimal places)</b>
HSBC China Dragon Fund	HK\$67,585,989.00	HK\$3.0000

Each Relevant Investor will be entitled to an Interim Distribution amounting to 17.5747% of the Fund's Net Asset Value as of 12 March 2025 (i.e. Trading Cessation Date), proportionate to each Relevant Investor's interests in the Fund as of the Distribution Record Date. The Manager has liquidated all the onshore investments in RMB which is exposed to the relevant foreign exchange rate risks till the Fund will only be allowed to carry out the relevant spot forward exchange when the PRC tax clearance is obtained. Thus, the Manager has determined that such foreign exchange exposure should be mitigated from the Trade Cessation Date in the best interest of the investors. Foreign exchange forward has been carried out and therefore a cash reserve determined by the Manager will be required for settlement purposes before the Final Distribution in case such transaction will be matured or rolled over at the Manager's discretion. Any residual cash reserve will be included in the Final Distribution.

The Interim Distribution is calculated based on the available sales proceeds (as at 12 March 2025, being the Trading Cessation Date) primarily derived from the liquidation of offshore investments (including stocks on the SEHK, American Depositary Receipts, Global Depositary Receipts, and Exchange-Traded Funds), which commenced and completed on 12 March 2025 (i.e. the Trading Cessation Date), after deducting applicable fees, expenses, and their accruals to be due immediately before the Final Distribution (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) and the cash reserve for the relevant foreign exchange activities). The Manager has received the sale proceeds from offshore investments on 12 March 2025.

## 2. **Final Distribution Amount**

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 82.4253% of the total Net Asset Value as of 12 March 2025. 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 from cash placed in any interest bearing accounts including but not limited to savings account or term deposit accounts for cash management purpose and in the best interest to the investors 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.

3. **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.

4. **Distribution Payment**

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 to be entitled to the Interim Distribution, Final Distribution and Further Distribution (if any) is 17 March 2025 (i.e. the "**Distribution Record Date**"). The Interim Distribution for the Fund will be credited to the CCASS and Registrar accounts of the relevant financial intermediaries and stockbrokers through whom the Relevant Investors held the Units. It is expected that the Relevant Investors will receive the Interim Distribution on 26 March 2025, but the exact timing may vary between different stockbrokers and financial intermediaries. Each Relevant Investor should contact their stockbrokers or financial intermediaries in relation to the payment arrangements, including payment procedures and settlement date, of the relevant Interim Distribution from them.

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.

5. **Net Asset Value of the Fund**

Each of the Manager and the Trustee confirms that, the Net Asset Value and Net Asset Value per Unit of the Fund as at Trading Cessation Date were as follows:

	<b>Net Asset Value</b>	<b>Net Asset Value per Unit (rounded up to 2 decimal places)</b>
HSBC China Dragon Fund	HK\$384,561,001.53	HK\$17.07

A simple breakdown of the Net Asset Value of the Fund is as follows:

HSBC China Dragon Fund

	<b>As at Trading Cessation Date</b>
<b>Assets</b>	
Offshore Cash and cash equivalents (F)	HK\$ 84,975,484.68
Onshore Cash and cash equivalents	HK\$ 305,127,094.02
Unrealised Profit / Loss on FX Forward	(HK\$133,559.47)
<b>Total assets</b>	<b>HK\$389,969,019.23</b>
<b>Liabilities</b>	
Accrued expenses and other payables*	HK\$5,408,017.70
<b>Total liabilities</b>	<b>HK\$5,408,017.70</b>
<b>Net Asset Value (A)</b>	<b>HK\$384,561,001.53</b>
<b>Number of Units in issue (C)</b>	<b>22,528,663.00</b>
<b>Net Asset Value per Unit (rounded up to 2 decimal places)</b>	<b>HK\$17.07</b>
<b>Interim Distribution per Unit (D) (rounded down to 4 decimal places)</b>	<b>HK\$3.0000</b>
<b>Interim Distribution (B = C x D)</b>	<b>HK\$67,585,989.00</b>
<b>Estimated Final Distribution ((A – B) per unit (rounded down to 4 decimal places)<sup>1</sup></b>	<b>HK\$14.0698</b>

\* Accrued expenses and other payables including 0.5378% of (A) to be due immediately before the Final Distribution and 0.8685% of (A) to be due after the Final Distribution

**6. Determination of Interim Distribution**

<b>As at Trading Cessation Date</b>	<b>Percentage of Total Net Asset Value</b>
Offshore Cash and cash equivalents (F)	22.0967%
Fee payable due immediately before the Final Distribution*	(0.5378%)
Cash Reserve for spot and futures of foreign exchanges <sup>2</sup>	(3.9842%)
<b>Interim Distribution (B)<sup>3</sup></b>	<b>17.5747%</b>

**7. Provision of Costs and Expenses**

As mentioned in the First Announcement, the Manager has set aside the Provision to discharge Future Costs. 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.

<sup>1</sup> The Estimated Final Distribution is rounded down to 4 decimal places to provide a more accurate figure. The Estimated Final Distribution, is subject to change based on certain factors such as any tax payable, including but not limited to any final tax amount payable to the PRC tax authority per PRC tax clearance received. This amount also may be subject to any upward or downward adjustments, as such Relevant Investors may not receive the full Estimated Final Distribution.

<sup>2</sup> The Manager, after having consulted with the Trustee and the Fund's Auditor who have raised no objection to the approach and figures, has reserved certain level of cash liquidity for the spot or forward trades of the foreign exchange from the Offshore Cash and cash equivalent. The cash reserve is essential for managing foreign exchange exposure and potential hedging losses due to the timing of onshore repatriation, which depends on the PRC tax clearance.

<sup>3</sup> The Manager, after having consulted with the Trustee, the Fund's Auditor who have raised no objection to the approach and figures, has determined the Interim Distribution based on the Offshore Cash and cash equivalents, the cash reserve for the spot or forward trades of the foreign exchange and the payables due immediately before the Final Distribution.

## 8. Preparing annual report covering the Termination Audit Period

Under Chapter 11.6 of the Code, the Manager is required to publish and distribute annual reports containing the information provided under Appendix E to the Code to Unitholders within 4 months of the end of the Fund's financial year (which ends on 31 December in each year). Once financial reports are issued, Unitholders will be notified of where such reports, in printed and electronic forms, can be obtained within the relevant time frame.

The Termination Date is not expected to fall within the financial year ending on 31 March 2025, in order to minimize the operational costs, the Manager will rely on explanatory note (2) to Chapter 11.6 of the Code, which permits the extension of the reporting period for the annual report in the case of fund termination and combine the annual report for the preceding financial year with the termination audit of the Fund. The Manager intends to extend the period covering the period from 1 April 2024 to the Termination Date (to be announced) (the "**Termination Audit Period**"). For the avoidance of doubt, no half-yearly unaudited interim reports will be available in 2025.

If the Termination Date will fall on or before 30 September 2025, the annual report covering the period from 1 April 2024 to the Termination Date (the "**Termination Audit Report**") will be issued within 4 months of the Termination Date.

If the Termination Date will fall after 30 September 2025, due to accounting requirements two separate reports will be published to cover the Termination Audit Period. The first report (the "**First Termination Audit Report**") covering the period from 1 April 2024 to 30 September 2025 (the "**First Termination Audit Period**") will be sent to the Relevant Investors as soon as practicable and in any event no later than 4 months after 30 September 2025. The second report ("**Extended Termination Audit Report**") will then cover the period from 1 October 2025 to the Termination Date (the "**Extended Termination Audit Period**"). The Extended Termination Audit Report will be sent to the Relevant Investors as soon as practicable and in any event no later than 4 months after the Termination Date.

The contents of all reports mentioned above (the "**Termination Audit Reports**") shall comply with the requirements under 4.5(f) and Appendix E to the Code and all other applicable provisions of the Code and other applicable laws and regulations.

The Manager will notify Unitholders of the Fund via the Final Distribution announcement (expected to be on or around 1 August 2025, at least 7 business days prior to the Final Distribution Date) on the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/intermediary/fund-centre/hk0820038419><sup>4</sup> and the HKEX's website of, among other things, the expected Termination Date, when the Termination Audit Reports will be published and the start and end dates of the Termination Audit Period. The hard copies will also be made available free of charge from the office of the Manager upon request.

The Manager confirms that Unitholders will not be prejudiced from the above arrangement under Chapter 11.6 of the Code. The Manager also confirms that, save as otherwise set out 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 collective investment schemes issued by the SEHK and other applicable laws and regulations in respect of the Fund.

The Manager will issue further announcements as follows:

- (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;

<sup>4</sup> The website has not been reviewed by the SFC.

- (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. If there is any change to the abovementioned dates the Manager will issue separate announcement to inform the Relevant Investors. Investors should exercise caution and consult with their professional and financial advisers before deciding on any course of action to be taken in relation to their Units.

## 9. **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 visiting the Manager's website: <https://www.assetmanagement.hsbc.com.hk/en/individual-investor/fund-centre/hk0820038419><sup>5</sup>.

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

19 March 2025

*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*

<sup>5</sup> The website has not been reviewed by the SFC.

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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