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## **HSBC CHINA DRAGON FUND**

### **滙豐中國翔龍基金**

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

**(Stock Code: 820)**

### **Announcement**

## **PROPOSED RECURRING REDEMPTION OFFER**

This announcement is made pursuant to Chapter 11.1B of the Code and the disclosure obligation under the listing agreement for collective investment schemes as set out in Part G of Appendix 7 to the Rules Governing the Listing of Securities on the Stock Exchange.

The Manager would like to announce that the following conditions (being the conditions before a proposed Recurring Redemption Offer can be made, as set out in the Circular) were fulfilled to offer a Recurring Redemption Offer:

1. the Fund has been trading at a discount of its net asset value of 20.16% (daily average) from 2 January 2024 to 28 March 2024, being above the condition of discount of 20% or more for three consecutive months;
2. such redemption offer is made in the best interests of the Unitholders;
3. there is no material adverse impact to the Fund;
4. the Manager must comply with the Applicable Regulations with certain exceptions set out in sub-paragraph 4 in the section headed "(a) Terms of the Recurring Redemption Offer- (i) Background to the Recurring Redemption Offer" in this announcement;
5. the Manager has taken into account of all relevant prevailing market conditions and is reasonably satisfied that the redemption proceeds can be paid to Unitholders in accordance with the time limits stipulated in the Applicable Regulations;
6. the Fund has not yet made any Recurring Redemption Offer in 2024, this met the condition of the Fund not having made more than three redemption offers in a calendar year; the last Recurring Redemption Offer was made on 30 August 2022;
7. the aggregate redemption of all Unitholders will be no more than 20% of the total outstanding number of Units as at the relevant lodgement date of the Recurring Redemption Offer; and
8. Independent Unitholders may by Extraordinary Resolution at a general meeting terminate the Manager's entitlement to make any further redemption offer under the Recurring Redemption Offer, and such Extraordinary Resolution has not taken place.

The Manager wishes to offer Unitholders to redeem for cash the whole or a part of each Unitholder's Units at, subject to a Redemption Levy, the net asset value of the Units as at the Redemption Day being redeemed.

There is no minimum number of Units which a qualifying Unitholder can apply to redeem under the Recurring Redemption Offer; however, a Unitholder may not apply to redeem more Units than such Unitholder holds as of the Lodgement Date. A Unitholder may apply to redeem the whole or a part of his or her holding of Units. The total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as at the Lodgement Date. Regardless of the number of Units a Unitholder has validly applied to redeem, in the event that the aggregate number of Units for which applications are made under the Recurring Redemption Offer exceeds 20% of the total outstanding number of Units as at the Lodgement Date, the number of Units that such Unitholder can eventually redeem will be reduced proportionally. Under such situation, the Fund will satisfy the redemption requests of Unitholders wishing to redeem their Units on a pro rata basis based on the number of Units the Unitholders have validly applied to redeem, rounded down to the nearest whole Unit.

**Due to the legal and regulatory requirements in PRC, redemption proceeds payable to Unitholders out of the Fund's assets in the PRC may be paid to the Unitholders in more than one month from the relevant redemption day. The Manager shall use its best endeavours to repatriate and distribute such proceeds to the Unitholders within two months after the relevant redemption day. Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. The Fund will also use its assets outside PRC if any and appropriate to settle part of the redemption proceeds and that part of the redemption proceeds payable out of the assets of the Fund outside the PRC will be payable within 10 Business Days from the relevant redemption day.**

The Recurring Redemption Offer will be conditional upon the SFC's approval. As previously approved at the General Meeting and set out in the Circular, the Recurring Redemption Offer will not be subject to any further approval of the Unitholders nor the advice of the independent financial advisor. As stated in the Circular, the right of Unitholders to redeem may be suspended by the Manager in the event of that: (A) when either the China or the Hong Kong market is closed; (B) when dealings in the China or the Hong Kong market is restricted or suspended; and/or (C) during the existence of any state of affairs as a result of which disposal or valuation of some or all investments or other property for the time being comprised in the Fund cannot, in the opinion of the Manager, be effected normally or without seriously prejudicing the interests of Unitholders.

**Investors are advised to refer to the letter of advice from an independent financial adviser dated 17 November 2015 in the Circular in relation to the opinion and recommendations of the independent financial advisor including discussions on the reasons, the risks and the benefits associated with the Recurring Redemption Offer.**

**WARNING: It should be noted that dealings in the Units will continue during the period from the date of this Announcement to the Redemption Day. Those Unitholders selling their Units and persons purchasing the Units during such period will accordingly bear the risk that the Recurring Redemption Offer may not occur or may be delayed. If any Unitholder or other person contemplating selling or purchasing any of the Units during this period is in doubt about his or her position, he or she is advised to exercise caution when dealing in the Units and is also recommended to consult his or her professional adviser.**

**It should also be noted that the Recurring Redemption Offer may result in a termination of the Fund. Due to or following the reduction of the Fund size after the Recurring Redemption Offer, the Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund.**

## **A. PROPOSED RECURRING REDEMPTION OFFER**

Reference is made to the circular published by HSBC China Dragon Fund (the "**Fund**") dated 17 November 2015 (the "**Circular**") regarding the extraordinary resolutions in relation to (a) the Change of Investment Objective, (b) the One-off Redemption Offer; (c) the Recurring Redemption Offer and (d) the changes to the Trust Deed to effect the Recurring Redemption Offer approved by the Independent Unitholders of the Fund in the General Meeting.

### ***(a) Terms of the Recurring Redemption Offer***

#### **(i) Background to the Recurring Redemption Offer**

The Extraordinary Resolution regarding the Recurring Redemption Offer was duly passed by the Unitholders in the General Meeting.

According to the Circular, the Manager will offer a Recurring Redemption Offer to all Unitholders to redeem part or all of their holdings in the Fund (subject to a Redemption Levy) as the Manager determines at its discretion taking into account the best interests of the Unitholders, subject to the following conditions:

1. the Fund must be trading at a discount of its net asset value of 20% (daily average) or more for three consecutive months;
2. such redemption offer must only be made in the best interests of the Unitholders;
3. there is no material adverse impact to the Fund;
4. the Manager must comply with the principles and rules under the Applicable Regulations, with the only following exceptions:
  - (a) no independent advice by an independent board committee and/or independent financial adviser will be required in relation to any redemption offer made following the approval of the Recurring Redemption Offer proposal at the General Meeting;
  - (b) where the redemption proceeds cannot be repatriated from China due to legal or regulatory requirements beyond the control of the Manager, the redemption proceeds payment period may be extended beyond the time limits stipulated in the Applicable Regulations. In such case, the Manager must keep proper records to demonstrate and justify this and keep Unitholders and the SFC properly and promptly informed. In any event, the redemption proceeds must be paid to Unitholders as soon as possible after the receipt of the proceeds by the Fund;
5. in considering whether to proceed with a redemption offer, the Manager must take into account of all relevant prevailing market conditions (such as market liquidity, the percentage of stocks held by the Fund which have been suspended from trading and other relevant regulatory

requirements) and must be reasonably satisfied that the redemption proceeds can be paid to Unitholders in accordance with the time limits stipulated in the Applicable Regulations;

6. there is no minimum number of redemption offer to be made in a calendar year and the maximum number for each calendar year shall not exceed three;
7. the aggregate redemption of all Unitholders to be no more than 20% of the total outstanding number of Units as at the relevant lodgement date of each Recurring Redemption Offer; and
8. Independent Unitholders may by Extraordinary Resolution at a general meeting terminate the Manager's entitlement to make any further redemption offer under the Recurring Redemption Offer.

Each Recurring Redemption Offer will be subject to applicable regulatory approvals but will not be subject to any further approval of the Unitholders nor the advice of the independent financial advisor. Investors are advised to refer to the letter of advice from an independent financial adviser dated 17 November 2015 in the Circular in relation to the opinion and recommendations of the independent financial advisor including discussions on the reasons, the risks and the benefits associated with the Recurring Redemption Offer.

The Manager would like to announce that the above eight conditions (being the conditions before a proposed Recurring Redemption Offer can be made, as set out in the Circular) were fulfilled to offer a Recurring Redemption Offer:

1. the Fund has been trading at a discount of its net asset value of 20.16% (daily average) from 2 January 2024 to 28 March 2024, being above the condition of discount of 20% or more for three consecutive months;
2. such redemption offer is made in the best interests of the Unitholders;
3. there is no material adverse impact to the Fund;
4. the Manager must comply with the Applicable Regulations with the only exceptions set out in condition 4(a) and 4(b) above;
5. the Manager has taken into account of all relevant prevailing market conditions and is reasonably satisfied that the redemption proceeds can be paid to Unitholders in accordance with the time limits stipulated in the Applicable Regulations;
6. the Fund has not yet made any Recurring Redemption Offer in 2024, this met the condition of the Fund not having made more than three redemption offers in a calendar year; the last Recurring Redemption Offer was made on 30 August 2022;
7. the aggregate redemption of all Unitholders will be no more than 20% of the total outstanding number of Units as at the relevant lodgement date of the Recurring Redemption Offer; and
8. Independent Unitholders may by Extraordinary Resolution at a general meeting terminate the Manager's entitlement to make any further redemption offer under the Recurring Redemption Offer, and such Extraordinary Resolution has not taken place.

Accordingly, the Manager has determined at its discretion, taking into account the best interests of the Unitholders, to make a Recurring Redemption Offer.

As at the date of this announcement, 28,160,756 Units are in issue. Currently, Unitholders do not have the right to redeem any part of their holdings of Units.

The Manager wishes to offer a Recurring Redemption Offer to the Unitholders to redeem the whole or a part of their Units on the Redemption Day for cash.

(ii) Terms of the Recurring Redemption Offer

The Manager proposes to offer the Unitholders, conditional upon the SFC's approval, the Recurring Redemption Offer, being a right to apply to redeem the whole or a part of their Units at, subject to a Redemption Levy, the net asset value of the Units being redeemed (calculated using the relevant market closing price of the underlying investments of the Fund and the Fund's applicable operating expenses accrued or incurred to date on the Value Day) on the Redemption Day provided that for the Fund as a whole the total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as at the Lodgement Date. The redemption of Units by a Unitholder pursuant to the Recurring Redemption Offer will not attract Hong Kong ad valorem or fixed stamp duty. The redemption of Units by a Unitholder pursuant to the Recurring Redemption Offer will not be subject to any dealing charges other than the Redemption Levy. The Redemption Levy, which is up to 2% of the net asset value of the Units being redeemed (i.e. the redemption price), incorporates commission, stamp duty, transaction cost and total market impact of implementation (i.e. the price difference during the order implementation between the execution price and the price at the time of valuation) will be deducted from the redemption price and will be retained by the Fund for the benefit of the Fund. The actual level of the Redemption Levy will be determined by the Manager according to the Manager's estimation of the above-mentioned commission, stamp duty, transaction cost and total market impact of implementation on the Redemption Day. Each redeeming Unitholder will bear the same percentage of Redemption Levy, namely, the same percentage of the net asset value of the Units being redeemed. The Redemption Levy will be announced together with the net asset value of the Fund as of the Value Day by 5:00 p.m. on 4 July 2024.

The Recurring Redemption Offer will be satisfied by the disposition by the Manager of assets of the Fund. The Manager confirms that sufficient liquid financial resources are available to the Fund to implement and to satisfy the Fund's obligations in respect of the Recurring Redemption Offer in full.

The estimated cost (at the price level as at the date of this announcement) for the Recurring Redemption Offer is HK\$975,000, approximately 0.20% of the net asset value of the Fund as at 20 May 2024. Such cost will primarily include legal fees and costs, and fees and costs incurred by and payable to the Registrar with respect to the Recurring Redemption Offer and will be borne by the Fund, that is, indirectly by all the Unitholders before the redemption day with respect to Recurring Redemption Offer. Redemption Levy, which is up to 2% of the net asset value of the Units being redeemed (i.e. the redemption price), will be borne by the redeeming Unitholders pursuant to the Recurring Redemption Offer.

(iii) Procedures with respect to the Recurring Redemption Offer

The Recurring Redemption Offer shall occur on the Redemption Day. Unitholders who wish to accept the Recurring Redemption Offer must provide completed redemption requests to the Registrar no later than 4:30 p.m. on the Lodgement Date; provided that the Unitholders are only entitled to make a redemption request under the Recurring Redemption Offer with respect to the Units they hold as of the Lodgement Date. Unitholders that are interested in exercising their rights under the Recurring Redemption Offer shall be required to return their redemption requests forms together with the relevant certificate(s) and/ or transfer receipt(s) and / or any other document(s) of title (and / or any satisfactory indemnity or indemnities required in respect thereof) for the number of Units in respect of which Unitholders intend to redeem, by post or by hand to the Registrar by no later than 4:30 p.m. on the Lodgement Date. No further action shall be required from the Unitholders who elect to continue to hold

onto their entire holdings of Units in the Fund. Unitholders who have lost the certificates representing their Units should contact the Registrar and follow the procedure as required by the Registrar. Unitholders whose Units are held by a nominee company, including those whose interests in the Units are held through CCASS, should refer to the section headed "Nominee Registration of Units" below.

**Due to the legal and regulatory requirements in PRC, redemption proceeds payable to Unitholders out of the Fund's assets in the PRC may be paid to the Unitholders in more than one month from the Redemption Day. The Manager shall use its best endeavours to repatriate and distribute such proceeds to the Unitholders within two months after the Redemption Day (i.e. on or before 3 September 2024). Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. Investors should refer to the risk factor headed under "Uncertainty on the payment date of the redemption proceeds" below. The Fund will also use its assets outside PRC if any and appropriate to settle part of the redemption proceeds and that part of the redemption proceeds payable out of the assets of the Fund outside the PRC will be payable by 17 July 2024. As such, the Fund may need to pay the redemption proceeds to Unitholders by instalments and the Fund will pay all the redemption proceeds to the Unitholders as soon as possible after receipt of the proceeds by the Fund. Further announcement will be made by the Manager as soon as practicable if there is a need to pay by instalment and the corresponding date(s) of payment. As of 20 May 2024, A Shares invested directly through the QFI scheme and other net assets in the PRC account for approximately 70.25% of the net asset value of the Fund. For reference, the redemption proceeds payable out of the assets in the PRC as of 20 May 2024 are approximately 25% of the total redemption proceeds (assuming that 20% of the total outstanding Units are being redeemed).**

(iv) Limits on the Recurring Redemption Offer

Unitholders should note that there is no minimum number of Units which a qualifying Unitholder can apply to redeem under the Recurring Redemption Offer; however, a Unitholder may not apply to redeem more Units than such Unitholder holds as at the Lodgement Date. A Unitholder may apply to redeem the whole or a part of his or her holding of Units, redemption application with respect to Units that are in excess of his or her holdings will be disregarded by the Manager.

The total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as at the Lodgement Date. Regardless of the number of Units a Unitholder has validly applied to redeem, in the event that the aggregate number of Units for which applications are made under the Recurring Redemption Offer exceeds 20% of the total outstanding number of Units as at the Lodgement Date, the number of Units that such Unitholder can eventually redeem will be reduced proportionally. Under such situation, the Fund will satisfy the redemption requests of Unitholders wishing to redeem their Units on a pro rata basis based on the number of Units the Unitholders have validly applied to redeem, rounded down to the nearest whole Unit.

The Fund will dispose of its investments in an orderly manner in order to effect the Recurring Redemption Offer. In the event that the aggregate number of Units for which applications to redeem are made under the Recurring Redemption Offer exceeds 20% of the outstanding number of Units as at the Lodgement Date, the Manager shall, subject to the redemption requests complying with the requirements of the Trust Deed, (i) limit the number of Units to be redeemed under the Recurring Redemption Offer to 20% of the outstanding number of Units as at the Lodgement Date and (ii) realise its investments and apply all or part of such realisation proceeds to satisfy the redemption requests of Unitholders wishing to redeem their Units on a pro rata basis based on the number of Units the

Unitholders have validly applied to redeem, rounded down to the nearest whole Unit. Any request for the Recurring Redemption Offer **which is not satisfied** shall be void and certificates representing such Units shall be returned to Unitholders within 10 Business Days after the Redemption Day.

If the aggregate of the actual applications for redemption by the Unitholders made under the Recurring Redemption Offer is less than or equal to the aggregate maximum limit of 20% of the total outstanding number of Units as at the Lodgement Date, all Units applied to be redeemed will be redeemed. The balance between the Units actually redeemed and 20% of the total outstanding number of Units as at the Lodgement Date will neither be carried forward nor be available for any subsequent redemption by any Unitholder on any subsequent trading day of the Fund. The Manager shall, subject to the redemption requests complying with the requirements of the Trust Deed (including, amongst others, any request for the Recurring Redemption Offer must be given in writing signed by the Unitholder or any one of joint Unitholders and must specify the number of Units that are to be realised, and the name or names of the Unitholder or Unitholders together with the relevant certificate(s) and/or transfer receipt(s) and/or any other document(s) of the title (and/or any satisfactory indemnity or indemnities required in respect thereof), the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Manager or its agent or, if relevant, the Trustee), (i) satisfy all such redemption requests and (ii) realise its investments and apply all or part of such realisation proceeds to satisfy such redemption requests under the Recurring Redemption Offer.

The Units to be redeemed must be free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a redemption request by eligible Unitholder will be deemed to constitute a representation and warranty by him or her to the Manager and the Fund that his or her Units are sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of this announcement (including the right to all dividends and distributions (if any) declared, made or paid on or after the date of this announcement) or obligation to create or to give an encumbrance in relation to any of such Units and that no person has claimed to be entitled to an encumbrance in relation to any such Units.

The Recurring Redemption Offer will be subject to certain condition referred to in the section headed "Condition to the Recurring Redemption Offer" below and the full terms and details of the Recurring Redemption Offer will be described more fully in a circular to Unitholders.

All redeemed Units will be cancelled.

(v) Indicative Timetable

The expected timetable for the Recurring Redemption Offer set out below is indicative only and is subject to change. Any changes to the expected timetable will be announced separately by the Fund. All references to time are Hong Kong dates.

Posting of the circular to Unitholders in relation to the Recurring Redemption Offer on the Fund's website and/or by post to Unitholders	11 June 2024
Commencement date for lodging the redemption request with the Registrar	18 June 2024
Lodgement Date of the Recurring Redemption Offer (i.e. last date for lodgment of Recurring Redemption Offer request)	2 July 2024

Redemption Day of the Recurring Redemption Offer	3 July 2024
Date of announcement of the net asset value of the Fund as of the Value Day	4 July 2024
Registrar to dispatch the balanced certificates to the Unitholders and return of certificates representing request that do not satisfy Recurring Redemption Offer (by ordinary post)	17 July 2024
Target payment date of the Recurring Redemption Offer	The Manager shall use its best endeavours to pay all the redemption proceeds, less the Redemption Levy, to Unitholders on or before 3 September 2024 (i.e. within 2 months after the Redemption Day). Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. (see Key Risk Factors (b)(i) below)

***(b) Key Risk Factors***

Unitholders should carefully consider the risk factors described in the Offering Circular and below before deciding on whether to apply for redemption of their Units under the Recurring Redemption Offer:

- (i) ***Future intentions of termination of the Fund:*** As of 20 May 2024, the net asset value of the Fund is HK\$ 490,777,712. Due to the current relatively low net asset value of the Fund, the lack of new demand from Unitholders and the reduction of the Fund size after the Recurring Redemption Offer, the Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund. A termination of the Fund may imply that (among other things): (i) the Fund will no longer be available for public distribution in Hong Kong; (ii) in order to ensure that the Fund will be terminated in an orderly manner, the Manager may progressively realise the assets of the Fund; and (iii) redemption of Units and payment of redemption proceeds by existing Unitholders will be subject to procedures as announced separately by the Fund which may take some time.



If on any date the net asset value of the Fund shall be less than HK\$400,000,000 and the Manager decides to terminate the Fund under the Trust Deed, no approval of the Unitholders is required provided that at least three (3) months' prior written notice is given to the Unitholders. Following a termination of the Fund, the Manager will also apply for the withdrawal of the SFC's authorisation of the Fund from the SFC and the de-listing of the Fund from the Stock Exchange;

- (ii) *Uncertainty on the payment date of the redemption proceeds:* the Manager shall use its best endeavours to pay all the redemption proceeds, less the Redemption Levy, to Unitholders on or before 3 September 2024 (i.e. within 2 months after the Redemption Day). Currently repatriations by QFIs are not subject to any lock-up period or monthly repatriation limits, but may be subject to the provision of certain documents including a special audit report for investment profits issued by a PRC certified public accountant and the required tax filing documents (particularly in the case of the winding-up/liquidation of the Fund), which may take time to obtain in practice given the uncertainties around the PRC tax issues. Therefore, distribution of redemption proceeds from any Recurring Redemption Offer payable out of the Fund's assets in the PRC may be delayed beyond the control of the Manager and there is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. The Fund will also use its assets outside PRC to settle part of the redemption proceeds and that part of the redemption proceeds payable out of the assets of the Fund outside the PRC will be payable by 17 July 2024. Accordingly, the Fund may need to pay the redemption proceeds, less the Redemption Levy, by instalments depending on a number of factors including, but not limited to, the total amount of redemption requests, the amount of offshore assets held by the Fund (i.e. assets outside the PRC) and the time required by the Fund to repatriate funds from the PRC.

The Fund will pay all the redemption proceeds to the Unitholders as soon as possible after receipt of the proceeds by the Fund. Based on the current legal and regulatory requirements in the PRC, the Manager is reasonably satisfied that redemption proceeds can be repatriated from the PRC within two months after the Redemption Day;

- (iii) *Uncertainty on the trading price and the net asset value of the Fund:* under the Recurring Redemption Offer, the net asset value at which the eligible Units will be redeemed shall be determined using the relevant market closing price of the underlying investments of the Fund and the Fund's applicable operating expenses accrued or incurred to date on the Value Day, and subject to the Redemption Levy and the relevant calculation method, shall be announced by the Manager no later than two Business Days after the Value Day. The Redemption Levy is to be retained by the Fund for the benefit of the Fund. Unitholders should note that the net asset value at which the eligible Units will be redeemed may be higher or lower than the traded price of the Units. There is no assurance that the Fund will be traded at a price that is equal to or at a reduced discount to its net asset value subsequent to the effecting of the Recurring Redemption Offer or that the performance of the Fund will be improved or enhanced thereafter;
- (iv) *Uncertainty on whether a Unitholder may redeem all its Units:* as the total number of Units to be redeemed by the Unitholders shall not exceed 20% of the total outstanding number of Units as a whole as at the Lodgement Date, a Unitholder may not be able to redeem all the Units he or she applies to redeem under the Recurring Redemption Offer regardless of whether he or she applies to redeem more or less than 20% of the Units he or she owns at the Lodgement Date.

In the event that the aggregate number of Units for which applications to redeem are made under the Recurring Redemption Offer exceeds 20% of the outstanding number of Units as at the Lodgement Date, the Manager shall apply the relevant realisation proceeds to satisfy the redemption requests of Unitholders wishing to redeem their Units on a pro rata basis based on

the number of Units the Unitholders have validly applied to redeem, rounded down to the nearest whole Unit. Unitholders should refer to the section headed "Limits on the Recurring Redemption Offer" above for details;

- (v) *Risk of Odd Lots:* any Units held by Unitholders that are not successfully redeemed under the Recurring Redemption Offer may be in odd lots. The realisable price of such odd lot Units may be significantly lower than the traded price for such Units;
- (vi) *Impact on the total expense ratio and size of the Fund:* the Recurring Redemption Offer, (i) if effected, will increase the total expense ratio of the Fund by 0.11% (i.e. from 2.08% for the financial year ended 31 March 2023 to approximately 2.19% after the Recurring Redemption Offer (assuming that 20% of the total outstanding Units will be redeemed)) as a result of the expenses incurred with respect to the Recurring Redemption Offer and such expenses are not covered by the Redemption Levy and (ii) reduce the size of the Fund after such Recurring Redemption Offer is effected.
- (vii) *Remittance risk:* all documents and remittances will be sent to the Unitholders through ordinary post at their own risk. These documents and remittances will be sent to the Unitholders at their respective addresses as they appear in the register of Unitholders, and in the case of joint Unitholders, to the Unitholder whose name appears first in the register of Unitholders; and
- (viii) *Foreign currency risk:* A major part of the Fund's investments is denominated in RMB and a major portion of the Fund's revenue and income is received in RMB. There is no assurance that any revenue and income received by the Fund in RMB may be promptly converted into US\$, the Fund will therefore be exposed to risk of fluctuation in the exchange rate of RMB relative to US\$ and US\$ relative to Hong Kong dollars (the currency in which the redemption proceeds will be paid in). The Manager may use hedging techniques to, at the costs and expense of the Fund, attempt offsetting currency risks. However, there is no assurance that the hedging techniques to be adopted by the Manager will achieve a desired result which is beneficial to the Fund's investments and performance.

### ***(c) Taxation***

**Unitholders should consult their professional advisers on the consequences to them of redeeming Units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors, will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances.**

The following statements regarding taxation are based on advice received by the Fund regarding the law and practice in force in Hong Kong at the date of this announcement. Investors should be aware that levels and bases of taxation are subject to change and that the value of any relief from taxation depends upon the individual circumstances of the taxpayer.

#### **(i) Hong Kong**

- **Profits Tax**

No tax will be payable by the Unitholders in Hong Kong in respect of dividends or other distributions of the Fund or in respect of any capital gains arising on a sale or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

- Stamp Duty

The redemption of Units by a Unitholder will not attract Hong Kong ad valorem or fixed stamp duty.

The trading of Hong Kong stock (including the underlying H shares and shares issued by red chip companies) by the Fund to effect the Recurring Redemption Offer is subject to Hong Kong stamp duty. The Fund and the counterparty will each be liable to stamp duty at the current rate of 0.1% of the higher of the consideration paid or the market value of shares being sold and purchased.

(ii) The PRC

The information below is a summary of certain areas of PRC taxation which are likely to be relevant to the Fund and the Unitholders and should not be taken as a definitive, authoritative or comprehensive statement of the relevant matter. In particular, there are various other taxes, duties, levies and charges which are generally of less significance but may nevertheless be applicable to the Fund and the Unitholders. The tax rules applicable to the previous QFII and RQFII schemes will equally apply to the combined QFI regime before any new rules or clarifications are released by the Ministry of Finance ("MoF") and the State Taxation Administration ("STA").

- Corporate income tax

Pursuant to the Corporate Income Tax Law of the PRC and its implementation rules, a foreign enterprise that does not have any establishment or place of business in China is subject to a corporate income tax at the rate of 10% for the dividends, interest, royalty, rental and other income (including capital gain) earned from sources in the PRC.

Pursuant to the *"Circular Concerning the Temporary Exemption of Enterprise Income Tax for Gains Derived by QFII and RQFII from Transfer of Domestic Shares and Other Equity Interest Investment in China"*, corporate income tax shall be temporarily exempted on the gains derived by QFIs from the transfer of domestic shares and other equity interest investment in China with effect from 17 November 2014.

Pursuant to the *"Circular on the Taxation Policy of the Pilot Programme for the Mutual Stock Market Access between Shanghai/Shenzhen and Hong Kong Stock Markets"*, in respect of trading through the Stock Connect corporate income tax shall be temporarily exempted on the gains derived by Hong Kong market investors (including corporate investors) from the transfer of China A-shares listed on the Shanghai/Shenzhen Stock Exchange.

- Stamp duty

Pursuant to the PRC Stamp Duty Law (effective from 1 July 2022), stamp duty is levied on the execution within the territory of China of certain documents and securities transactions, including contracts for the transfer of equity interests and the sale of A Shares and B shares on stock exchanges.

According to the latest notice issued by the MoF and STA, the transfer of A Shares and B shares each is subject to 0.05% stamp duty (effective from 28 August 2023) of the total proceeds but only on the selling side.

Under the *"Circulars on the Taxation Policy of the Pilot Programme for the Mutual Stock Market Access between Shanghai and Hong Kong Stock Markets"*, Hong Kong market investors trading through Shanghai-Hong Kong Stock Connect are required to pay stamp duty arising from the sale and purchase of China A-shares and the transfer of China A-shares by way of succession and gift in accordance with the prevailing Mainland China taxation regulations. The same rules apply to Hong Kong market investors trading through Shenzhen-Hong Kong Stock Connect. In addition, Caishui [2016] No. 127

provides temporary stamp duty exemption on stock borrowing and returning related to covered short selling of stocks by Hong Kong market investors through the Stock Connect.

- Business tax/Value-Added Tax ("VAT")

Pursuant to the notice Caishui [2005] No. 155 issued jointly by the STA and MoF in December 2005, gains derived by QFIIs from securities trading carried out by the PRC brokers are exempted from business tax in the PRC.

Pursuant to the notice Caishui [2016] No. 36 issued jointly by the STA and MoF in March 2016, effective from 1 May 2016 ("**Circular 36**"), PRC VAT replaced business tax to cover all sectors that used to fall under the PRC business tax. With the transition of business tax to value-added tax, exemption was extended to value-added tax for trading PRC securities by QFIIs in China under Circular 36. In addition, the *Supplemental Notice on Value-added Tax Policies for Matters Including Financial Transactions between Financial Institutions* (Caishui [2016] No. 70) jointly issued by the MOF and the STA on 30 June 2016 provides the same VAT exemption on RQFII's securities trading through entrusted domestic company. In accordance with Circular 36, gains derived from the trading of A Shares listed in the Shanghai Stock Exchange through the Shanghai-Hong Kong Stock Connect are temporarily exempt from VAT.

In addition, pursuant to the "*Circular on the Taxation Policy of the Pilot Programme of the Shenzhen-Hong Kong Stock Connect Scheme*" Caishui [2016] No.127 promulgated by the MoF, the STA and the China Securities Regulatory Commission on 5 November 2016, under the business tax to VAT transformation pilot program, gains by Hong Kong market investors from the trading of China A-shares listed on the Shenzhen Stock Exchange through the Shenzhen-Hong Kong Stock Connect will also be exempted from VAT.

Please refer to the section headed "Taxation and Regulatory Requirements" in the Offering Circular for more information.

***(d) Condition to the Recurring Redemption Offer***

The Recurring Redemption Offer will be conditional upon the SFC's approval. As previously approved at the General Meeting and set out in the Circular, the Recurring Redemption Offer will not be subject to any further approval of the Unitholders nor the advice of the independent financial advisor. As stated in the Circular, the right of Unitholders to redeem may be suspended by the Manager in the event of that: (A) when either the China or the Hong Kong market is closed; (B) when dealings in the China or the Hong Kong market is restricted or suspended; and/or (C) during the existence of any state of affairs as a result of which disposal or valuation of some or all investments or other property for the time being comprised in the Fund cannot, in the opinion of the Manager, be effected normally or without seriously prejudicing the interests of Unitholders.

The Recurring Redemption Offer will not lapse or be conditional on any minimum number of redemption applications made by the Unitholders.

***(e) Overseas Unitholders***

Based on the register of Unitholders as at 20 May 2024, there were no Unitholder with registered addresses outside Hong Kong.

***(f) Dealings in Units by the Fund, the Manager and any entities that are their parent, their subsidiaries, their fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies***

The Fund has not repurchased any Units in the six-month period prior the date of this announcement and will not repurchase any Units from the date of this announcement up to the Redemption Day.

Other than the entities set out in the following table, the Fund, the Manager and entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade in the Units (including the exercise of the One-off Redemption Offer as described in the Circular) as discretionary fund managers and/or for proprietary purposes have confirmed that there has neither been dealing nor any exercise of the One-off Redemption Offer as described in the Circular in the Units in the six months immediately prior to the date of this announcement. The Fund has no parent, subsidiary, fellow subsidiary and/or an associated company.

As at the date of this announcement, none of the directors of the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade in the Units as discretionary fund managers and/or for proprietary purposes (other than the entities set out in the following table) had any interests and short positions in the Fund.

As at the date of this announcement, the following fellow subsidiaries and/or associated companies of the Manager that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units:

Name of Entity	Units	Approx.%
The Hongkong and Shanghai Banking Corporation Limited	12,973	0.05%
HSBC International Trustee Limited	64,168	0.23%

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

- does not own, control or direct any voting rights or other rights over the Units;
- does not hold any convertible securities, warrants or options over the Units;
- has not received any irrevocable commitment to accept the Recurring Redemption Offer in respect of any Units; and
- has not entered into any outstanding derivative in respect of the Units.

The Manager has not entered into any undertaking to accept or not to accept the Recurring Redemption Offer from any Unitholder.

Commencing from the date of this announcement up to the Business Day following the Lodgement Date, any dealings in the Units by the Manager and any entities that are the Manager's parent, the Manager's subsidiaries, the Manager's fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies that trade as discretionary fund managers and/or for proprietary purposes from the date of this announcement up to the Lodgement Date will be filed with the Manager as soon as practicable prior to the Business Day following the date of transaction. The Manager will then submit such dealing information to the SFC no later than 12 noon

on the Business Day following the date of transaction and such dealing information will be disclosed on the Fund's website as soon as practicable. Such information will be maintained on the Fund's website for a period of five years following the Lodgement Date.

***(g) Holding Structure***

Set out below is a table showing the estimated holding structure of the Fund prior to and after the completion of the Recurring Redemption Offer on the assumptions that (i) the aggregate number of Units for which applications are made under the Recurring Redemption Offer reaches 20% of the outstanding number of Units as at the Lodgement Date; and (ii) the number of the Units in issue as at the date of this announcement remains unchanged until the completion of the Recurring Redemption Offer.

The Fund has not and will not have any parent, subsidiary, fellow subsidiary and/or associated company.

	Immediately before the completion of the Recurring Redemption Offer		Immediately after the completion of the Recurring Redemption Offer	
	<i>Units</i>	<i>Approx.%</i>	<i>Units</i>	<i>Approx.%</i>
Public Unitholders	28,083,615	99.73%	22,466,892	99.73%
Fellow subsidiaries and/or associated companies of the Manager that trade in the Units as discretionary fund managers and/or for proprietary purposes own or control or direct the holding of voting rights and rights over the Units	77,141	0.27%	61,713	0.27%

***(h) Odd Lots Arrangements***

Currently, the Units are traded in board lots of 500 Units each. Such board lot size will not change as a result of the Recurring Redemption Offer. Eligible Unitholders should note that acceptance of the Recurring Redemption Offer may result in their holding of odd lots of the Units.

The Manager will not make arrangements with any designated broker to match sales and purchases of odd lot trading of Units after completion of the Recurring Redemption Offer in order to enable such redeeming Unitholders to dispose of their odd lots or to top up their odd lots to whole board lots.

***(i) Nominee Registration of Units***

Unitholders whose Units are held by a nominee company should note that the Manager will regard the nominee company as a single Unitholder according to the register of Unitholders. In order for the beneficial owners of the Units whose investments are registered in nominee names (including those whose interests in the Units are held through CCASS) to accept the Recurring Redemption Offer, they may either (i) provide instructions to their nominee agents of their intentions with regard to the Recurring Redemption Offer or (ii) arrange for the Units to be registered in his/her name by the Fund through the Registrar, and send the redemption request forms (available from the Registrar) duly completed together with the certificate(s) of Units to the Registrar.

***(j) Other Arrangements***

There is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Units and which might be material to the Recurring Redemption Offer.

Other than the condition to the Recurring Redemption Offer as noted under the section headed "Condition to the Recurring Redemption Offer" above, there is no agreement or arrangement to which the Fund, the Manager and any entities that are their parent, subsidiaries, fellow subsidiaries, associated companies of any of the foregoing, and companies of which such companies are associated companies which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Recurring Redemption Offer. None of the Fund, the Manager or any entity that is their parent, subsidiary, the Manager's fellow subsidiary, associated company of any of the foregoing, and any company of which such company is an associated companies has borrowed or lent any Units.

***(k) Reason for and Financial Effect of the Recurring Redemption Offer***

The Manager considers that the Recurring Redemption Offer is in the best interests of the Unitholders. The Recurring Redemption Offer will provide the Unitholders an option to exit part of their investment in the Fund. In addition, given the Fund has been trading at an average discount of 20.16% to its net asset value over the past three months since 2 January 2024 to 28 March 2024, the Manager believes that the Recurring Redemption Offer may potentially narrow such discount. However, there is no assurance that the Fund will be traded at a price that is equal to or at a reduced discount to its net asset value subsequent to the effecting of the Recurring Redemption Offer or that the performance of the Fund will be improved or enhanced thereafter.

The Recurring Redemption Offer, if effected, will:

- (i) enable the redeeming Unitholders to receive redemption proceeds equivalent to the net asset value of the Fund attributable to their redeeming Units on the Value Day, less the Redemption Levy;
- (ii) reduce the total net asset value, and therefore size, of the Fund by an amount proportionate to the actual number of Units redeemed. The Manager may decide to terminate the Fund (including, as a result of such decision to terminate the Fund, applying for the withdrawal of the SFC's authorisation of the Fund from the SFC and the de-listing of the Fund from the Stock Exchange) on any date if on such date the net asset value of the Fund shall be less than HK\$400,000,000 under the Trust Deed without any approval of the Unitholders by giving at least three (3) months' prior written notice; and
- (iii) increase the total expense ratio of the Fund from 2.08% for the financial year ended 31 March 2023 to approximately 2.19% after the Recurring Redemption Offer (assuming that 20% of the total outstanding Units are being redeemed).

Investors are advised to refer to the letter of advice from an independent financial adviser dated 17 November 2015 in the Circular in relation to the opinion and recommendations of the independent

financial advisor including discussions on the reasons, the risks and the benefits associated with the Recurring Redemption Offer.

***(l) Future Intentions of termination of the Fund***

The management of the Fund will remain unchanged and the Fund's listing on the Stock Exchange will be maintained upon completion of the Recurring Redemption Offer (subject to the potential termination of the Fund as further elaborated below). The size of the Fund will be reduced after the Recurring Redemption Offer, and the Manager may decide to terminate the Fund (including, as a result of such decision to terminate the Fund, applying for the withdrawal of the SFC's authorisation of the Fund from the SFC and the de-listing of the Fund from the Stock Exchange) on any date if on such date the net asset value of the Fund shall be less than HK\$400,000,000 under the Trust Deed without any approval of the Unitholders by giving at least three (3) months' prior written notice.

**As of 20 May 2024, the net asset value of the Fund is HK\$ 490,777,712.** Due to the current relatively low net asset value of the Fund, the lack of new demand from Unitholders and the reduction of the Fund size after the Recurring Redemption Offer, the Manager envisages the current exercise of the Recurring Redemption Offer may result in the net asset value of the Fund being less than HK\$400,000,000, in which case the Manager may commence to terminate the Fund.

Having taken into account relevant factors including interests of the Unitholders as a whole, the redemption intention of certain existing Unitholder(s), the currently relatively low net asset value of the Fund, the challenging business environment and that the fund size of the Fund is expected to continue to decrease due to the lack of new demand from Unitholders and increasing competitions for the Fund, and the existing small and decreasing size of the Fund which may also impair the Manager's ability to fulfil the Investment Objective of the Fund, the Manager is of the view that the Recurring Redemption Offer, notwithstanding that it may result in a termination of the Fund: (i) is made in the best interests of the Unitholders; and (ii) has no material adverse impact to the Fund, given that the continued operation of the Fund may no longer be desirable.

The Manager intends to continue to meet the public float requirement with respect to the Units after the close of the Recurring Redemption Offer.

***(m) Reason for the Recurring Redemption Offer***

The Manager considers that the Recurring Redemption Offer is in the best interests of the Unitholders. The Recurring Redemption Offer will provide the Unitholders an option to exit part of their investment in the Fund. In addition, given the Fund has been trading at an average discount of 20.16% to its net asset value over the past three months since 2 January 2024 to 28 March 2024, the Manager believes that the Recurring Redemption Offer may potentially narrow such discount. However, there is no assurance that the Fund will be traded at a price that is equal to or at a reduced discount to its net asset value subsequent to the effecting of the Recurring Redemption Offer or that the performance of the Fund will be improved or enhanced thereafter.

***(n) Condition to the Manager's ability to offer the Recurring Redemption Offer***

The Manager's entitlement to offer a Recurring Redemption Offer will be conditional upon the SFC's approval of the Recurring Redemption Offer.



## **B. CIRCULAR**

Details, including the terms and conditions, of the proposed Recurring Redemption Offer and all other information reasonably necessary to enable the Unitholders to make an informed decision on whether to exercise their rights to apply for a Recurring Redemption Offer, the Trustee's view on the Recurring Redemption Offer shall be set out in a circular to be despatched to all Unitholders within 21 days of the date of this announcement. Copies of the circular will be sent to all Unitholders.

## **C. GENERAL**

**It should be noted that dealings in the Units will continue during the period from the date of this Announcement to the Redemption Day. Those Unitholders selling their Units and persons purchasing the Units during such period will accordingly bear the risk that the Recurring Redemption Offer may not occur or may be delayed. If any Unitholder or other person contemplating selling or purchasing any of the Units during this period is in doubt about his or her position, he or she is advised to exercise caution when dealing in the Units and is also recommended to consult his or her professional adviser.**

The Fund is currently a close-ended fund and no investor may demand redemption of their Units.

The listing of the Fund on the Stock Exchange does not guarantee a liquid market and the Fund may be delisted. The Fund's market price on the Stock Exchange of Hong Kong may be different from its net asset value per Unit. Currency movement may affect the value of investments. Investment in emerging market involves higher risks. The Fund invests part of its assets in A Shares, which are subject to specific risks and restrictions as disclosed in the Offering Circular. The Fund differs from a typical unit trust and investors should read the Offering Circular for details including the risk factors.

All directors of the Manager jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

## **D. DEFINITIONS**

"A Share"	shares issued by eligible companies that are listed on the PRC Stock Exchanges, traded in RMB and available for investment by domestic (Chinese) investors and holders of QFI licence
"Applicable Regulations"	the Code on Share Buy-Backs as if they were applicable to the Fund (including but not limited to all relevant timing and disclosure requirements under the Code on Share Buy-Backs), the SFC Products Handbook and all other applicable codes, rules, regulations and laws

"Business Day"	a day (other than a Saturday or Sunday) on which the Stock Exchange is open for normal trading and banks are open for normal banking business in Hong Kong provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which the Stock Exchange and banks in Hong Kong are open for any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Code"	the Code on Unit Trusts and Mutual Funds issued by the SFC, as the same may from time to time be modified, amended, revised or replaced, or supplemented either by published guidelines, policies, practice statements or other guidance issued by the SFC or, in any particular case, by specific written guidance issued by the SFC in response to a specific request by the Manager and/or the Trustee
"Fund"	HSBC China Dragon Fund
"Extraordinary Resolution"	A resolution proposed as such and passed on a poll by 75% or more of the votes of those present and entitled to vote in person or by proxy at a duly convened meeting of the Unitholders
"General Meeting"	the general meeting of Unitholders held on 7 January 2016 to approve the extraordinary resolutions in relation to (a) the Change of Investment Objective, (b) the One-off Redemption Offer; (c) the Recurring Redemption Offer and (d) the changes to the Trust Deed to effect the Recurring Redemption Offer approved
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Unitholder(s)"	Unitholders other than any Unitholder that has a material interest in the Recurring Redemption Offer which is different from the interests of all other Unitholders
"Lodgement Date"	the last date for lodgement of redemption requests pursuant to the Recurring Redemption Offer
"Manager"	HSBC Global Asset Management (Hong Kong) Limited
"Offering Circular"	the offering circular of the Fund dated 21 March 2023 and includes any amendments and supplements thereto

"Overseas Unitholder(s)"	Unitholder(s) whose addresses, as shown in the register of Unitholders, are outside Hong Kong as of the Lodgement Date or the lodgement date with respect to each Recurring Redemption Offer
"PRC" or "China"	the People's Republic of China, but for the purposes of this announcement and the Fund's investment objective and investment approach only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"QFI"	qualified foreign institutional investor (" <b>QFII</b> ") and RMB qualified foreign institutional investor (" <b>RQFII</b> ") approved by the China Securities Regulatory Commission pursuant to the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (《合格境外機構投資者 and 人民幣合格境外機構投資者境內證券期貨投資管理辦法》) promulgated by the China Securities Regulatory Commission, People's Bank of China and State Administration of Foreign Exchange on 25 September 2020 and effective from 1 November 2020, as may be amended from time to time. The QFII program and RQFII program have been merged into a combined scheme for qualified foreign investor (" <b>QFI</b> ") from 1 November 2020
"Recurring Redemption Offer"	an offer by the Manager to all Unitholders to redeem part or all of their holdings in the Fund (subject to a Redemption Levy) as the Manager determines at its discretion taking into account the best interests of the Unitholders, subject to certain conditions as described in the Circular and the Offering Circular
"Redemption Day"	the Business Day immediately following the Lodgement Date
"Redemption Levy"	the redemption fee of up to 2% of the redemption price, payable in relation to the redemption of Units by a redeeming Unitholder pursuant to the Recurring Redemption Offer as described in this announcement
"Registrar"	Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"SFC"	the Securities and Futures Commission of Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Trust Deed"	the trust deed dated 20 June 2007 between the Trustee and the Manager and includes any amendments and supplements thereto
"Trustee"	HSBC Institutional Trust Services (Asia) Limited
"Unit(s)"	unit(s) of the Fund
"Unitholder(s)"	unitholder(s) of Units
"Value Day"	the Redemption Day, being the date on which the relevant market closing price of the underlying investments of the Fund, and the Fund's applicable operating expenses accrued or incurred to date shall be used to calculate the net asset value of the Fund to be adopted as the redemption price for the purpose of the Recurring Redemption Offer

HSBC Global Asset Management (Hong Kong) Limited  
*Manager of HSBC China Dragon Fund*  
21 May 2024

*As at the date of this announcement, the board of directors of the Manager is comprised as follows: Mr. MOREAU, Nicolas Jean Marie Denis, Ms. HO, Wai Fun and Mr. TAM, Chun Pong Stephen and Mr. TO, Kok Wing.*