

香港中央結算有限公司
(香港交易及結算所有限公司全資附屬公司)

HONG KONG SECURITIES CLEARING COMPANY LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: HSBC China Dragon Fund (Stock Code: 820)
- Recurring Redemption Offer

Enquiry: CCASS Hotline¹ (Tel: 2979 7111 / Email: clearingps@hkex.com.hk)
(for Non Investor Participants)
CCASS Hotline¹ (Tel: 2979 7888 / Email: clearingps@hkex.com.hk)
(For Investor Participants)

Pursuant to the circular of HSBC China Dragon Fund (the "Fund") dated 11 June 2024, HSBC Global Asset Management (Hong Kong) Limited (the "Manager") proposes to offer the Unitholders the Recurring Redemption Offer, being a right to apply to redeem the whole or a part of their Units at, subject to a Redemption Levy, the net asset value of the Units being redeemed (calculated using the relevant market closing price of the underlying investments of the Fund and the Fund's applicable operating expenses accrued or incurred to date on the Value Day) on the Redemption Day.

Capitalized terms used herein shall have the same meanings as those defined in the circular of the Fund unless the context requires otherwise.

Limits on the Recurring Redemption Offer

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 (i.e. 2 July 2024).

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. 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. 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.

¹ Calls to and from the CCASS Hotline may be recorded. HKEX Privacy Notice is available [here](#).

Redemption Levy

The redemption of Units by a Unitholder pursuant to the Recurring Redemption Offer will not attract Hong Kong ad valorem or fixed stamp duty, and 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) will be deducted from the redemption price and will be retained by the Fund for the benefit of the Fund.

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). However, distribution of redemption proceeds payable out of the Fund's assets in the PRC will be subject to the relevant rules of SAFE and may be delayed beyond the control of the Manager. There is no assurance that redemption proceeds payable out of the Fund's assets in the PRC will be distributed within two months. Accordingly, the Fund may need to pay the redemption proceeds, less Redemption Levy, by instalments.

Acceptance of the Recurring Redemption Offer through HKSCC

In order to accept the Recurring Redemption Offer through HKSCC, participants of CCASS ("Participants") are requested to note the following arrangements:-

1. A Redemption Announcement has been set up in CCASS for the purpose of handling the whole or partial allotment under the Recurring Redemption Offer. The latest time for Participants to input and authorize the instructions to accept the Recurring Redemption Offer via HKSCC is 11:00 a.m. on 2 July 2024.
2. The "Offer Price" appeared in CCASS during the redemption period is the net asset value of the Fund as of 14 June 2024, which is used for indicative purpose only. Participants should refer to the designated website of the Fund for the latest net asset value of the Fund (<http://www.assetmanagement.hsbc.com/hk-chinadragonfund>).
3. The net asset value of the Fund as of the Value Day (i.e. 4 July 2024) and the Redemption Levy will be announced by the Fund by 6:00 p.m. on 4 July 2024. The "Offer Price" will then be updated in CCASS accordingly.
4. If 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 for the relevant Participants will be finally redeemed on a pro-rata basis based on the number of Units each has applied for in CCASS.
5. The latest date for return of Units not redeemed (if applicable) is expected on 17 July 2024.
6. The receivable amount will only be finalized when the net asset value of the Fund as of the Value Day, Redemption Levy and allotment results are announced by the Fund and such information is updated in CCASS.

7. An entitlement advice with payment breakdown (In the case of partial acceptance by the Manager) will be sent to the relevant Participants' group email address or designated email address according to our records. Participants will be informed by separate message for the arrangement of entitlement advice.
8. In case the redemption proceeds, less the Redemption Levy, will be paid by instalments by the Fund, HKSCC will inform Participants accordingly.

In view of the complexity of the Recurring Redemption Offer, Participants should refer to the circular of the Fund dated 11 June 2024 which was posted on HKEXnews website for details.

Wil Tang
Vice President
Depository and Nominee Services

This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.