

Orient Sun Rise Genesis Fund Series

Orient Sun Rise Greater China Bond Fund (“Sub-Fund”)

November 2021

Issuer: Orient Asset Management (Hong Kong) Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

Quick facts

| | | |
|--|--|--------------------------------|
| Manager: | Orient Asset Management (Hong Kong) Limited | |
| Trustee and Registrar: | CMB (HK) Trustee Company Limited | |
| Custodian: | China Merchants Bank Co., Ltd., Hong Kong Branch | |
| QFI Holder: | Orient Finance Holdings (Hong Kong) Limited | |
| Ongoing charges over a year#: | Class A HKD (ACC): 2.00% | Class A HKD (DIST): 2.00% |
| | Class I HKD (ACC): 1.25% | Class I HKD (DIST): 1.25% |
| | Class A RMB (ACC): 2.00% | Class A RMB (DIST): 2.00% |
| | Class I RMB (ACC): 1.25% | Class I RMB (DIST): 1.25% |
| | Class A USD (ACC): 2.00% | Class A USD (DIST): 2.00% |
| | Class I USD (ACC): 1.25% | Class I USD (DIST): 1.25% |
| # As the Sub-Fund is newly set up, this figure is a best estimate only. The actual figure may be different upon the actual operation of the Sub-Fund and may vary from year to year. The ongoing charges figure represents the estimated ongoing expenses chargeable to the relevant class over a 12-month period expressed as a percentage of the estimated average Net Asset Value (“NAV”) of the relevant class over the same period. | | |
| Dealing Frequency: | Daily | |
| Financial year end of this Sub-Fund: | 31 December | |
| Base Currency: | USD | |
| Distribution frequency: | <i>Distribution (DIST) Classes:</i> At the Manager’s discretion. There is no guarantee of regular distribution nor, where distribution is made, the amount being distributed. Dividends (if any) may be paid out of capital or effectively out capital. <i>Accumulation (ACC) Classes:</i> No distributions will be made. | |
| Minimum investment: (Initial and subsequent subscriptions) | Class A HKD (ACC): HKD1,000 | Class A HKD (DIST): HKD1,000 |
| | Class I HKD (ACC): HKD800,000 | Class I HKD (DIST): HKD800,000 |
| | Class A RMB (ACC): RMB1,000 | Class A RMB (DIST): RMB1,000 |
| | Class I RMB (ACC): RMB800,000 | Class I RMB (DIST): RMB800,000 |
| | Class A USD (ACC): USD100 | Class A USD (DIST): USD100 |
| | Class I USD (ACC): USD100,000 | Class I USD (DIST): USD100,000 |

What is this product?

The Sub-Fund is a sub-fund of Orient Sun Rise Genesis Fund Series (“**Trust**”), which is a Hong Kong unit trust established by a trust deed dated 29 December 2020 as an umbrella fund under the laws of Hong Kong.

Investment Objective and Investment Strategy

Investment Objective and Strategy

The Sub-Fund aims to achieve income and capital appreciation through primarily investing in Greater China fixed income securities.

The Sub-Fund aims to achieve its investment objective by investing at least 70% of its NAV in a portfolio of fixed income securities issued or guaranteed by (i) listed or unlisted corporations which have their main operations (or a majority of assets) in, or have a majority of their income or revenue derived from Greater China (comprising Mainland China, Hong Kong, Macau and Taiwan); and (ii) governments and/or government related entities in Greater China. For the avoidance of doubt, the issuers of the fixed income securities who have a majority of their income or revenue derived from Greater China as mentioned in (i) above may be based in or outside Greater China. The fixed income securities which the Sub-Fund may invest in include, but are not limited to, bonds, certificate of deposits, convertible bonds, contingent convertible bonds and “Dim Sum” bonds.

Up to 20% of the Sub-Fund’s NAV may be invested in debt instruments with loss-absorption features, including contingent convertible debt securities (Additional Tier 1 and Tier 2 Capital Instruments), senior non-preferred debt securities, instruments issued under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules and other similar instruments that may be issued and/or guaranteed by issuers such as corporations, financial institutions or banks). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund may invest up to 20% of its NAV in convertible bonds.

Direct exposure to RMB denominated fixed income instruments issued or distributed in Mainland China (“**Onshore RMB Securities**”) may be gained via the QFI Holder, investing in China Interbank Bond Market (“**CIBM**”) under Foreign Access Regime and/or Bond Connect (both terms as defined in the Explanatory Memorandum) and/or other means as may be permitted by the relevant regulations from time to time. Investment in Onshore RMB Securities will comprise less than 70% of the NAV of the Sub-Fund. The Sub-Fund may invest up to 30% of its NAV in “Dim Sum” bonds.

The Sub-Fund is not subject to any requirements on the minimum credit rating of the fixed income securities it may hold (and consequently it may hold securities that are below investment grade (i.e. BB+ or below as rated by Standard and Poor’s, Fitch Ratings, Moody’s or any other internationally recognised rating agencies, or rated AA or below as rated by a Mainland China credit rating agency) or are unrated), and is not subject to any limitation on the portion of its NAV which may be invested in such securities, except that the Sub-Fund will invest less than 30% in fixed income securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade and/or unrated (for example, Argentina and Brazil). Such investments are based on the professional judgement of the Manager whose reasons for investment may include a favourable outlook on the sovereign issuer, potential for ratings upgrade and the expected changes in the value of such investments due to the ratings changes. For the purpose of the Sub-Fund, “unrated” fixed income securities” are defined as fixed income securities which neither the fixed income securities nor their issuers have a credit rating.

The Sub-Fund may invest less than 70% of its NAV in urban investment bonds (城投債), which are debt instruments issued by Mainland China local government financing vehicles (“**LGFVs**”). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

The Sub-Fund may also hold up to 30% of its NAV in cash or cash equivalents under normal market circumstances, but may temporarily increase its holding up to 100% of its NAV in cash or cash equivalents under exceptional circumstances (such as market crash or major crisis such as during periods of significant downturn in the economy or political turmoil) in the best interest of Unitholders in order to protect the assets of the Sub-Fund, mitigate risk or maintain liquidity of the Sub-Fund.

The Sub-Fund does not currently intend to invest in collateralised and/or securitised securities (including asset-backed securities, mortgage-backed securities and/or asset-backed commercial paper).

The Sub-Fund may invest in financial derivative instruments (“**FDIs**”) for hedging or investment purposes to the extent permitted by the investment restrictions of the Code (as defined in the Explanatory Memorandum) (notwithstanding this, FDIs will not be used extensively for investment purposes). All of the Sub-Fund’s investments will be subject to the restrictions set out in Chapter 7 of the Code.

The Sub-Fund will also not enter into securities lending, repo or reverse repo transactions or other similar over-the-counter transactions.

Use of derivatives / investment in derivatives

The Sub-Fund’s net derivative exposure may be up to 50% of the Sub-Fund’s NAV.

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

1 General investment risk

The Sub-Fund’s investment portfolio may fall in value due to any of the key risk factors below and therefore, investors’ investments in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

2 Concentration risk

The Sub-Fund’s investments are concentrated in fixed income securities in the Greater China markets. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Greater China markets. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

3 Risks associated with investing in fixed income securities

Interest rate risk: Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Long term securities are generally more sensitive to changes in interest rates and, therefore, are subject to a greater degree of market price volatility. This may have an adverse impact on the value of the Sub-Fund.

Credit risk: The Sub-Fund is exposed to the credit or default risk of issuers of the debt securities that the Sub-Fund may invest in. In the event that any issuer experiences financial or economic difficulties or a rating is downgraded, the value of the security may be negatively affected.

Volatility and liquidity risk associated with debt securities in the Greater China markets: The debt securities in the Greater China markets (in particular Mainland China and Taiwan) may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs. The Sub-Fund may encounter difficulties in valuing and/or disposing of assets at fair value in a timely manner which could impact the Sub-Fund’s ability to meet redemption requests on demand.

Credit rating risk and downgrading risk: Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded. This may have an adverse impact on the value of the Sub-Fund.

Credit rating agency risk: In respect of Onshore RMB Securities, the credit appraisal system in Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Valuation risk: Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Sub-Fund.

Non-investment grade / rated AA or below by Mainland China credit rating agencies / unrated bonds risk: The Sub-Fund may invest in debt securities rated below investment grade (in the case where the credit rating is assigned by an internationally recognised credit agency) or rated AA or below by a Mainland China credit rating agency (in the case where the credit rating is assigned by a Mainland China credit rating agency) unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities. This may have an adverse impact on the value of the Sub-Fund.

Sovereign debt risk: The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

4 *"Dim Sum" bond (i.e. bonds issued outside of Mainland China but denominated in RMB) market risks*

The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the NAV of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s). This may have an adverse impact on the value of the Sub-Fund.

5 *Risks associated with investment made through the QFI regime*

The Sub-Fund's ability to make the relevant investments in Onshore RMB Securities is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in Mainland China, which are subject to change and may have potential retrospective effect.

The Sub-Fund may suffer substantial losses if the approval of the QFI is being revoked / terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including the PRC Custodian, the QFI Holder and the PRC Broker) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

6 *Risks of investing in urban investment bonds*

Urban investment bonds are issued by LGFVs located in Mainland China. Such bonds are typically not guaranteed by local governments or the central government of Mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the NAV of the Sub-Fund could be adversely affected.

7 *Risks associated with China Interbank Bond Market ("**CIBM**") via Foreign Access Regime and/or Bond Connect*

Investing in the CIBM via the Foreign Access Regime and/or Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to fixed income securities. The relevant rules and regulations on investment in the CIBM via the Foreign Access Regime and/or Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant Mainland China authorities suspend account opening or trading on the CIBM, the Sub-Fund's ability to invest in the CIBM will be

adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

8 *Mainland China tax risk*

There are risks and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of the Sub-Fund's investments in Mainland China (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value. Based on professional and independent tax advice, the Sub-Fund will not make any provision on the gross unrealised and realised capital gains derived from the trading of Mainland China debt securities. Please refer to "Mainland China Taxation" under the section headed "Taxation" in the Explanatory Memorandum for details.

9 *Foreign currency risk*

Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls. This may have an adverse impact on the value of the Sub-Fund.

10 *RMB currency and conversion risks*

The RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against investors' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or dividend payment (if applicable) in RMB may be delayed due to the exchange controls and restrictions applicable to RMB. These factors may have an adverse impact on the value of the Sub-Fund.

11 *Risks associated with investment in FDIs*

The Sub-Fund may use FDIs for investment, hedging, risk management, and efficient portfolio management purpose. The use of such FDIs exposes the Sub-Fund to additional risks, including counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Moreover, the use of FDIs for hedging may become ineffective, and the Sub-Fund may suffer substantial loss. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

12 *Distribution out of capital or effectively out of capital risk*

Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the NAV per unit of the relevant class.

How has the Sub-Fund performed?

Since the Sub-Fund is newly set-up, there is insufficient data to provide a useful indication of past performance to investors.

Is there any guarantee?

The Sub-Fund does not have any guarantee. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund:

| Fee | What you pay |
|----------------------------|---|
| Preliminary Charge* | Class A: Up to 5.0% of the subscription amount Class I: Up to 3.0% of the subscription amount |
| Redemption Charge* | Class A and Class I: Nil |
| Conversion Charge* | Class A and Class I: Up to 1% of the total amount being converted in respect of the Units being converted |
| Fiscal charges | In calculating the Issue Price and Redemption Price of the Sub-Fund, the Manager may make adjustments including adding fiscal charges. Please refer to the sub-section entitled "Fiscal Charges" under the section headed " Fees and Expenses " of the Explanatory Memorandum for details. |

Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

| | Annual rate (as a % of the Sub-Fund's NAV) |
|-------------------------|---|
| Management Fee* | 1.25 % per annum for Class A 0.50% per annum for Class I |
| Trustee Fee* | Up to 0.15% per annum, subject to a monthly minimum fee of USD3,000 |
| Performance Fee* | Nil |

Other Fees

You may have to pay other fees and charges when dealing in the units of the Sub-Fund.

*You should note that this fee may be increased, up to a specified permitted maximum, by giving affected Unitholders at least one month's prior notice. Please refer to the section "**Fees and Expenses**" of the Explanatory Memorandum for details of other fees and expenses.

Additional Information

- You generally buy and redeem units at the Sub-Fund's next-determined NAV after the Registrar receives your request in good order on or before 4.00 pm (Hong Kong time) on the relevant Dealing Day.
- The NAV of the Sub-Fund is calculated and the price of units is published each Business Day. They are available online at the Manager's website: <https://www.dfzq.com.hk>. This website has not been reviewed by the SFC.
- The composition of dividends (if any) (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital for the last 12 months will also be available from the Manager on request and published on the Manager's website: <https://www.dfzq.com.hk>. This website has not been reviewed by the SFC.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.