

Schroder Provident Plan (the “Plan”)

Additional Information in respect of the Plan

Important

If you are in any doubt about the contents of this document, you should seek independent professional financial advice.

This document should be read together with the Explanatory Memorandum of the Plan. Words and expressions defined in the Explanatory Memorandum of the Plan shall have the same meanings in this document.

Schroder Investment Management (Hong Kong) Limited, being the Sponsor of the Plan, accepts responsibility for the accuracy of the information contained in this document as at the date of this document.

Borrowing and Leverage

The expected maximum level of leverage of the Plan and the Portfolios is as follows:

The Trustee has power to borrow for the purpose of providing cash to pay benefits or expenses up to a limit of 10% of the net asset value of the Plan but not for the purpose of investment. The amount of borrowing attributable to a Portfolio will not exceed 10% of the net asset value of the relevant Portfolio.

The Portfolios do not intend to use any financial derivative instruments for hedging or non-hedging purposes. Accordingly, the Portfolios are not expected to incur any leverage arising from the use of financial derivative instruments.

Please note that the underlying investment funds or insurance policy of the Portfolios may have exposure to financial derivatives instruments and may incur leverage.

Liquidity Risk Management

The investment managers of the underlying investment funds of the Portfolios have established a liquidity management policy which enables them to identify, monitor and manage the liquidity risks of the underlying investment funds and to ensure that the liquidity profile of the investments of the underlying investment funds will facilitate compliance with their obligation to meet redemption requests. Such policy, combined with the liquidity management tools of the investment managers, also seeks to achieve fair treatment of investors and safeguard the interests of remaining investors in case of sizeable redemptions.

The liquidity risk management of the underlying investment fund is an integral part of investment management process and is operated under Schrodgers' investment risk management framework. The oversight of the liquidity risk management function will be performed by the investment risk function which is part of Schrodgers Group Risk. A liquidity report will be generated by Group Risk monthly. The results of the oversight will be reported to a risk management committee consisting of responsible officers, management and senior staff from Compliance, Investment and Operational and Risk on a

regular basis. Exceptions on liquidity risk related issues will be escalated to the risk management committee.

The investment managers of the underlying investment funds of the Portfolios would regularly assess the liquidity of the underlying investment funds' assets under the current and likely future market conditions. The investment managers' liquidity policy takes into account the investment strategy; the liquidity profile; the redemption policy; the dealing frequency; the ability to enforce redemption limitations and the fair valuation policies of the underlying investment funds. These measures seek to ensure fair treatment and transparency for all investors.

The liquidity management policy involves monitoring the profile of investments held by the underlying investment funds on an on-going basis to ensure that such investments are appropriate to their redemption policy, and will facilitate compliance with the underlying investment funds' obligation to meet redemption requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the investment managers to manage the liquidity risk of the underlying investment funds under normal and exceptional market conditions.

Schroder Investment Management (Hong Kong) Limited
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