

## **C-Bridge Capital LLC**

**450 Lexington Avenue, Suite 39B,  
New York, USA**

**March 29, 2022  
CRD: 308376**

This brochure provides information about the qualifications and business practices of C-Bridge Capital LLC (“**C-Bridge Capital**” or the “**Firm**”). If you have any questions about the contents of this brochure, please contact us at (+86) 21 8012 1275 or email at oak.ma@cbridgecap.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Registration of an investment adviser does not imply that C-Bridge Capital or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about C-Bridge Capital LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

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Since C-Bridge Capital's initial brochure filing in May 2020, there have been no material changes to the Firm's business that would require disclosure in this Item 2. Material changes relating to the information contained in this Brochure will be included in subsequent filings as they arise.

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## **Item 4: Advisory Business**

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### **Advisory Business and Ownership**

C-Bridge Capital is a limited liability company incorporated in Delaware on July 12<sup>th</sup>, 2019 and acts as a sub-investment adviser to the R-Bridge Healthcare Fund, L.P. (the “**R-Bridge Fund**”), which is domiciled in the Cayman Islands as an exempted limited partnership. The R-Bridge Fund is advised in parallel with R-Bridge Healthcare AIV, L.P. (the “**R-Bridge SMA**”), a separately managed account also sub-advised by the Firm.

The Firm is wholly owned by CBC Group Investment Management Limited (the “**Parent**”) and is part of the CBC Group. The Parent also relies on the registration of the Firm to furnish investment advisory services to C-Bridge Capital Healthcare Fund IV, L.P. (“**C-Bridge Fund IV**”) and C-Bridge Healthcare Fund V, L.P. (“**C-Bridge Fund V**”) (collectively referred to as the “**C-Bridge Funds**,”) and a separately managed account named CBC S-I, L.P (the “**CBC SMA**”).

C-Bridge Funds together with the R-Bridge Fund, are collectively referred to herein as the “**Funds**,” while the R-Bridge SMA and CBC SMA are collectively referred to herein as “**SMAs**”. The Funds and SMAs are all referred to collectively as the Firm’s “**Clients**”. The CBC Group is a healthcare-dedicated private equity firm headquartered in Singapore. The Firm is currently controlled by Mr Fu Wei, the Chief Executive Officer.

### **Services Offered**

The principal activity of C-Bridge Capital is to indirectly provide investment management services, as a sub-investment adviser, to the R-Bridge Fund and the R-Bridge SMA, via R-Bridge Healthcare Investment Advisory, Ltd. (the “**Manager**”), including investment advisory services, specializing in healthcare-dedicated private equity investments.

The Firm, with the Manager, provides investment management services to the R-Bridge Fund and R-Bridge SMA based on specific investment objectives and strategies. The R-Bridge Fund’s offering documents (as amended and supplemented from time to time) set forth the investment guidelines and/or the types of investments in which the assets of the R-Bridge Fund may invest.

### **Ability to Tailor Services and Impose Restrictions**

The investment objectives and strategy for the Clients are described in the Clients’ offering documents. C-Bridge Capital, together with the Manager, provides investment management services to the R-Bridge Fund and R-Bridge SMA based on the specific investment objectives and strategies of the R-Bridge Fund and not individually to investors in the R-Bridge Fund. The Parent provides investment management services to the C-Bridge Funds based on the specific investment objectives and strategies of the C-Bridge Funds and not individually to investors in the C-Bridge Funds (together with the investors in the R-Bridge Fund, the “**Investors**”). Since the Firm does not provide tailored advice to the Investors, such investors should consider whether the funds investment strategies are in line with their risk tolerance. The Funds may from time to time enter into side letter agreements or other similar agreements (“**Side Letters**”) providing investors with additional and/or different rights and benefits. Directors may also reduce the minimum subscription amounts in consultations with the Firm, subject to requirements by applicable laws.

### **Client Assets**

As of December 31, 2021, C-Bridge Capital had approximately USD \$3,198,781,375 of regulatory assets under management on a discretionary basis.

The performance of the Funds will be reported, fees will be calculated, and all subscriptions and redemptions will be transacted, in US Dollars (US\$).

## **Item 5: Management Fees**

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### **Management Fee**

As a sub-investment adviser, C-Bridge Capital does not charge any fee from the R-Bridge Fund. Instead, the Manager charges the R-Bridge Fund a fee for its investment management services based on assets under management (the “Management Fee”), which is set forth in the R-Bridge Fund’s offering documents. The Manager receives an annual management fee ranging up to 2% per annum in respect of the net asset value (“NAV”) or the Capital Commitments of the R-Bridge Fund. The Management Fee is calculated and accrues as at each relevant valuation day of the R-Bridge Fund, based on either the NAV invested or the Capital Commitments.

The Parent charges the C-Bridge Funds Management Fee, which is set forth in the C-Bridge Funds’ offering documents. The Parent receives an annual management fee ranging up to 2% per annum in respect of the NAV or the Capital Commitments of the C-Bridge Funds. The Management Fee is calculated and accrues as at each relevant valuation day of the C-Bridge Funds, based on either the NAV invested or the Capital Commitments.

The Manager and/or the Parent may, in their sole discretion, waive, rebate or decrease the Management Fee(s) that are payable by the Funds or SMAs in whole or in part at any time.

The Funds may from time to time enter into Side Letters providing for changes in management fees and performance allocation.

The R-Bridge SMA will generally pay Management Fees in a similar range as stated above.

### **Brokerage Fees**

Given the specific investment objectives and mandate of the Clients, brokerage fees will likely not be applicable. However, in the event brokerage fees arise, the Clients will be responsible for paying any and all brokerage fees including, without limitation, commissions, annual fees, brokerage charges, bank charges, registration fees, clearing and settlement charges, taxes and/or duties.

### **Other Fees and Expenses**

The Clients pays various ongoing operational expenses, including but not limited to, accounting, auditing, tax preparation, legal, administration, research, and trading costs. The Fund may from time to time incur brokerage and other transaction costs.

Fees and compensation are generally deducted from the assets of each Clients on a quarterly basis.

**Item 6: Performance-Based Fees**

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The Clients are subject to performance-based compensation arrangements as agreed in the Offering Materials. The general partners or their designated entities typically receive certain allocations calculated and charged based on a share of the net asset value increase in, or exit distributions to investors from, the assets of the Clients. Performance-based allocations to the general partners are separate and distinct from the advisory fees paid for the Manager and Parent's investment management services.

Performance-based allocation arrangements received by the R-Bridge Fund may create an incentive for the Firm to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Please refer to the Offering Materials for more complete information on the performance-based allocation arrangements.

The performance-based allocation arrangements for the R-Bridge SMA may vary but will generally not be higher than the performance-based allocations as stated above.

**Item 7: Types of Clients**

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C-Bridge Capital, as a sub-investment adviser, indirectly provides investment management services to the R-Bridge Fund. Investors in the Clients primarily consist of institutional investors and high net worth individuals

The minimum initial investment amount for the Funds is generally US\$1,000,000. In certain circumstances, minimum investment amounts may be amended by the general partners in consultation with the Manager/the Parent.

The R-Bridge SMA client entered into a separate Investment Advisory Agreement with the Manager and is sub-advised by the Firm in parallel with the R-Bridge Fund. The R-Bridge SMA currently has one institutional investor as the limited partner, and the investment amount for the R-Bridge SMA is approximately US\$60,000,000.

**Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

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**Section I: R-Bridge Fund and R-Bridge SMA****Investment Strategy and Objective**

R-Bridge Fund and R-Bridge SMA are organized for the principal purposes of (a) making investments primarily in cash flow streams generated by the sale of pharmaceutical, biotechnology, medical device, diagnostics and healthcare services that have a significant nexus to Greater China, including, but not limited to, royalties and other contractual rights to payment, revenues, and equity, debt, and debt-related investments that are materially associated with royalties, revenues, and other cash flow streams (collectively, the “Investments”), with a view to generating income and capital appreciation, (b) managing, supervising and disposing of Investments, and (c) engaging in such other activities incidental or ancillary thereto as the General Partner deems necessary or advisable; provided that the Clients shall not undertake business with the public in the Cayman Islands other than so far as may be necessary or advisable for carrying on the business of the Partnership exterior to the Cayman Islands.

**Investment Process**

- (1) *Sourcing*: The Manager’s deal origination efforts for R-Bridge Fund and R-Bridge SMA will be guided by its asset selection and prioritization process under the leadership of managing directors, though all investment professionals at the Manager will contribute to the effort as a team. With respect to each priority asset target, all potential counterparties (including royalty-holders and marketers) and existing relationships with R-Bridge Fund and R-Bridge SMA and the Manager will be identified and further prioritized based on the likelihood to transact. The Manager’s team will seek to broadly leverage or establish relationships with both counterparties and intermediaries such as investment banks, lawyers and consultants, all with a view to clearly communicating the valuation proposition of transacting with R-Bridge Fund and R-Bridge SMA. The Manager will also leverage the networks of its Strategic Advisory Board members, all of whom are professionals and executives with in-depth expertise in healthcare royalty and related financing transactions.
- (2) *Due Diligence*: The Manager’s emphasis during the due diligence stage is on the maximization of value, the reduction of risk and the preservation of capital. The ability to efficiently and thoroughly conduct due diligence on healthcare products and services in the Greater China market is a key strength of the Manager. The Manager’s due diligence review will typically include identifying and developing a plan to assess each critical success factor and risk associated with an investment opportunity. In order to mitigate potential risks, the Manager will typically conduct extensive due diligence in a variety of areas including scientific, intellectual property, regulatory, commercial and competition, and legal, as follows:
  - *Scientific Assessment* – This portion of the due diligence process focuses on reviewing the scientific profile of an asset, including: (i) evaluating the available data supporting clinic use, (ii) identifying the side effect profile or safety-related risks; and (iii) comparing with existing and pipeline competitors. Typical data sources for conducting such a review include scientific publications such as journals and congress proceedings, commercial resources such as Clarivate Analytics, Datamonitor, and Decision Resources, company presentations, and equity analyst reports. This review may be completed in-house or external consultants may be used to supplement the Manager’s internal expertise on specific topics.



- *Intellectual Property Assessment* – This portion of the due diligence process focuses on reviewing the strength and weaknesses of the intellectual property and regulatory protection applicable to an asset, including an assessment of the exact duration of the such protection. A freedom-to-operate analysis will typically also be conducted to ensure that the sales and marketing of the asset are not threatened by third party intellectual property. This review will be completed by the Manager working together its external counsel.
  - *Commercial and Competitive Analysis* – This portion of the due diligence process focuses on analyzing the market demand, cost and reimbursement, positioning, competition, and barriers to entry associated with an asset. Physicians, including key opinion leaders, may also be surveyed and interviewed to understand key factors that impact commercial success, including treatment practices, prescribing behavior, pricing sensitivity, and competitive impact.
  - *Regulatory Assessment* – This portion of the due diligence process focuses on reviewing the regulatory pathway available for the approval of a certain asset or, more commonly, the additional uses (known as “indications”) of an already approved asset. This review may be completed in-house or external specialized consultants may be used to supplement the Manager’s internal expertise on specific topics.
  - *Legal* – This portion of the due diligence process focuses on an analysis of the existing licensing and other legal documentation supporting the investment opportunity and may include lien and litigation searches and conducting tax and regulatory analyses relating to the structuring of the transaction. This review will be completed by the Manager’s in-house counsel working in tandem with external corporate counsel.
- (3) *Investment Committee Approval:* The full due diligence findings are brought to the Investment Committee for final review and approval and documentation is reviewed by internal counsel.
- (4) *Risk Management:* Following approval, a potential investment is referred to the Manager’s Legal Department and Risk Management Department for review of internal and external objectives and parameters for each relevant fund.
- (5) *Execution and trade capture:* Following approval, the transaction documentation is executed by appropriate authorised signatories and captured by the Manager’s Fund Administration Departments; a reconciliation is conducted with records maintained by R-Bridge Fund and R-Bridge SMA’s external Fund Administrator.
- (6) *Managing the investment:*

Key contractual terms and payments are monitored by the Firm’s risk management, valuation, legal and operations departments with periodic overall review by the Firm’s Investment Committee. The Firm seeks to continually review the financial model of all investment ideas to ensure that the company has demonstrated that it has the ability to perform operationally and financially in line with the expectations embodied in original investment thesis and investment valuations are conducted using external data as well as R-Bridge Fund and R-Bridge SMA’s independent valuation agent. External professionals are often engaged as servicing agents, monitoring accountants or financial advisers to assist in supervision of the investment.

- (7) *Exit:* During the initial due diligence phase, the Firm seeks to identify potential exit routes for the target company and these exit options are regularly assessed throughout the life of the investment. The investment team also discusses potential exit prospects during its regular team meetings as part of the Firm's post-investment management of portfolio companies. At these meetings, the team generally evaluates potential exit opportunities by optimizing various factors, which include execution risk, liquidity considerations, maximizing overall returns of the investment, and holistic risk management of R-Bridge Fund and R-Bridge SMA's overall portfolio. Any decision to exit an investment is deliberated by the IC, taking into account the risks, returns and prospects of the investment.

### **Portfolio Construction and Monitoring**

C-Bridge Capital employs a thematic top-down research-driven approach to screen and identify attractive sub-sectors within China's healthcare industry. The Firm identifies investment themes which are most likely to produce attractive returns from industry screening and bottom-up market research, based on current conditions and expected future trends across the healthcare landscape in China.

The Firm's risk management department monitors risk limits, including single position, single sector, currency, and geography in line with the portfolio concentration limits agreed with investors in the Offering Materials of R-Bridge Fund and R-Bridge SMA. Risk exposures are reported to the Investment Committee weekly for review. Scenario analysis and modelling for specific risks is conducted on a periodic basis.

### **Leverage**

The Clients may make use of leverage by incurring debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies.

### **Risk Factors**

Investment in private equity involves considerable risks. Potential investors are advised to consult their own advisers regarding potential risks. An investment in any Client is suitable only for financially sophisticated professional investors who are capable of fully evaluating the risks involved in making such an investment and have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investment. The following risks are non-exhaustive and should be carefully evaluated before making an investment in R-Bridge Fund and R-Bridge SMA.

- *Investment Risk and Market Risk:* Emerging markets are generally less mature and developed than those in more advanced countries. There are significant risks involved in investing in emerging markets, including liquidity risks, sometimes aggravated by capital flight, currency risk, political risks, legal enforcement risk and credit risks, including potential exchange control regulations and potential restrictions on foreign investment and repatriation of capital. Different emerging market countries have varying laws and regulations regarding creditor claims and collateral security, and in some countries prior government approval is required for foreign investment which may be heavily controlled or restricted. There are often also regulations that limit the amount of the foreign investment in a particular type of investment, company or sector of the economy, or there are certain restrictions on foreign capital remittances abroad. Consideration of taxation on distributions, profits and uncertain tax laws and enforcement also represent a risk for foreign lenders. There are also different fiscal policies, treatment to foreigners, tax differences and interest rates.

- *Liquidity Risk:* An investment in R-Bridge Fund and R-Bridge SMA should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating R-Bridge Fund and R-Bridge SMA (including the Management Fee payable to the General Partner or its designated affiliate) may exceed its income, thereby requiring that the difference be paid from R-Bridge Fund and R-Bridge SMA's capital, including unfunded Commitments.
- *Currency risk:* Returns on investments held by R-Bridge Fund and R-Bridge SMA may be significantly influenced by currency risk. The accounts of R-Bridge Fund and R-Bridge SMA are mainly denominated in U.S. dollars. Investments and any other asset or liability denominated in currencies other than the U.S. dollar may change in value in relation to the U.S. dollar, possibly for protracted periods of time or permanently. In addition, the value of R-Bridge Fund and R-Bridge SMA's assets and liabilities may be affected by delays, losses and other expenses incurred in converting between various currencies in order to purchase and sell interests in securities and by currency restrictions and exchange control regulations. In addition to U.S. dollar assets, R-Bridge Fund and R-Bridge SMA may invest all or part of its assets in investments denominated in or linked to Asian currencies or other currency instruments. R-Bridge Fund and R-Bridge SMA may be limited in its ability to hedge the value of some or any of its investments against currency fluctuations or indeed the Firm may choose not to hedge. As a result, a decline in the value of currencies in which R-Bridge Fund and R-Bridge SMA's investments are denominated against the U.S. dollar may result in a corresponding decline in R-Bridge Fund and R-Bridge SMA's income and Net Asset Value. A decline in the value of non-U.S. currencies relative to the U.S. dollar may also result in foreign currency losses that may reduce net distributable income.

## **Section II: C-Bridge Capital Healthcare Fund IV, L.P. ("C-Bridge Fund IV")**

The investment objective of C-Bridge Fund IV is to identify and invest in emerging Baidu Alibaba and Tencent ("BAT")-equivalents in the Chinese healthcare sector and to retain a flexible approach across different types of investments, serving as a lead investor across growth, technology transfer and buyout transactions, with the aim of achieving attractive risk-adjusted returns for all stakeholders.

The Parent's investment strategy is to use sector specific specialist skills, fundamental analysis and local market expertise to invest in private companies, primarily in Asia. The Parent leverages its group company's competitive advantage as one of the largest healthcare private equity platforms in China to position itself as a partner of choice to emerging industry leaders.

The Parent focuses on businesses with high commercial value or potential with proven technologies and products then assess the development characteristics, potential market scale and commercial value of the sectors. The Parent analyses in detail the technical capability and potential product value of target businesses under expected future development trends and assess the team capability of target businesses and consideration of strategic synergies with other resources and portfolio companies.

C-Bridge Fund IV seeks to achieve long-term capital appreciation principally through investing in healthcare companies with an established product and/or service offering that addresses the significant market opportunity in Greater China (which includes Mainland China, Hong Kong, Macau and Taiwan). C-Bridge Fund IV seeks to build a concentrated portfolio of 10-14 investments typically ranging from US\$20-60 million each (for C-Bridge Fund IV only, not including additional amounts for co-investments) across the pharmaceutical, medical technology and healthcare services sub-sectors and intends to introduce co-investment opportunities. From time to time, C-Bridge Fund IV may also target larger opportunities. C-Bridge Fund IV retains a flexible approach across various types of investments, serving as a lead investor across both minority and buyout transactions, with the aim of achieving attractive risk-adjusted returns for all stakeholders.

### **Investment Process**

- (1) *Sourcing*: The Parent employs a thematic top-down research-driven approach to screen and identify what it believes are attractive sub-sectors within China's healthcare industry. The Parent believes that this rigorous industry screening (e.g., on new drugs and technology available in the market), coupled with bottom-up market research (e.g., on pressing patient needs and demands) allows the Parent to proactively identify investment themes, or theses, which are most likely to produce attractive returns, based on current conditions and expected future trends across the healthcare landscape in China. The Parent then targets the most attractive deals based on the results of this research. Once the Parent's research team has identified key themes and targets, the Parent will approach the emerging leaders in the sub-sector through direct outreach to their CEOs and management team members. The Parent's active presence in the market and broad network of relationships means that these approaches are usually through existing relationships of one of the investment team professionals or introductions by mutual relationships. As such, the Parent's deal flow is overwhelmingly proprietary and takes place outside of intermediated processes, enabling the Parent to spend a significant amount of time engaging several companies within a particular target area before identifying its preferred company. This enables the Parent to conduct full diligence across multiple options and make a rapid investment decision when an opportunity to invest arises. Once viable investment opportunities are sourced, the target company would have likely been discussed and visited as part of the Parent's prior industry landscaping. In most cases, the company overview is updated and then distributed to the entire team along with a preliminary investment memorandum. The opportunity will then be discussed in a weekly meeting in which the entire investment team can weigh in. If the IC decides to continue to work on the opportunity following the meeting, a deal team is assembled and further due diligence ensues.
- (2) *Due Diligence*: The Parent's emphasis during the due diligence stage is on the maximization of value, the reduction of risk and the preservation of capital. The Parent's due diligence review typically includes identifying and developing a plan to assess each critical success factor and risk associated with an investment opportunity. In an effort to mitigate potential risks, the Parent typically conducts extensive due diligence in a variety of areas including commercial, clinical and technical, finance, competitive analysis, regulatory, reimbursement, intellectual property, management assessment, accounting and legal. The Parent's diligence process typically includes:
  - *Clinical and Technical Assessment* – In the case of pharmaceutical opportunities, products are always the key to the success of a healthcare company. The Parent places a strong emphasis on analysing the target's product portfolio and pipeline through the Parent's internal healthcare expertise. The analysis includes top down market sizing, product pricing, commercialization strategy, competition and key growth hurdles, the scientific evidence of the drug target (for pre-approval

products), existing clinical evidence of the drug performance and risks and the clinical pathway status.

- *Regulatory Assessment* – Unique to investing in the healthcare industry, particular attention and diligence efforts should be paid to scientific and regulatory issues. As a sector-focused private equity firm, the Parent believes that it has dedicated the necessary resources to assess and be responsive to the evolution of the regulatory environment.
  - *Commercial and Competitive Analysis* – Assessment of market (patient) demand, the company's competition, relative positioning, barriers to entry and cost position. This diligence benefits from the insights of the Parent's team members with relevant research and operating experience and is augmented by the Parent's panel of Operating Partners, as well as external third-party consulting firms, as required.
  - *Business Diligence* – Extensive review of the company's business model, history, current condition and future prospects. This analysis typically includes a thorough review of the company's strategy, trends, assets, risks and opportunities and an assessment of its key customers / patient groups.
  - *Financial and Accounting Review* – Detailed analysis of the company's financial condition including accounting policies, quality of earnings and operating trends, capital requirements and tax position. This analysis is completed with the assistance of third-party advisors as needed. The Parent pays special attention to bottom-up financial due diligence in an effort to ensure clean audit processes and regularly engages third-party "Big Four" firms to support these processes.
  - *Management Assessment* – Detailed evaluation of management including on-site interviews, reference calls and background checks. The Parent believes the strength and character of the management team is often critical to the success of both the business as well as the partnership with the Parent to pursue the best returns for all stakeholders.
  - *Legal* – Appointment of qualified, external, third-party legal counsel to work in tandem with the Parent's in-house legal team in the legal due diligence process. Key areas of diligence include material contracts, licensing, intellectual property, regulatory and compliance issues, among others. Legal counsel may also provide critical advice in the structuring and execution of the transaction.
- (3) *Investment Committee Approval:* The full due diligence findings are brought to the Investment Committee for final review and approval and documentation is reviewed by internal counsel.
- (4) *Risk Management:* Following approval, a potential investment is referred to the Parent's Legal Department and Risk Management Department for review of internal and external objectives and parameters for each relevant fund.
- (5) *Execution and trade capture:* Following approval, the transaction documentation is executed by appropriate authorised signatories and captured by the Parent's Fund Administration Departments; a reconciliation is conducted with records maintained by C-Bridge Fund's external Fund Administrator.
- (6) *Managing the investment:* During the due diligence stage and prior to investment, the team generally has identified a number of specific areas for value enhancement in each

company. In the Parent's view, these value enhancement scenarios form part of the investment decision itself and the Parent believes are a critical element to delivering strong returns. The Parent is typically an active board member and seeks to adopt a hands-on approach with its portfolio companies (especially technology transfer and buyout / consolidation transactions). The Operating Partners, depending on their sub-sector of expertise, play a key role in the post-investment value-enhancement of the portfolio. In the pharmaceutical sector, for example, the Operating Partners may be involved in supporting compounds through clinical trials, regulatory support, manufacturing support and building up the development and commercial team. In the medical technology sector, companies have commercialized products and the Operating Partners' focus is typically on capability of the commercial sales, operations and finance functions.

Key contractual terms and payments are monitored by the Parent's risk management, valuation, legal and operations departments with periodic overall review by the Parent's Investment Committee. The Parent seeks to continually review the financial model of all investment ideas to ensure that the company has demonstrated that it has the ability to perform operationally and financially in line with the expectations embodied in original investment thesis and investment valuations are conducted using external data as well as C-Bridge Funds' independent valuation agent. External professionals are often engaged as servicing agents, monitoring accountants or financial advisers to assist in supervision of the investment.

- (7) *Exit:* During the initial due diligence phase, the Parent seeks to identify potential exit routes for the target company and these exit options are regularly assessed throughout the life of the investment. The investment team also discusses potential exit prospects during its regular team meetings as part of the Parent's post-investment management of portfolio companies. At these meetings, the team generally evaluates potential exit opportunities by optimizing various factors, which include execution risk, liquidity considerations, maximizing overall returns of the investment, and holistic risk management of C-Bridge Funds' overall portfolio. Any decision to exit an investment is deliberated by the IC, taking into account the risks, returns and prospects of the investment.

### **Portfolio Construction and Monitoring**

C-Bridge Capital employs a thematic top-down research-driven approach to screen and identify attractive sub-sectors within China's healthcare industry. The Parent identifies investment themes which are most likely to produce attractive returns from industry screening and bottom-up market research, based on current conditions and expected future trends across the healthcare landscape in China.

The Parent's risk management department monitors risk limits, including single position, single sector, currency, and geography in line with the portfolio concentration limits agreed with investors in the Offering Materials of C-Bridge Fund. Risk exposures are reported to the Investment Committee weekly for review. Scenario analysis and modelling for specific risks is conducted on a periodic basis.

### **Leverage**

C-Bridge Fund may make use of leverage by incurring debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies.

**Risk Factors**

Investment in private equity involves considerable risks. Potential investors are advised to consult their own advisers regarding potential risks. An investment in C-Bridge Funds is suitable only for financially sophisticated professional investors who are capable of fully evaluating the risks involved in making such an investment and have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investment. The following risks are non-exhaustive and should be carefully evaluated before making an investment in C-Bridge Funds.

- *Investment Risk and Market Risk:* Emerging markets are generally less mature and developed than those in more advanced countries. There are significant risks involved in investing in emerging markets, including liquidity risks, sometimes aggravated by capital flight, currency risk, political risks, legal enforcement risk and credit risks, including potential exchange control regulations and potential restrictions on foreign investment and repatriation of capital. Different emerging market countries have varying laws and regulations regarding creditor claims and collateral security, and in some countries prior government approval is required for foreign investment which may be heavily controlled or restricted. There are often also regulations that limit the amount of the foreign investment in a particular type of investment, company or sector of the economy, or there are certain restrictions on foreign capital remittances abroad. Consideration of taxation on distributions, profits and uncertain tax laws and enforcement also represent a risk for foreign lenders. There are also different fiscal policies, treatment to foreigners, tax differences and interest rates.
- *Liquidity Risk:* An investment in C-Bridge Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating C-Bridge Fund (including the Management Fee payable to the General Partner or its designated affiliate) may exceed its income, thereby requiring that the difference be paid from C-Bridge Fund's capital, including unfunded Commitments.
- *Currency risk:* Returns on investments held by C-Bridge Fund may be significantly influenced by currency risk. The accounts of C-Bridge Fund are mainly denominated in U.S. dollars. Investments and any other asset or liability denominated in currencies other than the U.S. dollar may change in value in relation to the U.S. dollar, possibly for protracted periods of time or permanently. In addition, the value of C-Bridge Fund's assets and liabilities may be affected by delays, losses and other expenses incurred in converting between various currencies in order to purchase and sell interests in securities and by currency restrictions and exchange control regulations. In addition to U.S. dollar assets, C-Bridge Fund may invest all or part of its assets in investments denominated in or linked to Asian currencies or other currency instruments. C-Bridge Fund may be limited in its ability to hedge the value of some or any of its investments against currency fluctuations or indeed the Parent may choose not to hedge. As a result, a decline in the value of currencies in which C-Bridge Fund's investments are denominated against the U.S. dollar may result in a corresponding decline in C-Bridge Fund's income and Net Asset Value. A decline in the value of non-U.S. currencies relative to the U.S. dollar may also result in foreign currency losses that may reduce net distributable income.

**Section III: C-Bridge Capital Healthcare Fund V, L.P. and CBC SMA (collectively the “Fund” or “Fund V” under this Section III)****Investment Strategy and Objective**

As a control-orientated investor-operator in the China healthcare space with a full suite of operational capabilities and a differentiated focus on platform building, the Parent’s investment objective has consistently been to identify and empower emerging BAT equivalents in the Chinese healthcare sector. Fund V is being established by the Parent in an effort to continue the Parent’s successful investment strategy of building a concentrated China healthcare portfolio, which will comprise of what it believes should be emerging industry leaders across the pharmaceutical, medical technology and healthcare services sub-sectors. The Parent believes that its focus on buyout and platform-building and its concentrated portfolio construction approach are expected to enable the Parent to effect active post-investment value-add and to generate significant co-investment opportunities.

The Fund seeks to build a concentrated portfolio of 8-12 investments typically ranging from US\$50-150 million each (for the Fund only, not including additional amounts for co-investments where applicable) across the pharmaceutical, medical technology and healthcare services sub-sectors and intends to introduce co-investment opportunities. The Fund will focus on buyout and platform-building transactions, with the aim of achieving attractive risk-adjusted returns for all stakeholders.

The Fund will seek to leverage CBC team’s deep healthcare industry experience, and extensive investment and operational backgrounds to capitalize on the attractive investment opportunities in the flourishing China healthcare market. In particular, the Fund is expected to benefit from CBC team’s deep experience and expertise in pushing innovation boundaries and forming operating platforms, drawing on varied experience from developed markets for adaptation and application across China and Asia.

**Investment Process**

- (1) *Deal Sourcing*: The Parent employs a thematic top-down research-driven approach to screen and identify what it believes are attractive sub-sectors within China’s healthcare industry. The Parent believes that this rigorous industry screening (e.g., on new drugs and technology available in the market), coupled with bottom-up market research (e.g., on pressing patient needs and demands) allows it to proactively identify investment themes, or theses, which are most likely to produce attractive returns, based on current conditions and expected future trends across the healthcare landscape in China. The team of investment and industry professional compiles all the relevant research and produces a sub-sector report explaining the dynamics and key players to focus on. Once research has identified key themes and targets, the Parent will approach the emerging leaders in the sub-sector through direct outreach to their CEOs and management team members. The Parent’s active presence in the market and broad network of relationships means that these approaches are usually through existing relationships of investment team professionals and operating partners, or introductions by mutual relationships.
- (2) *Due Diligence*: The Parent’s emphasis during the due diligence phase is on the maximization of value, the reduction of risk and the preservation of capital. A significant benefit of the Parent’s sector expertise is the ability to draw on specialized team (supported by the expertise and networks of Operating Partners) with the relevant sub-sector experience to drive the due diligence process which enables greater



efficiency. The due diligence review typically includes identifying and developing a plan to assess each critical success factor and risks associated with an investment opportunity. In an effort to mitigate potential risks, the Parent typically conducts extensive due diligence in a variety of areas including commercial, clinical and technical, finance, competitive analysis, regulatory, reimbursement, intellectual property, management assessment, accounting, ESG and legal, as follows:

- *Clinical and Technical Assessment* – In the case of pharmaceutical opportunities, products are always the key to the success of a healthcare company. The Parent places a strong emphasis on analyzing the target’s product portfolio and pipeline through its internal healthcare expertise. The analysis includes top-down market sizing, product pricing, commercialization strategy, competition and key growth hurdles, and for pre-approval products, the scientific evidence of the drug target, existing clinical evidence of the drug performance and risks, as well as the clinical pathway status.
- *Regulatory Assessment* – Unique to investing in the healthcare industry, particular attention and diligence efforts should be paid to scientific and regulatory issues. As a sector-focused private equity firm, the Parent believes that it has dedicated the necessary resources to assess and be responsive to the evolution of the regulatory environment.
- *Commercial and Competitive Analysis* – Assessment of market (patient) demand, the company’s competition, relative positioning, barriers to entry and cost position. This diligence benefits from the insights of the Parent’s team members with relevant research and operating experience and is augmented by the Parent’s panel of operating partners, as well as external third-party consulting firms, as required.
- *Business Diligence* – Extensive review of the company’s business model, history, current condition and future prospects. This analysis typically includes a thorough review of the company’s strategy, trends, assets, risks and opportunities and an assessment of its key customers / patient groups.
- *Financial and Accounting Review* – Detailed analysis of the company’s financial condition including accounting policies, quality of earnings and operating trends, capital requirements and tax position. This analysis is completed with the assistance of third-party advisors as needed. The Parent pays special attention to bottom-up financial due diligence to ensure clean audit processes and regularly engages third-party “Big Four” firms to support these processes.
- *Management Assessment* – Detailed evaluation of management including on-site interviews, reference calls and background checks. The strength and character of the management team is often critical to the success of both the business as well as the partnership with the Parent to pursue the best returns for all stakeholders.
- *Legal* – Appointment of qualified, external, third-party legal counsel to work in tandem with the Parent’s in-house legal team in the legal due diligence process. Key areas of diligence include material contracts, licensing, intellectual property, regulatory and compliance issues, among others. Legal counsel may also provide critical advice in the structuring and execution of the transaction.
- *ESG Diligence* – Detailed review of the company’s ESG risks, determine which risks can be mitigated or managed post-investment. Engage third parties (ESG advisors, consultants etc.) with technical and geographical expertise for ESG due

diligence to work with the Parent's investment team in cases where such expertise is required. The Parent's investment team will complete a customized internal due diligence checklist for ESG considerations and prepare information for the Investment Committee that details all material findings from ESG due diligence to assist investment decisions.

- (3) *Investment Committee*: A potential transaction will go through various rounds of pre-IC discussions where all investment team members along with the Chief Operating Officer ("COO"), General Counsel and senior portfolio management team (including Operating Partners), will join and contribute their views on the potential transaction. Once the investment team presenting the potential transaction addresses all questions raised during pre-IC discussions satisfactorily, the transaction will be passed on to a formal IC discussion. The IC will have final determination on whether an investment will be made. Prospective investments will require a simple majority approval from the IC in order to advance the opportunity from preliminary review to final review, during which the final investment decision is made. Any follow-on investments are made at the IC-level and authorized by way of majority approval.
- (4) *Exit Strategy*: During the initial due diligence phase, the Parent seeks to identify potential exit routes for the target company and these exit options are regularly assessed throughout the life of the investment. The investment team also discusses potential exit prospects during its regular team meetings as part of the Parent's post-investment management of portfolio companies. At these meetings, the team generally evaluates potential exit opportunities by optimizing various factors, which include execution risk, liquidity considerations, maximizing overall returns of the investment, and holistic risk management of C-Bridge Funds' overall portfolio. Any decision to exit an investment is deliberated by the Exit Committee, taking into account the risks, returns and prospects of the investment.

### **Risk Factors**

In considering participation in the Fund, a prospective investor should be aware of certain risk factors, which include, but are not limited to, the following (and the General Partner's affiliates shall be included in all references to the General Partner herein as appropriate):

#### *Risks Relating to an Investment in the Fund*

1. *Long-Term Nature of Investment in Interests; No Assurance of Return*. An investment in the Fund requires a long-term commitment, with no certainty of return. Because of the nature of the Fund's investments, there can be no assurance that the Fund will be able to realize returns on such investments in a timely manner or at all, and there may be little or no near-term cash flow available to the Partners. The return of capital and the realization of gains, if any, from an investment is not expected to occur until a number of years after the respective investment is made, if at all.
2. *Future and Past Performance*. The performance of prior investments of the key person and investment professionals of C-Bridge (the "C-Bridge Persons") are not necessarily indicative of the Fund's future results. There can be no assurance that the Fund's investments will achieve results similar to those attained by previous investments of the C-Bridge Persons. While C-Bridge intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. In addition, the Fund's investments are expected to differ from previous investments made by the C-Bridge Persons in a

number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within the life sciences sector, structure and holding period. The Fund will begin its operation upon the initial closing of the Fund, and as a result, the Fund has no operating history.

3. *Highly Competitive Market for Investments.* The business of identifying and structuring investments of the types contemplated by the Fund is highly competitive and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Accordingly, there can be no assurance that the Fund will be able to identify and complete suitable investments, acquire them for an appropriate level of consideration, achieve any particular rate of return, or be able to invest fully its committed capital.
4. *Dynamic Investment Strategy.* While the General Partner generally intends to seek attractive returns for the Fund primarily through making growth equity investments, the General Partner reserves the right to pursue additional investment strategies and modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The General Partner also reserves the right to pursue investments outside of the industries and sectors in which the C-Bridge Persons have previously made investments or have internal operational experience.
5. *Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, Limited Partners will be required to bear Management Fees through the Fund during the Investment Period based on the entire amount of the Limited Partners' Commitments and other expenses as set forth in the Partnership Agreement.
6. *Growth Equity Transactions.* The Fund's strategy includes targeting growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.
7. *RMB Fund.* C-Bridge reserves the right to form one or more RMB Funds which may or may not have investment objectives, strategy and scope substantially similar to those of the Fund. As a result, investment opportunities that fall within the investment policies of, and are considered by the General Partner to be both suitable and appropriate for, the Fund and/or any RMB Fund, subject to applicable legal, tax, regulatory, accounting or other similar considerations, shall generally be allocated between the Fund, on the one hand, and any RMB Fund, on the *other* hand, on the basis that the RMB Funds will be allocated no more than 30% of any such investment

opportunity. There can be no assurances as to the frequency or timing of such circumstances or the amount of the investments, if any, that will be available to the Fund. To the extent the Fund is allocated a percentage of such investment, there can be no assurances that the Fund's allocated percentage of such investment will be proportionate to its Commitments. The General Partner has established policies relating to the allocation of investment opportunities suitable for the Fund, on the one hand, and such RMB Fund on the other hand, which are available upon request and should be reviewed carefully prior to making an investment decision into the Fund.

8. *Conflicts of Interest.* The Fund expects to be subject to a number of potential conflicts of interest. The following discussion enumerates certain (but not all) potential conflicts of interest that should be carefully evaluated before making an investment in the Fund. This summary is qualified in its entirety by reference to the Partnership Agreement.

(a) *Time and Attention.* In connection with managing investment funds other than the Fund, the C-Bridge Persons expect to spend a portion of their business time and attention pursuing investment opportunities for other investment funds and other than on behalf of the Fund. The C-Bridge Persons will continue to manage and monitor such investment funds and investments. The General Partner believes that the significant investment of the C-Bridge Persons in the Fund, as well as the C-Bridge Persons' interest in the Carried Interest, operate to align, to some extent, the interest of the C-Bridge Persons with the interest of the Limited Partners, although the C-Bridge Persons have and are expected to have economic interests in such other investment funds and investments as well and receive Management Fees and Carried Interest relating to these interests. Such other investment funds and investments that the C-Bridge Persons control or manage from time to time are expected to compete with the Fund or companies acquired by the Fund. At such time as the General Partner is permitted to raise a successor investment fund to the Fund, the C-Bridge Persons will continue to manage the Fund's investments, but also likely will focus investment activities on other opportunities and areas unrelated to the Fund's investments. Certain investments are expected to be allocated between the Fund and any successor or predecessor fund in a manner as set forth in the Partnership Agreement.

(b) *Other Funds.* Until such time as the General Partner is permitted to raise a successor investment fund to the Fund, the C-Bridge Persons will pursue all appropriate investment opportunities that meet the investment criteria of the Fund for the benefit of the Fund, subject to any permitted fund (including an RMB Fund) and certain exceptions set forth in the Partnership Agreement. However, C-Bridge Persons currently, and expect in the future to, manage several other investment funds (including any RMB Fund) besides the Fund and investments similar to those in which the Fund will be investing and reserve the right to direct certain relevant investment opportunities to those investment funds and investments. Over time, certain investment opportunities suitable for the Fund are likely also to be suitable for other investment funds sponsored by the General Partner or its affiliates. In determining which investment funds should participate in such investment opportunities, subject to the Partnership Agreement, the General Partner, the C-Bridge Persons and their affiliates are subject to potential conflicts of interest among the investors in the Fund and investors in the other investment funds sponsored by the General Partner and the C-Bridge Persons. To determine whether the Fund or other investment funds sponsored by the General Partner or its affiliates will participate in the relevant investment opportunity, the General Partner generally assesses whether an investment opportunity is appropriate for each relevant fund based on the terms of such fund's limited

partnership agreement, as well as factors including but not limited to: each fund's investment restrictions and objectives (including those set forth in the relevant fund's partnership agreement, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle and structure. The Fund reserves the right to invest together with other funds advised by an affiliated adviser of the General Partner in the manner set forth in the relevant partnership agreements. The General Partner will determine the allocation of investment opportunities among funds in a manner that it believes is fair and equitable consistent with the General Partner's obligations and expects to take into consideration factors such as those set forth above. In the event that the available amount of an investment opportunity in which the Fund will invest exceeds an amount appropriate for the Fund, the General Partner reserves the right to offer such excess to one or more potential investors (see Appendix I – "Risk Factors – Co-Investments" below).

The General Partner's allocation of investment opportunities among the Fund and any of the other investment funds sponsored by the General Partner will not always be proportionate. Therefore, such allocations may be more advantageous to the Fund relative to one or all of the other investment funds, or vice versa. While the General Partner will allocate investment opportunities in a way that it believes is fair and equitable to the Fund, there can be no assurance that the Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the potential conflicts of interest to which the General Partner expects to be subject did not exist.

In managing and/or advising other investment funds and investments managed and/or advised by C-Bridge and its affiliates, C-Bridge or its affiliates generally will be paid a management fee or carried interest with respect to such investment funds and investments which, subject to the terms of the Partnership Agreement, may be more or less favorable to C-Bridge and its affiliates than the management fee and carried interest payable with respect to the Fund. Additionally, potential conflicts of interest can arise if the Fund makes an investment opportunity in a portfolio company in conjunction with an investment made by another investment fund sponsored by the General Partner or an affiliate. For instance, under those circumstances, the Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other investment fund. This has the potential to result in differences in price, investment terms, leverage and associated costs between the Fund and any other investing fund sponsored by the General Partner or an affiliate. There can be no assurance that the Fund and the other investing fund(s) will exit the investment at the same time or on the same terms, and there can be no assurance that the Fund's return on such an investment will be the same as the returns achieved by any other investment fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Fund.

(c) *Fees and Expenses.* The General Partner expects to be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Fund. The General Partner, in its sole discretion, will allocate fees and expenses in accordance with the Partnership Agreement and in a manner that it believes is fair and equitable to the Fund under the circumstances and considering such factors as it deems relevant. The allocations of such expenses will not always be proportionate, and any such determinations involve inherent matters of discretion, e.g., in determining

whether to allocate pro rata based on number of funds or co-investors receiving related benefits or proportionately in accordance with asset size.

Additionally, a portfolio company typically will reimburse the General Partner or service providers retained at the General Partner's discretion for expenses (including, without limitation, travel expenses) incurred by the General Partner or such service providers in connection with the performance of services for such portfolio company. This subjects the General Partner to potential conflicts of interest because the Fund generally does not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the Partnership Agreement and its internal reimbursement policies and practices, the General Partner determines the amount of these reimbursements for such services in its own discretion.

(d) *Personnel*. The General Partner, from time to time, reserves the right to employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Fund or other funds or investment vehicles advised by the General Partner; conversely, former personnel or executives of the General Partner are authorized to serve in significant management roles at portfolio companies or service providers recommended by the General Partner. Similarly, the General Partner and/or its personnel maintain relationships with (or reserve the right to invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities reserve the right to invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the General Partner, and/or the Fund, other funds or other investment vehicles the General Partner advises. The General Partner expects to have a potential conflict of interest with the Fund in recommending the retention or continuation of a third-party service provider to the Fund or a portfolio company owned by the Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more funds the General Partner advises, will provide the General Partner information about markets and industries in which the General Partner operates (or is contemplating operations) or will provide other services that are beneficial to the General Partner. The General Partner also expects to have a potential conflict of interest in making such recommendations, in that the General Partner has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Fund and other funds and investment vehicles that the General Partner advises, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Fund.

(e) *Service Providers*. Over the life of the Fund, the General Partner generally expects to exercise its discretion to recommend to the Fund or to a portfolio company thereof that it contract for services with various service providers, potentially including, among others: (i) the General Partner (or an affiliate, which may include other portfolio companies of the Fund or other investment funds sponsored by the General Partner) and at rates determined or substantively influenced by the General Partner; (ii) an entity with which the General Partner or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit; or (iii) a Limited Partner (or a limited partner of another fund) or its affiliates. This subjects the General Partner to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, the General Partner

will have an incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that the General Partner, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the General Partner, the Fund or other investment funds sponsored by the General Partner or its affiliates), will favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Whether or not the General Partner has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

(f) *Controlling Investments.* The Fund reserves the right to make controlling investments in portfolio companies. As a result of these controlling investments, the General Partner typically has the right to appoint portfolio company board members (including current or former General Partner personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to the General Partner in connection with services provided by the General Partner and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the Partnership Agreement's offset provision, are in addition to the Management Fee or Carried Interest discussed herein. The General Partner's authority to appoint or influence the appointment of portfolio company board members who may be involved in approving compensation payable to the General Partner subjects the General Partner and any such portfolio company board appointees to potential conflicts of interest.

(g) *Capital Structure.* In addition, in those instances where multiple C-Bridge funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions are expected to arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring are expected to raise potential conflicts of interest, particularly with respect to C-Bridge funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the C-Bridge funds reserve the right to provide or not provide such additional capital, and if provided, each such fund generally will supply such additional capital in such amounts, if any, as determined by C-Bridge in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, C-Bridge expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of the Fund versus another C-Bridge fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

(h) *Own Portfolio Companies.* The Fund reserves the right, directly or indirectly, to invest in any portfolio company in which C-Bridge has a direct or indirect interest, including in respect of a portfolio company established by C-Bridge. The General Partner shall take such actions as are determined by the General Partner, to be necessary

or appropriate to ameliorate such potential conflicts of interest arising in connection therewith in accordance with the Partnership Agreement, including, but not limited to, referring such matter to the Advisory Board for approval.

(i) *Other Conflicts.* On any matter involving a potential conflict of interest not specifically addressed in the Partnership Agreement, the General Partner will be guided by its reasonable judgment as to the best interests of the Fund in accordance with the laws of the Cayman Islands and shall take such actions as are determined by the General Partner, to be necessary or appropriate to ameliorate such potential conflicts of interest, including, but not limited to, referring such matter to the Advisory Board for approval. Nevertheless, as a practical matter, Limited Partners will have to rely on C-Bridge Persons' business judgment, and it may be difficult for Limited Partners to monitor closely the activities of the C-Bridge Persons and their affiliates.

9. *Co-Investments.* The General Partner reserves the right to provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons, in each case on terms to be determined by the General Partner in its sole discretion. Potential conflicts of interest are expected to arise in the allocation of such co-investment opportunities. When and to the extent that employees and related persons of the General Partner make capital investments in or alongside the Fund, the General Partner is subject to conflicting interests in connection with these investments. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the General Partner in its sole discretion, will not necessarily always be in the best interests of the Fund or any individual Limited Partner. The General Partner's allocation of co-investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. Co-investments typically will be offered to some and not to other Limited Partners. In exercising its discretion in connection with such co-investment *opportunities*, the General Partner reserves the right to consider some or all of a wide range of factors, which may include the likelihood that an investor may invest in a future fund sponsored by the General Partner or its affiliates. Furthermore, the General Partner and/or its related persons reserve the right to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a co-sponsor. The Fund is authorized to co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments are expected to involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take action contrary to the investment objectives of the Fund. In addition, the Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. The General Partner, in its sole discretion, will allocate fees and expenses incurred in connection with any co-investment in accordance with the Partnership Agreement and in a manner that it believes is fair and equitable to the Fund under the circumstances and considering such factors as it deems relevant. However, there can be no assurance that any fees and expenses incurred in connection with any co-investment will always be allocated pro rata among the co-investors. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, the full amount of any fees and expenses or other



liabilities or obligations relating to such proposed transaction (including, for the avoidance of doubt, any broken deal expenses) generally will be borne by the Fund, and not by any potential co-investors that were to have participated in such transaction.

10. *Illiquidity; Lack of Current Distributions.* An investment in the Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While the General Partner reserves the right to sell an investment at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Fund (including the Management Fee payable to the General Partner or its designated affiliate) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.
11. *Leveraged Investments.* The Fund reserves the right to make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Fund also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may *impair* its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency. The Fund also reserves the right to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, letter of credit or other forms or promise to provide funding) or otherwise be liable for, and in such situations, it is not expected that the Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by the Fund also will result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent the Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the

Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

12. *Subscription Lines.* The Fund reserves the right to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects Limited Partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the General Partner's right to call capital from the Limited Partners, Limited Partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any Limited Partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the Limited Partners and the terms of the Partnership Agreement, it may be higher than the interest rate a Limited Partner could obtain individually. To the extent a particular Limited Partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a Limited Partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for Limited Partners to make contributions to the Fund, which in certain circumstances enhances the Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its Affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement may contain other terms that restrict the activities of the Fund and the Limited Partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the General Partner's ability to consent to the transfer of a Limited Partner's interest in the Fund. In addition, in order to secure a subscription line, the General Partner may request certain financial information and other documentation from Limited Partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more Limited Partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for Limited Partners

that would not arise had the General Partner called smaller amounts of capital incrementally over time as needed by the Fund. This risk would be heightened for a Limited Partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Limited Partner to meet the accumulated, larger capital calls at the same time. The Fund also reserves the right to utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, Limited Partners would end up with increased exposure to the underlying investment, which could result in greater losses.

13. *Reliance on the General Partner and Portfolio Company Management.* The Fund has no operating history and will be dependent on the General Partner. Control over the operation of the Fund will be vested with the General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of the C-Bridge Persons. The loss or reduction of service of one or more of the C-Bridge Persons could have an adverse effect on the Fund's ability to realize its investment objectives. In addition, C-Bridge Persons expects in the future to manage other investment funds besides the Fund and the C-Bridge Persons may need to devote substantial amounts of their time to the investment activities of such other funds, which the General Partner expects will pose potential conflicts of interest in the allocation of time of the C-Bridge Persons. Limited Partners generally have no right or power to take part in the management of the Fund with persons who are not Partners, and as a result, the investment performance of the Fund will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the General Partner generally intends to cause the Fund to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

14. *Conflicting Investor Interests.* Limited Partners at time are expected to have conflicting investment, tax, and other interests with *respect* to their investments in the Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts are expected to arise in connection with decisions made by the General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner generally will consider the investment and tax objectives of the Fund and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.
15. *Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities.* The U.S., pursuant to the U.S. Foreign Account Tax Compliance Act ("FATCA") has entered into numerous *intergovernmental* agreements with various jurisdictions concerning the exchange of information as a means to combat tax evasion. In addition, the Organization for Economic Co-operation and Development (the

“OECD”) has published a global Common Reporting Standard (the “CRS”) for the exchange of information pursuant to which many countries have now signed multilateral agreements. In the EU, a new mandatory exchange of information regime has been implemented under Council Directive 2011/16/EU on administrative co-operation in the field of taxation (as amended) (the “Directive on Administrative Co-Operation” or the “DAC”). The DAC, which effectively implements the OECD’s CRS, requires EU Member States to obtain detailed account information from financial institutions and exchange that information automatically with other jurisdictions annually. One or more of these information exchange regimes are likely to apply to the Fund and/or alternative investment vehicles, and may require the General Partner to collect and share with applicable taxing authorities information concerning Limited Partners (including identifying information and amounts of certain income allocable or distributable to them). A Limited Partner’s failure to provide required information may result in expulsion from the Fund and/or alternative investment vehicles or other potential remedies. In addition, FATCA generally imposes a withholding tax of 30% on a non-U.S. entity’s share of most payments attributable to investments in the U.S., including dividends, interest, royalties, and on gross proceeds of a disposition of any stock, debt instrument, or other property that can produce U.S.-source dividends or interest, unless an exception applies. However, the IRS has issued proposed regulations that, when finalized, will provide for the repeal of the 30% withholding tax that existing regulations released in January 2013 and subsequent guidance by the IRS would have applied to all gross proceeds payments occurring after December 31, 2018. In the preamble to the proposed regulations, the IRS provided that taxpayers may rely upon this repeal until the issuance of final regulations. In addition, this 30% withholding tax could, under certain limited circumstances, apply to the Fund, if it fails to comply with certain reporting obligations. See Appendix II – “Legal and Tax Matters – Automatic Exchange of Information Regimes and International Agreements to Improve Tax Compliance” for more information.

16. *Alternative Investment Fund Managers Directive.* The EU Alternative Investment Fund Managers Directive (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“EEA”). To the extent the Fund is actively marketed to investors domiciled or having their registered office in the EEA: (i) the Fund and C-Bridge will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Fund incurring *additional* costs and expenses; (ii) the Fund and C-Bridge may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in the Fund incurring additional costs and expenses or may otherwise affect the management and operation of the Fund; (iii) C-Bridge will be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) to the extent that the Fund makes investments in EEA portfolio companies, the AIFMD will also restrict certain activities of the Fund in relation to EEA portfolio companies including, in some circumstances, the Fund’s ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect operations of the Fund generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Fund to raise its targeted amount of Commitments.

In the future, it may be possible for non-EEA alternative investment fund managers (“AIFMs”) to market an alternative investment fund (“AIF”) within the EEA pursuant to a pan-European marketing “passport” instead of under national private placement regimes. The access to the passport may be subject to the non-EEA AIFM complying with various requirements under the AIFMD, which may include one or more of the following: rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on the use of leverage, additional disclosure and reporting requirements to both investors and EEA home state regulators, the independent valuation of an AIF’s assets, and the appointment of legal representatives and an independent depositary to hold assets. Certain EEA Member States have indicated that they will cease to operate national private placement regimes when or shortly after the passport becomes available, which would mean that non-EEA AIFMs to whom the passport is available would be required to comply with all relevant provisions of the AIFMD in order to market to professional investors in those jurisdictions. As a result, if in the future non-EEA AIFMs may only market in certain EEA jurisdictions pursuant to a passport, C-Bridge may not seek to market the Interests in those jurisdictions, which may lead to a reduction in the overall amount of capital invested in the Fund. Alternatively, if C-Bridge sought to comply with the requirements needed to use the passport, this could have other adverse effects including, among other things, increasing the regulatory burden and costs of operating and managing the Fund and its investments, and potentially requiring changes to compensation structures for key personnel, thereby affecting C-Bridge’s ability to recruit and retain these personnel.

17. *Transfer by General Partner.* To the extent the General Partner, its partners, the C-Bridge Persons and/or their respective affiliates commit to make a direct or indirect investment in or along-side the Fund, a participation in or a portion of such investment may thereafter be transferred to others, subject to any *express* limitations thereon in the Partnership Agreement.
18. *Public Company Holdings.* The General Partner reserves the right to include in the Fund’s investment portfolio securities and debt issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held *companies*. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies’ executives and board members, including the C-Bridge Persons, and increased costs associated with each of the aforementioned risks.
19. *Limited Access to Information.* Limited Partners’ rights to information regarding the Fund, the General Partner or C-Bridge generally will be specified, and in many cases strictly limited, by the Partnership Agreement. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to the Fund’s investments that will not be disclosed to Limited Partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of the General Partner’s control. Decisions by the General Partner or its affiliates to withhold information may have adverse consequences for Limited Partners in a variety of circumstances. For example, a Limited Partner that seeks to transfer its Interest may have difficulty in determining an appropriate price for such Interest. Decisions to withhold information may also make it difficult for a Limited Partner to monitor the General Partner and its performance. Limited Partners

*generally* will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the Fund succeeds in asserting confidentiality for requested documents and other materials, and the General Partner reserves the right to withhold certain information from investors subject to such laws for reasons relating to the General Partner's public reputation, business strategy or other reasons. Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by the Fund. When estimating fair value, the General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by the General Partner is expected to give rise to potential conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest and the calculation of Management Fees.

20. *Director Liability.* The Fund expects to seek to obtain the right to appoint at least one representative to the board of directors (or similar governing body) of the portfolio companies. Serving on the board of *directors* (or similar governing body) of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Fund's investment activities.
21. *Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, viral or disease outbreaks, epidemics or pandemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio companies.
22. *Market Conditions.* The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions have the potential to reduce the availability of attractive investment opportunities for the Fund and affect the Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in

economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Fund's ability to raise funding to support its investment objective.

23. *Material Non-Public Information.* As a result of the operations of C-Bridge and its affiliates, as well as in connection with officerships or directorships of C-Bridge personnel, C-Bridge frequently comes into possession of confidential or material, non-public information. Therefore, C-Bridge and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by the Fund. Consequently, the Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or C-Bridge's internal policies. Due to these restrictions, the Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.
24. *Advisory Board.* The General Partner will appoint one or more Limited Partner representatives to the Advisory Board. The Partnership Agreement will provide that to the fullest extent not prohibited by applicable law, none of the Advisory Board members shall owe any fiduciary duties to the Fund or any other Partner. In addition, representatives of the Advisory Board are expected to have various business and other relationships with C-Bridge and its partners, employees and affiliates. These relationships have the potential to influence their decisions as members of the Advisory Board.
25. *Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continues to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Fund's activities, including the ability of the Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the downturn in the global financial markets, may complicate or prevent the Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Fund may

invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Recently, various U.S. federal, state and local agencies have been examining, and the U.S. Securities and Exchange Commission (the “SEC”) has enacted rules restricting, the role of placement agents, contacts and other similar private equity service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information and limitations on making political contributions by certain persons associated with the sponsors of private funds. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Fund’s activities, including the ability of the Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

This increased political and regulatory scrutiny of the private equity industry has been particularly acute following the onset of the global financial crisis. For example, in addition to the U.S. legislation described above, other jurisdictions, including many European jurisdictions, have proposed modernizing financial regulations that have called for, among other things, increased regulation of and disclosure with respect to, and possibly registration of, private equity funds. There is therefore a material risk that regulatory agencies may adopt burdensome laws (including tax laws), rules or regulations, or changes in laws, rules or regulations, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, or other changes that could adversely affect private equity firms and the funds they sponsor, including the Fund. These reforms and/or other similar legislation could also increase the compliance costs of the Fund.

Finally, increased reporting, registration and compliance requirements may divert the attention of personnel and the management teams of the General Partner and portfolio companies, and may furthermore place the Fund at a competitive disadvantage to the extent that the General Partner or portfolio companies are required to disclose sensitive business information.

26. *Hedging Arrangements.* The General Partner reserves the right (but is not obligated) to endeavor to manage the Fund’s or any portfolio company’s currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter (“OTC”) contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty’s inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled.



Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements. See Appendix II - “Legal and Tax Matters—U.S. Federal Commodities Regulation”.

27. *Absence of Regulatory Oversight.* While the Fund may be considered similar in some ways to an investment company, it is not required and does not intend to register as such under the Investment Company Act. *Accordingly*, Limited Partners are not afforded the protections of the Investment Company Act. In addition, the offer and sale of the Interests is not subject to regulation under the Securities Act. Consequently, the Limited Partners will not be entitled to protections thereunder.
28. *Tax Liability Considerations.* The Fund may take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should any such positions be successfully challenged by the IRS or other taxing authority, a Limited Partner might be found to have a different tax liability for that year than that reported on its federal income tax return or other tax return. In addition, an audit of the Fund may result in an audit of the returns of some or all of the Limited Partners, which examination could result in adjustments to the tax consequences initially reported by the Fund and affect items not related to a Limited Partner’s investment in the Fund. If such adjustments result in an increase in taxable income for any year, the Fund or one or more of the Limited Partners may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Fund’s tax return will be borne by the Fund. The cost of any audit of a Limited Partner’s tax return will be borne solely by the Limited Partner. The taxation of partnerships and *partners* is complex. Prospective Limited Partners are strongly urged to review the disclosure included in Appendix II - “Legal and Tax Matters” and to consult their own tax advisors.
29. *Cybersecurity Risk.* The General Partner and its affiliates expect to process, store or transmit large amounts of electronic data, including data relating to the transactions of the Fund and personally identifiable data of each Limited Partner. Similarly, service providers of the General Partner, the Fund or the portfolio companies may process, store and transmit such data. Cyber-attacks and other malicious Internet-based activity, however, continue to increase in frequency and magnitude. The General Partner has procedures and systems in place that it believes are reasonably designed to protect such data and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to *detect* for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise data security. Network connected services provided by third parties to the General Partner may be susceptible to compromise. The loss or improper access, use or disclosure of the General Partner’s or the Fund’s proprietary data may cause the General Partner or the Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Fund.

30. *Changes in U.S. Tax Law.* All statements contained herein concerning the U.S. federal income tax (or other tax) consequences of an investment in the Fund are based on existing law and interpretations thereof. Recent changes in U.S. federal income tax law could materially affect the tax consequences of a Limited Partner's investment in the Fund, and the tax treatment of the Fund's portfolio companies. While some of these changes may be beneficial, others could negatively affect the after-tax returns of the Fund and the Limited Partners. The effect of certain provisions of the new legislation is uncertain and future administrative guidance may result in additional changes. Accordingly, no assurance can be given that the currently anticipated tax treatment of an investment in the Fund, or of investments made by the Fund, will not be modified by legislative, judicial, or administrative changes, possibly with retroactive effect, to the detriment of the Limited Partners.
31. *Tax Considerations Differ for Each Limited Partner.* It is expected that Limited Partners will likely include taxable and tax-exempt entities and may be resident, for tax purposes, or subject to tax, in many different countries. As a result, different Limited Partners may have differing tax interests with respect to their investments in the Fund, including in relation to the structuring of investment acquisitions and dispositions. Consequently, no attempt is made in the tax disclosures and risk factors contained in this Memorandum to summarise the tax consequences for each prospective Limited Partner of subscribing, converting, holding, redeeming or otherwise acquiring or disposing of the Interests. The tax position of Limited Partners in the Fund may differ according to the Limited Partner's particular financial and tax situation. Different tax outcomes may arise in connection with decisions made by the General Partner and/or Investment Adviser regarding an investment that may be more beneficial for one type of Limited Partner than another type of Limited Partner, especially with respect to tax matters, and the structure of the Fund and/or its investments may not be tax efficient for any particular prospective Limited Partner. No undertaking is given that amounts distributed or allocated to Limited Partners will have any particular characteristics or that any specific tax treatment will be enjoyed. Further, no assurance is given that any particular investment structure in which the Fund has a direct or indirect interest will be suitable for all Limited Partners and, in certain circumstances, such structures may lead to additional costs or reporting obligations for some or all of the Limited Partners. In selecting, structuring, acquiring and disposing of investments, the General Partner and/or Investment Adviser generally will consider the investment objectives (including tax structuring considerations) of the Fund as a whole, not the investment, tax or other objectives of any Limited Partner individually. Prospective Limited Partners should consider their own tax position in relation to acquiring, holding and potentially disposing of an interest in the Fund, consulting their own tax counsel as appropriate. None of the General Partner, the Investment Adviser, any of their affiliates, or any officer, director, member, partner, employee, adviser or agent of any of them can take responsibility in this regard.
32. *Tax in Foreign Jurisdictions.* The Fund and/or any vehicle in which the Fund has a direct or indirect interest may be subject to tax, including transfer taxes, in jurisdictions in which any such vehicles are incorporated, organised, controlled, managed, have a permanent establishment or are otherwise located and/or in which investments are made and/or with which investments have a connection. Moreover, taxes such as withholding tax, branch tax or similar taxes may be imposed on, and thereby reduce, profits of, or proceeds arising to, the Fund from investments in such *jurisdictions*. Withholding tax may also be imposed on payments (for example interest payments) from such jurisdictions to 'non-cooperative' or 'blacklist' jurisdictions. In addition,

local tax incurred in such jurisdictions may not be creditable to, or deductible by, the Limited Partners in their respective jurisdictions. The Fund or the Limited Partners could also be subject to tax, and have filing obligations, in jurisdictions in which the Fund invests or operates.

33. *Tax Liabilities.* An investment in a limited partnership involves complex tax considerations and Limited Partners in the Fund may in certain circumstances be treated as receiving income or gains from the Fund which exceed their share of distributions in any given period. In addition, the Fund may reinvest net cash generated from its operations, sales or other dispositions in additional investments. This may leave Limited Partners with a tax liability which cannot be funded entirely from the Limited Partner's returns from the Fund. There can be no assurance that the Fund will make sufficient distributions to permit Limited Partners to pay all of their tax *liabilities* resulting from the ownership of Interests.

Limited Partners may have additional tax liabilities in their country of citizenship or residence or may be entitled to additional tax relief in that country. This could have the effect of increasing or decreasing the post-tax return on their investment in the Fund.

34. *Changes in Law, Practice and Interpretation.* There may be changes in tax laws or interpretations of tax laws (possibly with retrospective effect) in a jurisdiction in which the Fund or one of its subsidiaries operates, is managed, is advised, is promoted or invests, that are adverse to the Fund, its subsidiaries or its Partners. In particular, both the level and basis of taxation may change. Changes to taxation treaties or interpretations of taxation treaties between one or more such *jurisdictions* and the countries through which the Fund or any of its subsidiaries holds investments or in which a Partner is resident, or the introduction of, or change to, EU directives may adversely affect the Fund's ability to efficiently realise income or capital gains and to efficiently repatriate income and capital gains from the jurisdictions in which they arise to Partners. Consequently, it is possible that the Fund or its subsidiaries may face unfavorable tax treatment in such jurisdictions that may materially adversely affect the value of the Fund's investments or the feasibility of making investments in certain countries. This could significantly affect returns to investors.

In particular, pursuant to the OECD, BEPS Project, individual jurisdictions are beginning to introduce domestic legislation implementing certain of the BEPS Actions. Several of the areas of tax law (including double taxation treaties) on which the BEPS Project is focusing are relevant to the ability of the Fund to efficiently realise income or capital gains and to efficiently repatriate income and capital gains from the jurisdictions in which they arise to Partners and, depending on the extent to and manner in which relevant jurisdictions implement changes in those areas of tax law (including double taxation treaties), the ability of the Fund to do those things may be adversely impacted. Many of the jurisdictions in which the Fund will make investments indicated in June 2017 that they would implement the OECD's draft Multilateral Instrument which will bring into force a number relevant changes to double tax treaties. There remains significant uncertainty as to whether and, if so, to what extent the Fund or its subsidiaries may benefit from the protections afforded by such treaties and whether the Fund may look to its Partners in order to derive tax treaty or other benefits. This position is likely to remain uncertain for a number of years.

Further to the BEPS Project, and in particular BEPS Action 1 ('Addressing the Tax Challenges of the Digital Economy'), the OECD published a Report on May 31, 2019 entitled 'Programme of Work to Develop a Consensus Solution to the Tax Challenges

Arising from the Digitalisation of the Economy’ (as updated on 31 January 2020 by the ‘Statement by the OECD/G20 Inclusive Framework on BEPS on the Two-Pillar Approach to Address the Tax Challenges Arising from the Digitalisation of the Economy’), which proposes fundamental changes to the international tax system. The proposals (commonly now also referred to as “BEPS 2.0”) are based on two “pillars”, involving the reallocation of taxing rights (Pillar One), and additional global anti-base erosion rules (Pillar Two). The OECD aims to reach a consensual solution on the new international tax rules during 2020, with a final report expected by the end of 2020. BEPS 2.0 is still in its early stages, and there currently remains uncertainty as to how consensus will be reached, and how and when its principles will be implemented by participating countries. Depending on the outcome of BEPS 2.0, effective tax rates could increase within the fund structure or on its investments, including by way of higher levels of tax being imposed than is currently the case, possible denial of deductions or increased withholding taxes and/or profits being allocated differently. This could adversely affect investor returns.

35. *Public Health Emergencies; COVID-19.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19 (as defined below), have and are resulting in market volatility and disruption, and *future* such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Fund.

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization formally declared in March 2020 to constitute a global “pandemic.” This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across almost all of the world’s largest economies — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19’s impact will depend on many factors, including the

ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained and economies are able to “re-open,” it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the Fund. The extent of the impact on the Fund’s and its portfolio companies’ operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Fund intends to pursue, all of which could adversely affect the Fund’s ability to fulfill its investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Fund, its portfolio companies, the General Partner and the Investment Adviser may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity’s personnel. These measures may also hinder such entities’ ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

36. *Cayman Islands Regulatory Oversight.* The Fund will be required to register and be regulated as a private fund under the Private Funds Act, 2020 (the “Private Funds Law”) of the Cayman Islands. Once registered, the Cayman Islands Monetary Authority (the “Authority”) will have supervisory and enforcement powers to ensure the Fund’s compliance with the Private Funds Law. The Authority may take certain actions if it is satisfied that a regulated private fund is or is likely to become unable to meet its obligations as they fall due, or is carrying on business fraudulently or otherwise in a manner detrimental to the public interest or to the interests of its investors or creditors, or is carrying on or is attempting to carry on business or is winding up of its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include, inter alia, the power to require the substitution of the General Partner, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

37. *Risk Relating to Investing in China and Asia.* Investing in China involves certain risks not typically associated with investments in other countries or more developed markets, including but not limited to the risks summarized below. The economy of China may perform favorably or unfavorably compared with other economies in such respects as growth of gross domestic product, rate of inflation, currency controls, currency appreciation or depreciation, capital reinvestment, resource self-sufficiency and balance of payments. The General Partner will seek to manage the Fund in a manner designed to mitigate these risks relative to the potential for gain, but such risks cannot be eliminated entirely, and may in any case be beyond the control of the General Partner. These risks, some of which are set out below, may increase expenses of the Fund, adversely affect the value of the Fund's investments, limit returns and adversely impact the Fund's investment program and strategy.

China's economic reform program, which started in the late 1970s, has led to rapid economic development and substantial improvements in the standard of living. However, there can be no assurance that these reform-oriented economic policies will continue with the current and future political leaderships of China. Such reform measures may be adjusted, modified or applied inconsistently from industry to industry or across different regions of China. In addition, despite China's ongoing transition from a rigidly central-planned state-run economy to an economy that has been partially reformed by more market-oriented policies, the Chinese government continues to own, directly or indirectly, a substantial portion of China's productive assets and continues to play a significant role in regulating development through industrial policies, taxation, allocating resources, regulating payments of foreign currency obligations, imposing credit policies on commercial banks, setting monetary policy and providing preferential treatment to particular industries or companies. While the Chinese economy has experienced extraordinarily rapid growth in the past three decades, this growth has been uneven, both geographically and across various sectors of the economy. Recently, this growth has slowed and the Chinese economy could move into an environment where such growth continues to slow. The Chinese government has implemented various measures to promote economic development, though some of these initiatives may have a negative effect on the Fund's portfolio companies. Further, a slowdown in the economies of the U.S., the European Union and certain countries in Asia may adversely affect the economic growth in China, which is to some extent dependent on exports to those countries. It is also possible that during the term of the Fund, China could experience a recession, generally defined as two or more consecutive quarters of contraction of gross domestic product. The recent volatility in the Chinese stock markets reflects the unpredictability of the economy in China, and it is uncertain whether such volatility will continue and have a significant and lasting impact on the portfolio companies in which the Fund will invest. Such volatility has prompted the Chinese government to implement a number of policies and restrictions with regards to the securities markets. For instance, the Chinese government implemented a temporary moratorium on the sale of certain securities, subject to certain conditions. While these actions are aimed at maintaining growth and stability in the stock market, the Fund may be negatively affected by, among other things, disruptions in the ability to sell securities when most advantageous given market conditions. Additionally, China continues to limit direct foreign investments generally in industries deemed important to national interests. Foreign investment in domestic securities is also subject to substantial restrictions. It is not clear what the long-term effects of these policies will be on the securities market in China or whether additional actions by the Chinese government will occur in the future. Reform-oriented policies may or may not be

reversed, suspended or delayed over time. The Fund will also be exposed to the direct and indirect consequences of potential political, social and diplomatic changes in China.

**Item 9: Disciplinary Information**

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The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.



**Item 10: Other Financial Industry Activities and Affiliations**

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**Other Material Relationships**

C-Bridge Capital and its related persons will, directly or indirectly, serve as the general partner, project advisor, limited partners and/or managing members of the Clients.

Employees of C-Bridge Capital and its affiliates may from time to time serve as officers, advisors, directors or in comparable management functions for the Clients, where applicable. Employees of the Firm often also serve on the board of directors of a portfolio company, and/or are given access for other reasons to confidential information relating to the companies in which the Clients invest.

C-Bridge Capital is controlled by CBC Group Investment Management Ltd, which is a registered person with the Cayman Islands Monetary Authority. CBC Group Investment Management Ltd is wholly owned by Nova Aqua Limited and indirectly owned by Fu Family Trust.

C-Bridge Capital shares supervised persons and is under common control with CBC Group (HK) Limited, CBC Group Capital Investment Management (Singapore) Pte. Ltd., C-Bridge Healthcare Fund GP IV L.P., C-Bridge SLP IV L.P., C-Bridge Healthcare Fund GP V, L.P., C-Bridge SLP V, L.P., C-Bridge Capital GP V, Ltd, R-Bridge Healthcare Fund GP Ltd, R-Bridge Healthcare Fund GP L.P., R-Bridge SLP L.P., R-Bridge Healthcare Investment Advisory Ltd., Royalty Bridge Investment Management Ltd., C-Bridge Capital GP Ltd, C-Bridge Healthcare Fund GP L.P., C-Bridge SLP, L.P., C-Bridge Healthcare Fund GP II L.P., C-Bridge SLP II, L.P., C-Bridge Capital Investment Management Ltd. and C-Bridge Capital Investment Advisor Limited.

Other than shareholding and common control relationship, C-Bridge Capital may from time to time be referred to investors by its affiliates and obtain investment opportunities from its affiliates. With C-Bridge Capital and its affiliates being within the same group of companies, interests among the entities are aligned with minimum conflict expected.

C-Bridge Capital does not have other relationships or arrangements that are material to the Firm's advisory business or to its clients that the Firm or any of its management persons have with any of the following related persons: (i) a broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) an investment company or other pooled investment vehicle; (iii) a futures commission merchant, commodity pool operator, or commodity trading advisor; (iv) a banking or thrift institution; (v) an accountant or accounting firm; (vi) a lawyer or law firm; (vii) an insurance company or agency; (viii) a pension consultant; and (ix) a real estate broker or dealer sponsor or syndicator of limited partnerships.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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**Participation or Interest in Client Transactions**

The Manager serves as the Investment Adviser to R-Bridge Fund and R-Bridge SMA. The Parent serves as the Investment Adviser to C-Bridge Funds and CBC SMA. The principal and/or employees, affiliates and relatives of the employees may make investment in the Clients.

As well as direct investments, C-Bridge Capital staff may also share in incentive allocations linked to the profits of the Funds.

**Code of Ethics and Personal Account Dealing**

Pursuant to Rule 204A-1 of the Advisers Act, C-Bridge Capital has adopted a Compliance Manual and a Personal Securities Dealing Policy that establishes various procedures with respect to investment transactions in accounts in which employees of C-Bridge Capital or related persons have a beneficial interest or accounts over which an employee has investment discretion.

The Compliance Manual was adopted to avoid actual and possible conflicts of interest, avoid the inappropriate use of material, non-public information and ensure the propriety of its employees' and partners' (or similar) trading activities.

The foundation of the Compliance Manual is based on the underlying principles that:

- Employees of C-Bridge Capital must at all times place the interests of clients first;
- Employees of C-Bridge Capital must make sure that all personal securities transactions are conducted consistent with this Compliance Manual and the Personal Account Dealing Policy contained in this Compliance Manual. All transactions should avoid any actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility; and
- Employees of C-Bridge Capital should not take unfair advantage of their positions. The receipt of investment opportunities, perquisites, or gifts from persons seeking business with C-Bridge Capital could call into question the exercise of an employee's independent judgment.

Generally, all employees are required to disclose to the Firm existing investment holdings upon joining and at least annually thereafter.

C-Bridge Capital's employees are required to hold all personal investments for at least 30 days, unless prior written approval of the General Counsel is given for an earlier disposal.

C-Bridge Capital's employees are required to disclose details of their outside broking accounts to the General Counsel and ensure that copies of records and statements of personal transactions entered into by them are submitted to the General Counsel.

Employees are required to obtain pre-clearance from the General Counsel or Responsible Officer prior to any personal share dealing transaction.

The Firm will provide a copy of the Firm's Compliance Manual and Code of Ethics to the new employee and any clients or genuine prospective investors upon request. The Firm will also circulate the updated Compliance Manual and Code of Ethics from time to time.

**Item 12: Brokerage Practices**

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**Best Execution**

C-Bridge Capital primarily invests on behalf of the Clients directly into the private company, there may be situations where it places trades through a broker. In such circumstances, the Firm will seek “best execution” in light of the circumstances involved in transactions. In selecting a broker for any transaction, the Firm may consider a number of factors, including, for example, a broker’s reputation, net price or spread, financial strength and stability, volume/capacity, market access, efficiency of execution and error resolution, and the size of the transaction. The Firm will not obligate itself to obtain the lowest commission or best net price for a client on any particular transaction.

**Soft Dollars**

The Firm generally acquires investments in direct transactions with the private company and currently does not have any soft dollar arrangements.

**Brokerage for Client Referrals**

The Firm does not select its broker based on whether any related person receives client referrals.

**Directed Brokerage**

The Firm does not permit/require directed brokerage.

**Aggregate Orders**

The Firm deals primarily with private securities purchased directly from the issuer and will generally not be able to aggregate securities transactions for the Funds and SMA. The Clients sub-advised by the Firm generally invests in different types of underlying investment.

**Principal Transactions / Cross Trades**

In a “principal transaction”, an investment adviser, acting for its own account, buys a security from, or sells a security to, a client’s account. The Firm does not maintain “own accounts” / proprietary accounts. The Firm do not engage in cross trades.

**Item 13: Review of Accounts**

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**Review of Accounts**

The Clients are reviewed and reconciled on a quarterly basis with quarterly valuation and cash reports prepared internally. The review is supervised by the Valuation Committee of the Firm's affiliates. In addition, the Firm and its affiliates also monitor the Clients' performances to help ensure conformity with investment objectives and guidelines.

The Funds have also engaged an independent administrator to prepare quarterly unaudited investor statements reviewing the Clients' performance for the quarter.

**Reporting**

The Funds will prepare its annual financial statements in accordance with International Financial Reporting Standards ("IFRS"). Copies of the audited financial statements will be issued to all US investors within 120 days of the Funds' fiscal year-end, ending on December 31. The Manager/Parent will prepare quarterly unaudited financial statement showing each investors' capital account balance as of the end of each quarter and descriptive investment information with respect to each investment.

**Item 14: Client Referrals and Other Compensation**

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Currently, the Firm does not receive any economic benefit from anyone, other than from the Manager and its affiliates, for providing investment advice and other advisory services to R-Bridge Fund and R-Bridge SMA.

The Firm and its affiliates may from time to time engage one or more placement agents / capital introduction companies for investor referrals. Any such person would generally be compensated by the Firm and its affiliates by reference to the size of investment(s) referred or introduced. Such compensation will be paid by the Firm or its affiliates and will not be charged to the Clients.

Due diligence and background checks will be carried out on all third-party marketers prior to engagement to ensure that applicable regulatory registrations are in place and that they have adequate controls and procedures to monitor compliance with selling procedures and suitability requirements.

**Item 15: Custody**

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The private equity investments targeted by C-Bridge Capital are not readily tradeable or exchange held securities and typically evidenced by contractual agreements able to be enforced in applicable courts as a claim against the borrower. Only a small portion of the Funds' assets are expected to be held in cash - which is deposited with the Funds' bank account. In respect of such assets, the Firm will not have direct custody over any client securities or cash. The Firm and its affiliates may be deemed to have constructive custody of the assets of the Funds as a result of its authority over the Funds.

The Firm and its affiliates will prepare quarterly unaudited financial statement showing each investors' capital account balance as of the end of each quarter and descriptive investment information with respect to each investment.

Investors in the Clients receive quarterly account statements directly from the external Fund Administrator. C-Bridge Capital urges investors in the Clients to carefully review such statements and compare such official records to the reports that the Firm may provide to such investors.

**Item 16: Investment Discretion**

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Subject to the investment objectives, policies and restrictions of the Clients as set forth in the Investment Management Agreement, Investment Advisory Agreement and Offering Materials, the Manager and Parent will have certain authority to determine the acquisition, supervision or exit of investments and to place any cash or equivalents on deposit in or to the Funds with the custodian or other banks.

**Item 17: Voting Client Securities**

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In situations where the Clients are party to a stockholder or a similar agreement, these agreements are entered into in the best interests of the Fund, and may require the Firm to vote the other investors' nominees to a board of directors or similar body, or require a vote in favour of a particular transaction. If this is the case, the Manager/Parent will comply with the applicable contractual obligations.

The Manager/Parent monitors the performance, activities and events related to each Fund investment. When exercising its voting authority over client securities, Manager/Parent will consider such information, evaluate other issues that could have an impact on the value of the security and vote with a view toward maximising value. The Manager/Parent votes all proxies in a prudent manner, considering the prevailing circumstances at such time, and in a manner consistent with Proxy Voting Policies and Procedures and Fiduciary Duties to clients.

The Manager/Parent reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the client. As a result, depending on the client's particular circumstances, the Manager/Parent may vote one client's securities differently than it votes those of another client, or may vote differently on various proposals, even though the proposals are similar (or identical). In some instances, Manager/Parent may determine that it is in the client's best interest for the Manager/Parent to "abstain" from voting or not to vote at all and will do so accordingly.



**Item 18: Financial Information**

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C-Bridge Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

**Item 19: Requirements for State-Registered Advisers**

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Not applicable.