

Explanation of Non-Compliance with SFDR's Principal Adverse Impacts Regime November 2025

This document sets out disclosures by **Cephei Capital Management (Hong Kong) Limited** (the "Investment Manager") regarding the principal adverse impacts of our investment decisions on sustainability factors.

Regulatory Context

The EU Sustainable Finance Disclosure Regulation ("SFDR") requires the Investment Manager to make a "comply or explain" decision whether to consider the principal adverse impacts ("PAIs") of our investment decisions on sustainability factors, in accordance with a specific regime as outlined in SFDR. As permitted under Article 4 of SFDR, the Investment Manager has decided not to consider PAIs at present. Accordingly, we are required to publish and maintain on our website a statement explaining our reasons for not considering PAIs, along with information on whether and when we intend to do so..

Our Decision

The Investment Manager has carefully evaluated the requirements of the Article 4 of SFDR and the SFDR Level II Regulatory Technical Standards issued via Commission Delegated Regulation (EU) 2022/1288 (collectively, the "PAI regime").

The Investment Manager supports the policy objectives of the PAI regime to enhance transparency to clients, investors and the market regarding how financial market participants integrate consideration of adverse impacts from their investment decisions on sustainability factors. However, taking into account the nature and scale of the Investment Manager's activities and the types of products we offer, we consider comply with the PAI regime to be disproportionate at this time.

Reasons for Non-Compliance

Our decision not to consider PAIs at the entity level is based on the following factors:

Inability to Apply PAI Across All Products

We cannot ensure consistent PAI consideration across our entire product range. For certain financial products, consideration of principal adverse impacts is challenging due to the nature of the funds, which do not track ESG benchmarks.

Data Availability Constraints

There is currently uncertainty regarding the availability of sufficient data from investee companies across our financial products, particularly for those products where we do not consider PAIs at the product level.

Review and Monitoring

The Investment Manager will keep this decision under regular review and will formally re-evaluate our position periodically to assess whether circumstances have changed sufficiently to warrant adopting the PAI regime.