Hang Seng Investment Index Funds Series IV
(the "Trust")

Hang Seng China A Industry Top Index ETF
(RMB Counter Stock Code: 83128 / HKD Counter Stock Code: 03128)

Hang Seng Harvest CSI 300 Index ETF
(RMB Counter Stock Code: 83130 / HKD Counter Stock Code: 03130)

Hang Seng China New Economy Index ETF
(Stock Code: 03176)

(each a "Sub-Fund", collectively the "Sub-Funds")

Announcement

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Prospectus of the Trust and the Sub-Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the Prospectus of the Trust and the Sub-Funds (including the Product Key Facts Statement of the relevant Sub-Fund and the full text of the risk factors stated therein) in detail before making any investment decision.

The Stock Exchange of Hong Kong Limited (the "SEHK"), Hong Kong Securities Clearing Company Limited (the "HKSCC") and the Securities and Futures Commission (the "SFC") take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

SFC authorisation is not a recommendation or endorsement of the Sub-Funds nor does it guarantee the commercial merits of the Sub-Funds or their performance. It does not mean the Sub-Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Dear Unitholders

Amendment to the Prospectus of the Sub-Funds

We, as the Manager of the Sub-Funds, are writing to inform you that, with effect from the date of this document, an amendment has been made to the Prospectus of the Sub-Funds to reflect the following resignation and appointment of directors of the Manager:

(1) with effect from 1 January 2022, Ms. CHAN Leung Cheuk Yee, Eunice, has resigned as director of the Manager, and Ms. CHIU Wai Man, Vivien, has been appointed as new director of the Manager;
(2) with effect from 20 January 2022, Mr. YEO Chee Leong has resigned as director of the Manager;
(3) with effect from 1 February 2022, Ms. KWAN Wing Han, Margaret, has resigned as director of the Manager, and Ms. LEE Wah Lun, Rannie, has been appointed as new director of the Manager; and
(4) with effect from 7 March 2022, Ms. CHEUNG Ka Wai, Kathy, has been appointed as new director of the Manager.

Please refer to the "Amendment to the Prospectus of the Sub-Funds" enclosed for details.

If you have any queries concerning the above, please contact us at (852) 2198 5890 during office hours.

We accept full responsibility for the accuracy of the contents of this document as at the date of its publication.

Hang Seng Investment Management Limited
18 March 2022

Hang Seng Investment Index Funds Series IV
(the "Trust")

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(each a "Sub-Fund", collectively the "Sub-Funds")

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the Prospectus of the Trust and the Sub-Funds (including the Product Key Facts Statement of the relevant Sub-Fund and the full text of the risk factors stated therein) in detail before making any investment decision.

The Stock Exchange of Hong Kong Limited (the "SEHK"), Hong Kong Securities Clearing Company Limited (the "HKSCC") and the Securities and Futures Commission (the "SFC") take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

SFC authorisation is not a recommendation or endorsement of the Sub-Funds nor does it guarantee the commercial merits of the Sub-Funds or their performance. It does not mean the Sub-Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Amendment to the Prospectus of the Sub-Funds

The following amendment has been made to the Prospectus of the Sub-Funds with effect from the date of this document. This amendment forms part of and should be read in conjunction with the Prospectus of the Sub-Funds.

DIRECTORY

The sub-section headed "*Directors of Hang Seng Investment Management Limited*" has been deleted in its entirety and replaced by the following:

"*Directors of Hang Seng Investment Management Limited*
CHIU Wai Man, Vivien
LEE Wah Lun, Rannie
LEUNG Wing Lok
TSANG Hing Keung
CHEUNG Ka Wai, Kathy
LEE Pui Shan
SIT Wing Fai, Wilfred
WHITE Stuart Kingsley"

If you have any queries concerning the above, please contact us at (852) 2198 5890 during office hours.

We accept full responsibility for the accuracy of the contents of this document as at the date of its publication.

Hang Seng Investment Management Limited
18 March 2022

IMPORTANT: If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser for independent professional financial advice.

Hang Seng Investment Index Funds Series IV

PROSPECTUS

Manager and Listing Agent

Hang Seng Investment Management Limited

8 November 2021

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission (the "SFC") take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The Trust and the Sub-Funds have each been authorised as a collective investment scheme by the SFC. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of units (the "Units") in the Hang Seng Investment Index Funds Series IV (the "Trust") and its sub-funds (the "Sub-Funds"). The Trust is an umbrella unit trust established under Hong Kong law by a trust deed dated 29 October 2013 (the "Trust Deed") between Hang Seng Investment Management Limited (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Trust can have a number of sub-funds (the "Sub-Funds" or individually a "Sub-Fund").

The information contained in this Prospectus has been prepared to assist potential investors in making an informed decision in relation to investing in a Sub-Fund. It contains important facts about each Sub-Fund whose Units are offered in accordance with this Prospectus. A product key facts statement which contains the key features and risks of each Sub-Fund is also issued by the Manager and such product key facts statement shall form part of this Prospectus, and shall be read, in conjunction with, this Prospectus.

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and the Product Key Facts Statement of each Sub-Fund and confirms having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Prospectus or any Product Key Facts Statement misleading. The Manager also confirms that this Prospectus includes particulars given in compliance with the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* and the *Code on Unit Trusts and Mutual Funds* (the "Code") and the "Overarching Principles" of the SFC *Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products* for the purposes of giving information with regard to the Units of each Sub-Fund. The Trustee is not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus, except for the information regarding the Trustee itself under the paragraph headed "The Trustee" in the section on "Management of the Trust and the Sub-Funds" and, where applicable, under "Trustee" in any Appendix.

Each Sub-Fund is a fund falling within Chapter 8.6 of the Code. The Trust and each Sub-Fund are authorised by the SFC in Hong Kong under Section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust, any Sub-Fund or for the correctness of any statements made or opinions expressed in this Prospectus. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

You should consult your financial adviser or your tax advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable you to acquire Units as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable and to determine whether any investment in a Sub-Fund is appropriate for you.

The Units of Hang Seng China A Industry Top Index ETF and Hang Seng Harvest CSI 300 Index ETF are listed on The Stock Exchange of Hong Kong Limited (the "SEHK") and have been accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearing and settlement in the Central Clearing and Settlement System ("CCASS"). Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS settlement day after any trading. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Application has been made to the SEHK for the listing of, and permission to deal in the Units of Hang Seng China New Economy Index ETF. Subject to compliance with the admission requirements of HKSCC, the Units of Hang Seng China New Economy Index ETF will be accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCASS with effect from the date of commencement of dealings in the Units of Hang Seng China New Economy Index ETF on the SEHK or such other date as may be determined by HKSCC. Settlement of transactions between participants on the SEHK is required to take place in CCASS on the second CCASS settlement day after the trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong and, accordingly, the Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular:-

(A) Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state in the U.S. and Units have not been and will not be registered under the Investment Company Act of 1940, as amended (the "Investment Company Act").

Units may not be offered or sold to, transferred to or acquired by any "U.S. Person" (a "US Person") and may not be directly or indirectly offered or sold in the U.S. or for the benefit of a US Person. For the purposes of this restriction, the term US Person shall mean the following:

1. An individual who is deemed a resident of the U.S. under any U.S. law or regulation.

2. An entity:
   i. that is a corporation, partnership, limited liability company or other business entity:
      a. that was created or organised under U.S. federal or state law including any non-U.S. agency or branch of such entity; or
      b. where regardless of place of formation or organisation, was organised principally for passive investment (such as an investment company or fund or similar entity other than an employee benefit plan or employee pension scheme for the employees, officers, or principals of a non-U.S. entity having its principal place of business outside the United States);
         - and owned directly or indirectly by one or more US Persons, with respect to which such US Persons (unless defined as a Qualified Eligible Person under CFTC Regulation 4.7(a)) directly or indirectly hold in the aggregate 10% or greater beneficial interest; or
         - where a US Person is the general partner, managing member, managing director or other position with authority for directing the entity's activities; or
         - was formed by or for a US Person principally for the purpose of investing in securities not registered with the Securities and Exchange Commission ("SEC"); or
         - where more than 50% of its voting ownership interests or non-voting ownership interests are directly or indirectly owned by US Persons; or
      c. that is any agency or branch of a non-U.S. entity located in the U.S.; or
      d. has its principal place of business in the U.S.; or

   ii. that is a trust created or organised under U.S. federal or state law or regardless of the place of creation or organisation:
      a. where one or more US Persons has the authority to control all substantial decisions of the trust; or
      b. where the administration of the trust or its formation documents are subject to the supervision of one or more U.S. courts; or
      c. where any settlor, founder, trustee, or other person responsible for decisions related to the trust is a US Person; or

   iii. that is an estate of a deceased person regardless of where the person resided while alive where an executor or administrator is a US Person.

3. An employee benefit plan established and administered in accordance with the laws of the U.S.

4. A discretionary or non-discretionary investment account or similar account (other than an estate or trust) held by a non-U.S. or U.S. dealer or other fiduciary for the benefit or account of a US Person (as defined above).

Units may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An "ERISA Plan" is any retirement plan subject to Title 1 of the United States Employee Retirement Income Securities Act of 1974, as amended; or any individual retirement account or plan subject to section 4975 of the United States Internal Revenue Code of 1986, as amended.

For the purpose of this definition, the "United States" and "U.S." means the United States of America (including the States and the District of Columbia), its territories, possessions and other areas of subject to its jurisdiction.

If, subsequent to a Unitholder's investment in a Sub-Fund, the Unitholder becomes a US Person, such Unitholder (i) will be restricted from making any additional investments in the relevant Sub-Fund and (ii) as soon as practicable have its Units compulsorily redeemed by the relevant Sub-Fund (subject to the requirements of applicable law).

The Manager may, from time to time, waive or modify the above restrictions subject to the provisions of the Trust Deed.

(B) Units will not be offered for sale in Canada. In addition, no offer or invitation to subscribe for Units may be made to, and no Units may be held by or transferred to Canadian residents or for the benefit of any Canadian resident. A distribution or solicitation may be deemed to occur in Canada where a distribution or solicitation is made to a person (including an individual, corporation, trust, partnership or other entity, or other legal person) resident or otherwise located in Canada at the applicable time. For these purposes, the following persons will generally be considered to be a Canadian resident:

1. An individual, if
   i. the individual's primary principal residence is located in Canada; or
   ii. the individual is physically located in Canada at the time of the offer, sale or other relevant activity.

2. A corporation, if
   i. the corporation's head office or principal office is located in Canada; or

ii. securities of the corporation that entitle the holder to elect a majority of the directors are held by Canadian Resident individuals (as described above) or by legal persons resident or otherwise located in Canada; or
iii. the individuals that make investment decisions or provide instructions on behalf of the corporation are Canadian Resident individuals (as described above).

3. A trust, if
   i. the principal office of the trust (if any) is located in Canada; or
   ii. the trustee (or in the case of multiple trustees, the majority of trustees) are Canadian Resident individuals (as described above) or are legal persons resident or otherwise located in Canada; or
   iii. the individuals that make investment decisions or provide instructions on behalf of the trust are Canadian Resident individuals (as described above).

4. A partnership, if
   i. the partnership's head office or principal office (if any) is located in Canada; or
   ii. the holders of the majority of the interests of or in the partnership are held by Canadian Residents (as described above); or
   iii. the general partner (if any) is a Canadian Resident (as described above); or
   iv. the individuals that make investment decisions or provide instructions on behalf of the partnership are Canadian Resident individuals (as described above).

Furthermore, distribution of this Prospectus (including the product key facts statement) shall not be permitted unless it is accompanied by a copy of the latest annual report of the relevant Sub-Fund (where existing) and, if later, its most recent interim report.

You should note that any amendment or addendum to this Prospectus will only be posted on the Trust's website (www.hangsenginvestment.com) (this website has not been reviewed by the SFC). This Prospectus (including the product key facts statements) may refer to information and materials included in websites. Such information and materials do not form part of the Prospectus (including the product key facts statement) and they have not been reviewed by the SFC or any regulatory body. Investors should note that the information provided in websites may be updated and changed periodically without any notice to any person.

Questions and Complaints

All investors' enquiries and complaints directed to the Manager should be made in writing and sent to the following address:

Hang Seng Investment Management Limited
83 Des Voeux Road Central
Hong Kong

The Manager will respond to investors' enquiries or complaints in writing as soon as practicable.

DIRECTORY

Directors of Hang Seng Investment Management Limited

KWAN Wing Han, Margaret
CHAN Leung Cheuk Yee Eunice
LEUNG Wing Lok
TSANG Hing Keung
YEO Chee Leong
LEE Pui Shan
SIT Wing Fai, Wilfred
WHITE Stuart Kingsley

Manager, RQFII Holder (in respect of Hang Seng China A Industry Top Index ETF and Hang Seng Harvest CSI 300 Index ETF only) and Listing Agent
Hang Seng Investment Management Limited
83 Des Voeux Road Central
Hong Kong

PRC Custodian (in respect of Hang Seng China A Industry Top Index ETF and Hang Seng Harvest CSI 300 Index ETF only)
China Construction Bank Corporation
25, Finance Street
Xicheng District
Beijing, PRC

Service Agent
HK Conversion Agency Services Limited
8/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

*HKD Counter Market Makers**
Please refer to the relevant Appendix of each Sub-Fund

Trustee and Registrar
HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Auditors
KPMG
8/F, Prince's Building
10 Chater Road
Central, Hong Kong

Legal Counsel to the Manager
Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

*RMB Counter Market Makers**
Please refer to the relevant Appendix of each Sub-Fund

* *Please refer to the Trust's website for the latest lists of HKD Counter Market Makers, RMB Counter Market Makers and Participating Dealers.*

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PART 1 – GENERAL INFORMATION RELATING TO THE TRUST AND THE SUB-FUNDS

Part 1 of this Prospectus includes information relevant to the Trust and all Sub-Funds established under the Trust and listed on the SEHK.

The information presented in this Part 1 should be read in conjunction with the information presented in the relevant Appendix in Part 2 of this Prospectus in respect of a particular Sub-Fund. Where the information in Part 2 of this Prospectus conflicts with the information presented in this Part 1, the information in the relevant Appendix in Part 2 prevails, however, it is applicable to the specific Sub-Fund of the relevant Appendix only. Please refer to Part 2 "Specific Information Relating to Each Sub-Fund" for further information.

DEFINITIONS

In this Prospectus (including the relevant Appendix for any Sub-Fund), unless the context requires otherwise, the following expressions have the meanings set out below. Other capitalised terms used, but not defined, have the meaning given to those terms in the Trust Deed.

"A-Shares" means shares issued by companies incorporated in the PRC and listed on the SSE or the SZSE, traded in RMB and available for investment by domestic investors, QFII/RQFIIs and through Stock Connect.

"After Listing" means the period which commences on the Listing Date and continues until the relevant Sub-Fund is terminated.

"Appendix" means an appendix to this Prospectus that sets out specific information applicable to a Sub-Fund.

"Application" means an application by a Participating Dealer for the creation or redemption of Units, in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines, the relevant Participation Agreement and the terms of the Trust Deed.

"Application Unit", in relation to each Sub-Fund, means such number of Units or whole multiple thereof as specified in this Prospectus or such other number of Units determined by the Manager, approved by the Trustee and notified by the Manager to the Participating Dealers.

"Business Day" in respect of a Sub-Fund, means, unless the Manager and the Trustee otherwise agree, a day on which (a)(i) the SEHK is open for normal trading; and (ii) the relevant securities market on which Securities comprised in the relevant Index are traded is open for normal trading or if there are more than one such securities market, the securities market designated by the Manager is open for normal trading, and (b) the relevant Index is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant securities market is open for normal trading is reduced as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager and the Trustee otherwise agree.

"Cancellation Compensation" means an amount payable for the account of a Sub-Fund by a Participating Dealer in respect of a Default, as set out in the Trust Deed and in the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

"CCASS" means the Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.

"CCASS Settlement Day" means the term "Settlement Day" as defined in the General Rules of CCASS.

"Code" means the Code on Unit Trusts and Mutual Funds issued by the SFC (as amended or replaced from time to time).

"Connected Person" has the meaning as set out in the Code which at the date of this Prospectus means in relation to a company:

(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or

(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or

(c) any member of the group of which that company forms part; or

(d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

"Creation Application" means an application by a Participating Dealer for the creation and issue of Units in an Application Unit size in accordance with the Operating Guidelines and the Trust Deed.

"CSDCC" means the China Securities Depository and Clearing Co., Ltd.

"CSRC" means the China Securities Regulatory Commission.

"Dealing Day" means:

(a) in respect of Hang Seng China A Industry Top Index ETF, each Business Day during the continuance of the Sub-Fund on which (i) each of the SEHK, the SSE and the SZSE is open for normal trading for a full trading day and (ii) the SEHK is open for Northbound trading through the Shanghai-Hong Kong Stock Connect and through Shenzhen-Hong Kong Stock Connect, and/or such other day or days as the Manager may from time to time determine with the written approval of the Trustee. For the avoidance of doubt, a Business Day will not be considered as a Dealing Day if on such Business Day the SEHK, the SSE and/or the SZSE is/are open for normal trading in the morning or afternoon only;

(b) in respect of Hang Seng Harvest CSI 300 Index ETF, each Business Day during the continuance of the Sub-Fund on which each of the SEHK, the SSE and the SZSE is open for normal trading for a full trading day and/or such other day or days as the Manager may from time to time determine with the written approval of the Trustee. For the avoidance of doubt, a Business Day will not be considered as a Dealing Day if on such Business Day the SEHK, the SSE and/or the SZSE is/are open for normal trading in the morning or afternoon only; and

(c) in respect of Hang Seng China New Economy Index ETF, each Business Day during the continuance of the Sub-Fund on which (i) each of the SEHK, the SSE ,the SZSE, the New York Stock Exchange, the NYSE American Stock Exchange and the NASDAQ Stock Exchange is open for normal trading for a full trading day and (ii) the SEHK is open for Northbound trading through the Stock Connect, and/or such other day or days as the Manager may from time to time determine with the written approval of the Trustee.

"Dealing Deadline" in relation to any particular place and any particular Dealing Day, means the time on each Dealing Day specified in the Appendix of a Sub-Fund.

"Default" means a failure by a Participating Dealer in respect of:

(a) a Creation Application to deliver the requisite Securities and/or the relevant cash amount; or

(b) a Redemption Application to deliver the Units the subject of the Redemption Application and/or relevant cash amount.

"Deposited Property" means, in respect of a Sub-Fund, all the assets (including Income Property), received or receivable by the Trustee, for the time being held or deemed to be held upon the trusts of and subject to the Trust Deed for the account of the Sub-Fund but excluding (i) Income Property standing to the credit of the distribution account (other than interest earned thereon), and (ii) any other amount for the time being standing to the credit of the distribution account.

"Dual Counter" means the facility by which the Units traded in RMB and traded in HKD are each assigned separate stock codes on the SEHK and are accepted for deposit, clearing and settlement in CCASS in more than one eligible currency (RMB or HKD) as described in the relevant Appendix of this Prospectus.

“Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing and including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager or the Trustee to be made for the purpose of compensating or reimbursing the Trust for the difference between (a) the prices used when valuing the Securities in the Trust Fund for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Trust with the amount of cash received by the Trust upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust Fund upon such redemption of Units.

“Encumbrance” means any mortgage, charge, pledge, lien, third party right or interest, any other encumbrance or security interest of any kind or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect.

“entities within the same group” means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards.

“Extension Fee” means the fee payable to the Trustee on each occasion the Manager, upon a Participating Dealer’s request, grants the Participating Dealer an extended settlement in respect of a Creation Application or Redemption Application.

“FDI” means financial derivative instrument which refers to financial instrument that derives its value from the value and characteristics of one or more underlying assets.

“Government and other Public Securities” has the meaning as set out in the Code which at the date of this Prospectus means any investment issued by, or the payment of principal and interest on, which is guaranteed by a government, or any fixed-interest investment issued by its public or local authorities or other multilateral agencies.

“HKD” means Hong Kong dollars, the lawful currency of Hong Kong.

“HKEx” means Hong Kong Exchanges and Clearing Limited or its successors.

“HKSCC” means the Hong Kong Securities Clearing Company Limited or its successors.

“HS Fund(s)” means any collective investment scheme(s) (including without limitation a feeder fund investing solely in a Sub-Fund) managed by the Manager.

“IFRS” means International Financial Reporting Standards.

“Income Property” means, in respect of a Sub-Fund, (a) all interest, dividends and other sums deemed by the Trustee, (after consulting the auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the Sub-Fund (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale or transfer of any Income Property received in a form other than cash); (b) all interest and other sums received or receivable by the Trustee in respect of (a), (c) or (d) of this definition; (c) all cash payments received or receivable by the Trustee for the account of the Sub-Fund in respect of an Application; and (d) all Cancellation Compensation received by the Trustee for the account of the Sub-Fund; (e) any payments to be received or are receivable by the Trustee under any contractual agreements in the nature of investments for the benefit of the Sub-Fund but excluding (i) other Deposited Property; (ii) any amount for the time being standing to the credit of the distribution account for the

account of the Sub-Fund or previously distributed to Unitholders; (iii) gains for the account of the Sub-Fund arising from the realisation of Securities; and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the Sub-Fund;

“Index” means, the index or benchmark, if any, against which a Sub-Fund may be benchmarked or may otherwise be referenced as set out in the relevant Appendix.

“Index Provider” means, in respect of a Sub-Fund, the person responsible for compiling the Index against which the relevant Sub-Fund benchmarks its investments and who holds the right to licence the use of such Index to the relevant Sub-Fund as set out in the relevant Appendix.

“Initial Issue Date” means the date of the first issue of Units, which shall be the Business Day immediately before the Listing Date.

“Initial Offer Period” means, in respect of each Sub-Fund the period before the relevant Listing Date as set out in the relevant Appendix.

“Insolvency Event” occurs in relation to a person where (i) an order has been made or an effective resolution passed for the liquidation or bankruptcy of the person; (ii) a receiver or similar officer has been appointed in respect of the person or of any of the person’s assets or the person becomes subject to an administration order; (iii) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts; (iv) the person ceases or threatens to cease to carry on its business or substantially the whole of its business or makes or threatens to make any material alteration to the nature of its business; or (v) the Manager in good faith believes that any of the above is likely to occur.

“IRD” means the Inland Revenue Department of Hong Kong.

“Issue Price” means the price at which Units may be issued, determined in accordance with the Trust Deed.

“Listing Date” means the date on which the Units in respect of a Sub-Fund are first listed and from which dealings therein are permitted to take place on SEHK, the expected date of which is set out in the relevant Appendix for the Sub-Fund.

“Manager” means Hang Seng Investment Management Limited or such other person or persons for the time being duly appointed manager or managers of the Trust in succession thereto being approved by the SFC as qualified to act as such for the purposes of the Code.

“money market instrument” means securities normally dealt in on the money markets, as described in the Code and includes but is not limited to government bill, certificate of deposit, commercial paper, short-term note and bankers’ acceptance.

“Market” means in any part of the world:

(a) in relation to any Security: the SEHK or such other stock exchange from time to time determined by the Manager; and

(b) in relation to any futures contract: the Hong Kong Futures Exchange or such other futures exchange from time to time determined by the Manager.

“Market Maker” means a broker or dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK.

“Net Asset Value” means the net asset value of a Sub-Fund or, as the context may require, the net asset value of a Unit calculated under the Trust Deed.

“Operating Guidelines” means, in respect of a Sub-Fund, the guidelines for the creation and redemption of Units of a class as set out in the schedule to the Participation Agreement as amended from time to time by the Manager with the approval of the Trustee and following

consultation, to the extent reasonably practicable, with the Participating Dealers, and as notified in writing to the Participating Dealers, including without limitation, the procedures for creation and redemption of Units. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the Sub-Fund applicable at the time of the relevant Application.

"Partial Delivery Request Fee" means the fee payable to the Trustee on each occasion that the Manager, upon a Participating Dealer's request, grants the Participating Dealer a partial delivery of the relevant basket in respect of a Creation Application.

"Participating Dealer" means any licensed broker or dealer and who has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.

"Participation Agreement" means an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out, (amongst other things), the arrangements in respect of the issue of Units and the redemption and cancellation of Units.

"PBOC" means the People's Bank of China.

"PRC" means the People's Republic of China, excluding for the purposes of interpretation of this Prospectus only, Hong Kong, Macau and Taiwan.

"PRC Custodian" means China Construction Bank Corporation or such other person appointed as PRC custodian of a Sub-Fund (if any).

"PRC Custody Agreement" means the custodian agreement entered into amongst the Manager and the PRC Custodian, as amended from time to time.

"PRC Participation Agreement" means the participation agreement entered into amongst the Manager, the Trustee and the PRC Custodian, as amended from time to time.

"QFII" means a qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time).

"Recognised Futures Exchange" means an international futures exchange which is recognised by the SFC or which is approved by the Manager.

"Recognised Stock Exchange" means an international stock exchange which is recognised by the SFC or which is approved by the Manager.

"Redemption Application" means an application by a Participating Dealer for the redemption of Units in Application Unit size in accordance with the Operating Guidelines and the Trust Deed.

"Redemption Value" means, in respect of a Unit, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

"Registrar" means the HSBC Institutional Trust Services (Asia) Limited or such other person appointed as registrar of each Sub-Fund to keep the register of the Unitholders of the Sub-Fund.

"RMB" or "Renminbi" means Renminbi Yuan, the lawful currency of the PRC.

"RQFII" means a Renminbi qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time).

"RQFII Regulations" is as defined under the section headed "What is the RQFII regime?" in this Prospectus.

"SAFE" means the State Administration of Foreign Exchange of the PRC.

"Securities" means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, warrants, participation notes, certificates, structured products,

treasury bills, instruments or notes of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, and whether listed or unlisted, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):

(a) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust (as defined in the Trust Deed);

(b) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;

(c) any instrument commonly known or recognised as a security;

(d) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and

(e) any bill of exchange and any promissory note.

"SEHK" means The Stock Exchange of Hong Kong Limited or its successors.

"Service Agent" means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent in relation to a Sub-Fund.

"Service Agent's Fee" means the fee which may be charged for the benefit of the Service Agent to each Participating Dealer on each book-entry deposit or book-entry withdrawal transaction made by the relevant Participating Dealer, the maximum level of which shall be determined by the Service Agent and set out in this Prospectus.

"Service Agreement" means each agreement by which the Service Agent agrees with the Manager and the Trustee to provide its services in respect of a Sub-Fund entered amongst the Trustee, the Manager, the Registrar, the Participating Dealer, the Service Agent and Hong Kong Securities Clearing Company Limited.

"Settlement Day" means the Business Day which is 2 Business Days after the relevant Dealing Day (or such later Business Day as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines or the Special Operating Guidelines, as the case may be) or such other number of Business Days after the relevant Dealing Day (if any) as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers.

"SFC" means the Securities and Futures Commission of Hong Kong or its successors.

"SFO" means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

"SSE" means the Shanghai Stock Exchange.

"Special Application" means a Special Creation Application or a Special Redemption Application.

"Special Creation Application" means an application for the creation and issue of Units by a HS Fund.

"Special Operating Guidelines" means the guidelines for creation and redemption of Units of a class as determined by the Manager and the Trustee from time to time as applicable to Special Applications. Unless otherwise specified, references to the Special Operating Guidelines shall be to the Special Operating Guidelines for the relevant Sub-Fund applicable at the time of the relevant Special Application.

"Special Redemption Application" means an application for the redemption of Units by a HS Fund.

"STA" means the State Taxation Administration of the PRC.

“Stock Connect” means the securities trading and clearing linked programme with an aim to achieve mutual stock market access between mainland China and Hong Kong, comprising the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

“Sub-Fund” means a segregated pool of assets and liabilities into which the Trust Fund is divided, established under the Trust Deed and the relevant supplemental deed as a separate trust as described in the relevant Appendix.

“substantial financial institution” has the meaning set out in the Code.

“SZSE” means the Shenzhen Stock Exchange.

“Transaction Fee” means the fee, in respect of a Sub-Fund, which may be charged for the benefit of the Registrar and/or the Trustee to each Participating Dealer on each Dealing Day upon which an Application has been or Applications have been made by the relevant Participating Dealer.

“Trust” means the umbrella Unit Trust constituted by the Trust Deed and called Hang Seng Investment Index Funds Series IV or such other name as the Manager may from time to time determine upon prior notice to the Trustee.

“Trust Deed” means the trust deed dated 29 October 2013 between the Manager and the Trustee constituting the Trust (as amended from time to time).

“Trust Fund” means all the property held by the Trustee in respect of each Sub-Fund, including the Deposited Property and Income Property attributable to the relevant Sub-Fund, except for amounts to be distributed, in accordance with the Trust Deed.

“Trustee” means HSBC Institutional Trust Services (Asia) Limited or such other person or persons for the time being duly appointed as trustee or trustees hereof in succession thereto in accordance with the Trust Deed.

“Unit” means a unit representing an undivided share in a Sub-Fund.

“Unitholder” means a person for the time being entered on the register of holders as the holder of Units including, where the context so admits, persons jointly registered.

“Valuation Point” means, in respect of a Sub-Fund, unless otherwise specified in the relevant Appendix of a Sub-Fund, the official close of trading on the Market on which the Securities constituting the Index are listed on each Dealing Day and if more than one, the official close of trading on the last relevant Market to close or such other time or times as determined by the Manager in consultation with the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

INTRODUCTION

The Trust

The Trust is an umbrella unit trust created by the Trust Deed between the Manager and the Trustee made under Hong Kong law. The Trust and each Sub-Fund is authorised as a collective investment scheme by the SFC under Section 104 of the SFO and each Sub-Fund falls within Chapter 8.6 of the Code. SFC authorisation is not a recommendation or endorsement of a Sub-Fund nor does it guarantee the commercial merits of a Sub-Fund or its performance. It does not mean that a Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Sub-Funds

The Trust may issue different classes of Units and the Trustee shall establish a separate pool of assets under the Trust Deed as separate trusts (each such separate pool of assets a "Sub-Fund") to which one or more class of Units shall be attributable. The assets of a Sub-Fund will be invested and administered separately from the other assets of the Trust. Each Sub-Fund will be an exchange traded fund listed on the SEHK.

The Manager and the Trustee reserve the right to establish other Sub-Funds and/or issue further classes of Units relating to a Sub-Fund or Sub-Funds in the future in accordance with the provisions of the Trust Deed. Where indicated in the relevant Appendix, Units in a Sub-Fund may be available for trading on the SEHK using a Dual Counter. Each Sub-Fund will have its own Appendix.

INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The investment objective of each Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the relevant Index unless otherwise stated in the relevant Appendix.

Investment Strategy

Each Sub-Fund will adopt either a full replication or an representative sampling strategy. The investment strategy of each Sub-Fund is stated in the relevant Appendix.

Replication Strategy

Where a Sub-Fund adopts a replication strategy as its investment strategy, it will invest in substantially all the Securities constituting the Index in substantially the same weightings (i.e. proportions) as these Securities have in the Index. When a Security ceases to be a constituent of the Index, rebalancing occurs which involves, among other things, selling the outgoing Security and potentially using the proceeds to invest in the incoming Security.

Representative Sampling Strategy

Where a Sub-Fund adopts a representative sampling strategy as its investment strategy, it will invest, directly or indirectly, in a representative sample of the Securities in the relevant Index that collectively reflects the investment characteristics of such Index and aims to replicate its performance. A Sub-Fund adopting a representative sampling strategy may or may not hold all of the Securities that are included in the relevant Index, and may hold a portfolio of Securities which are not included in the Index, provided that these collectively feature a high correlation with the Index.

Switching Between Strategies

Whilst the replication strategy is likely to track the performance of the relevant Index more closely when compared to the representative sampling strategy, it may not be the most efficient way to do so. Also, it may not always be possible or it may be difficult to buy or hold certain Securities comprising the Index. The Manager may therefore, in the appropriate circumstances, choose to use an representative sampling strategy, having regard to the number of Securities constituting the Index, the liquidity of such Securities, any restrictions on the ownership of such Securities, the transaction expenses and other trading costs, and tax and other regulatory restrictions.

Investors should note that the Manager may switch between the above investment strategies, without prior notice to investors, in its absolute discretion as it believes appropriate in order to achieve the investment objective of the relevant Sub-Fund by tracking the relevant Index as closely (or efficiently) as possible for the benefit of investors.

In addition to the investment strategies set out above, a Sub-Fund may be launched with synthetic or futures-based strategies as described in the relevant Appendix for each such Sub-Fund.

What is the RQFII regime?

Under current regulations in the PRC, foreign investors can invest in the domestic securities market through certain foreign institutional investors that have obtained status as a QFII/RQFII from the CSRC for the purpose of investing in the PRC's domestic securities markets.

On 25 September 2020, the CSRC issued the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投

資管理辦法) and its implementing rules (collectively, the "New QFII Measures"), which, with effect from 1 November 2020, consolidated the previous QFII and RQFII programs into one.

The RQFII regime is currently governed by (i) the "Provisions on Fund Administration of Domestic Securities and Futures Investment by Foreign Institutional Investors" jointly issued by the PBOC and the SAFE and effective from 6 June 2020 (境外機構投資者境內證券期貨投資資金管理規定); (ii) the New QFII Measures; and (iii) any other applicable regulations promulgated by the relevant authorities (collectively, the "RQFII Regulations").

The Manager has obtained RQFII status from the CSRC. Starting from 1 November 2020 when the New QFII Measures took effect, the Manager is able to select whether to use foreign convertible currencies or RMB to make investment under the RQFII regime.

All of the Sub-Fund's assets in the PRC (including onshore PRC cash deposits and its onshore A-Shares portfolio) in connection with the Sub-Fund's investments through the Manager's RQFII status will be held by the PRC Custodian in accordance with the terms of the PRC Custody Agreement and PRC Participation Agreement. A securities account shall be opened with CSDCC in the joint names of the Manager (as the RQFII holder) and the Sub-Fund. An RMB special deposit account shall also be established and maintained with the PRC Custodian in the joint names of the Manager (as the RQFII holder) and the relevant Sub-Fund. The PRC Custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations.

The Manager has obtained a legal opinion confirming that, as a matter of PRC law:

(a) securities account(s) with the CSDCC and maintained by the PRC Custodian and RMB special deposit account(s) with the PRC Custodian (respectively, the "Securities Account(s)" and the "Cash Account(s)") have been opened in the joint names of the Manager (as RQFII holder) and the Hang Seng China A Industry Top Index ETF (the "Initial Sub-Fund") for the sole benefit and use of the Initial Sub-Fund in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the Securities Account(s) (i) belong solely to the Initial Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Manager (as RQFII holder), the PRC Custodian and any broker appointed by the Manager to execute transactions for the Initial Sub-Fund in the PRC (a "PRC Broker"), and from the assets of other clients of the Manager (as RQFII holder), the PRC Custodian and any PRC Broker;

(c) the assets held/credited in the Cash Account(s) (i) become an unsecured debt owing from the PRC Custodian to the Initial Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Manager (as RQFII holder) and any PRC Broker, and from the assets of other clients of the Manager (as RQFII holder) and any PRC Broker;

(d) the Trustee, for and on behalf of the Initial Sub-Fund, is the only entity which has a valid claim of ownership over the assets in the Securities Account(s) and the debt in the amount deposited in the Cash Account(s) of the Sub-Fund;

(e) if the Manager or any PRC Broker(s) is liquidated, the assets contained in the Securities Account(s) and Cash Account(s) of the Initial Sub-Fund will not form part of the liquidation assets of the Manager or such PRC Broker in liquidation in the PRC; and

(f) if the PRC Custodian is liquidated, (i) the assets contained in the Securities Account(s) of the Initial Sub-Fund will not form part of the liquidation assets of the PRC Custodian in liquidation in the PRC, and (ii) the assets contained in the Cash Account(s) of the Initial Sub-Fund will form part of the liquidation assets of the PRC Custodian in liquidation in the PRC and the Initial Sub-Fund will become an unsecured creditor for the amount deposited

in the Cash Account(s).

The Manager and the Trustee confirms that, a PRC law legal opinion in respect of the Initial Sub-Fund has been obtained (as disclosed above) and the arrangements for safe custody and segregation of the assets of the Hang Seng Harvest CSI 300 Index ETF are in compliance with the Code and are the same as the Initial Sub-Fund, and that there are no material adverse changes to the relevant operational conditions.

Repatriations in RMB conducted by the Manager as RQFII on behalf of each relevant Sub-Fund are permitted daily and are not subject to any lock-up periods or prior approval.

There are specific risks associated with the RQFII regime and investors' attention is drawn to the risk factors under "Risks associated with the RQFII regime" in the section on "Risk Factors" in Part 1 of this Prospectus.

What is Stock Connect?

Stock Connect is a securities trading and clearing linked programme developed by the HKEx, the SSE, the SZSE and the CSDCC, with an aim to achieve mutual stock market access between mainland China and Hong Kong. It comprises the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, which commenced trading on 17 November 2014 and 5 December 2016 respectively.

Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including a Sub-Fund), through their Hong Kong brokers, sub-custodians and the securities trading service companies established by the SEHK and the HKSCC, are able to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through PRC securities firms and securities trading service companies established by the SSE and the SZSE, are able to trade eligible shares listed on the SEHK by routing orders to the SEHK.

Eligible securities

Hong Kong and overseas investors are able to trade certain stocks listed on the SSE market (the "SSE Securities") and the SZSE market (the "SZSE Securities").

SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding China H-shares listed on the SEHK, except the following:

(a) SSE-listed shares which are not traded in RMB; and
(b) SSE-listed shares which are included in the "risk alert board".

SZSE Securities include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB6 billion, and all the SZSE-listed A-Shares which have corresponding China H-shares listed on SEHK, except the following:

(a) SZSE-listed shares which are not traded in RMB; and
(b) SZSE-listed shares which are included in the "risk alert board" or under delisting arrangement.

Shares listed on the ChiNext Board of the SZSE and shares listed on the Science and Technology Innovation Board ("STAR Board") of the SSE under Northbound Trading Link is limited to institutional professional investors (which each of the Sub-Funds qualify as such) as defined in the relevant Hong Kong rules and regulations.

It is expected that the list of eligible securities will be subject to review.

Trading day

Investors (including each of the Sub-Funds) are only allowed to trade on the SSE market and the SZSE market on days where the PRC and Hong Kong stock markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

The trading is subject to rules and regulations issued from time to time. Trading under the Stock Connect is subject to a daily quota ("Daily Quota"). The Northbound Shanghai Trading Link and the Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect and the Northbound Shenzhen Trading Link and the Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect are subject to separate sets of Daily Quota respectively.

The Daily Quota limits the maximum net buy value of cross-boundary trades under each of the Stock Connect each day. The Northbound Daily Quota is currently set at RMB13 billion for each of the Stock Connect.

The SEHK monitors the Daily Quota and publishes the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website.

Settlement and custody

HKSCC, a wholly-owned subsidiary of HKEx, and CSDCC, are responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and investors.

The SSE Securities and the SZSE Securities traded through the Stock Connect are issued in uncertificated form and investors will not hold any physical certificates in relation to these securities. Hong Kong and overseas investors who have acquired SSE Securities or SZSE Securities through Northbound trading should maintain the SSE Securities or SZSE Securities with their brokers' or custodians' stock accounts with CCASS.

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in CSDCC, CSDCC as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities and SZSE Securities.

HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("CCASS participants") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE/SZSE-listed companies usually announce their annual general meeting or extraordinary general meeting information about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Foreign shareholding restrictions

The CSRC stipulates that, when holding A-Shares through the Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restrictions:

(a) shares held by a single foreign investor (such as a Sub-Fund) investing in a listed company must not exceed 10% of the total issued shares of such listed company; and

(b) total shares held by all foreign investors (i.e. Hong Kong and overseas investors) who make investment in a listed company must not exceed 30% of the total issued shares of such listed company.

If the shareholding of a single investor in a China A-Share listed company exceeds the above restrictions, the investor would be required to unwind his position on the excessive shareholding according to a last-in-first-out basis within a specific period. The SSE, SZSE and the SEHK will issue warnings or restrict the buy orders for the related A-Shares if the percentage of total shareholding is approaching the upper limit.

Currency

Hong Kong and overseas investors trade and settle SSE Securities and SZSE Securities in RMB only. Hence, each Sub-Fund needs to use RMB to trade and settle SSE Securities and SZSE Securities.

Trading fees and taxes

Under the Stock Connect, Hong Kong and overseas investors (including the Sub-Funds) are subject to the trading fees and levies imposed by SSE, SZSE, CSDCC, HKSCC or the relevant mainland Chinese authority when they trade and settle SSE Securities and SZSE Securities via the Stock Connect. Further information about the trading fees and levies is available online at the website: http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm (this website has not been reviewed by the SFC).

Investor compensation

Since a Sub-Fund carries out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. A Sub-Fund's investments through Northbound trading under Stock Connect are not covered by the Hong Kong's Investor Compensation for defaults occurring before 1 January 2020, therefore the Sub-Fund would be exposed to the risks of default of the broker(s) it engages in its trading in A-Shares through the Stock Connect. For defaults occurring on or after 1 January 2020, the Sub-Fund will be covered by the Hong Kong's Investor Compensation Fund.

Are there any special RMB payment or account procedures?

Investors may, unless otherwise agreed by the relevant Participating Dealer, apply for Units through Participating Dealers only if they have sufficient RMB to pay the application monies and the related fees payable in RMB. Investors should note that RMB is the only official currency of the PRC. While both onshore RMB ("CNY") and offshore RMB ("CNH") are the same currency, they are traded in different and separated markets. Since the two RMB markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there is a significant amount of RMB held offshore (i.e. outside the PRC), CNH cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. As such whilst CNH and CNY are both the same currency, certain special restrictions do apply to RMB outside the PRC. The liquidity and trading price of the Units may be adversely affected by the limited availability of, and restrictions applicable to, RMB outside the PRC.

Application monies from Participating Dealers to a Sub-Fund will be paid in RMB only where the base currency of the Sub-Fund is RMB (unless the Manager agrees otherwise). Accordingly a Participating Dealer may require you (as its client) to pay RMB to it. Payment details will be set out in the relevant Participating Dealer's documentation such as the application form for its clients. As such, you may need to have opened a bank account (for settlement) and a securities dealing account if a Participating Dealer is to subscribe for Units on your behalf as you will need to have accumulated sufficient RMB to pay at least the aggregate Issue Price and related costs which are payable in RMB, to the Participating Dealer or if an application to the Participating Dealer is not successful or is successful only in part, the whole or appropriate portion of the monies paid will need to be returned to you by the Participating Dealer by crediting such amount into your RMB bank account. Similarly, if you wish to buy and sell Units in the secondary market on the SEHK, you may need to open a securities dealing account with your broker. You will need to check with the relevant Participating Dealer and/or your broker for payment details and account procedures.

If any investors wish to buy or sell Units on the secondary market, they should contact their brokers and they are reminded to confirm with their brokers in respect of Units traded in RMB their brokers' readiness for dealing and/or clearing transactions in RMB securities and to check other relevant information published by the SEHK regarding readiness of its participants for dealing in RMB securities from time to time. CCASS Investor Participants who wish to settle the payment in relation to their trades in the Units traded in RMB using their CCASS Investor Participant account or to receive distributions in RMB should make sure that they have set up an RMB designated bank account with CCASS.

Investors intending to purchase Units traded in RMB from the secondary market should consult their brokers as to the RMB funding requirement and settlement method for such purchase. Investors may need to open and maintain securities dealing accounts with the broker first before any dealing in Units traded in either HKD or RMB can be effected.

Investors should ensure they have sufficient RMB to settle trades of Units traded in RMB. Investors should consult the banks for the account opening procedures as well as terms and conditions regarding the RMB bank accounts for settling RMB payments or receiving RMB distributions. Some banks may impose restrictions on their RMB cheque account and fund transfers to third party accounts. For non-bank financial institutions (e.g. brokers), however, such restriction may not be applicable and investors should consult their brokers as to the currency exchange service arrangement if required.

The transaction costs of dealings in the Units on the SEHK include the SEHK trading fee and SFC transaction levy. All these secondary trading related fees and charges will be collected in HKD and, in respect of Units traded in RMB, calculated based on an exchange rate as determined by the Hong Kong Monetary Authority on the date of the trade which will be published on HKEx's website by 11:00 a.m. or earlier on each trading day.

Investors should consult their own brokers or custodians as to how and in what currency the trading related fees and charges and brokerage commission should be paid by the investors.

Where payment in RMB is to be made by cheque investors should consult the bank at which their respective RMB bank accounts are opened in advance as to whether there are any specific requirements in relation to the issue of RMB cheques. In particular, investors should note that some banks have imposed an internal limit (usually RMB80,000) on the balance of RMB cheque account of their clients or the amount of cheques that their clients can issue in a day and such limit may affect an investor's arrangement of funding for an application (through a Participating Dealer) for creation of Units.

When an individual investor opens an RMB bank account or settle RMB payments, he or she will be subject to a number of restrictions, including the daily maximum remittance amount to the PRC of RMB80,000 and that a remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

Please also refer to the section entitled “Risks associated with the RMB currency” in the section on “Risk Factors” of this Prospectus for further details.

THE OFFSHORE RMB MARKET AND THE A-SHARES MARKET

The offshore RMB market

What led to RMB internationalisation?

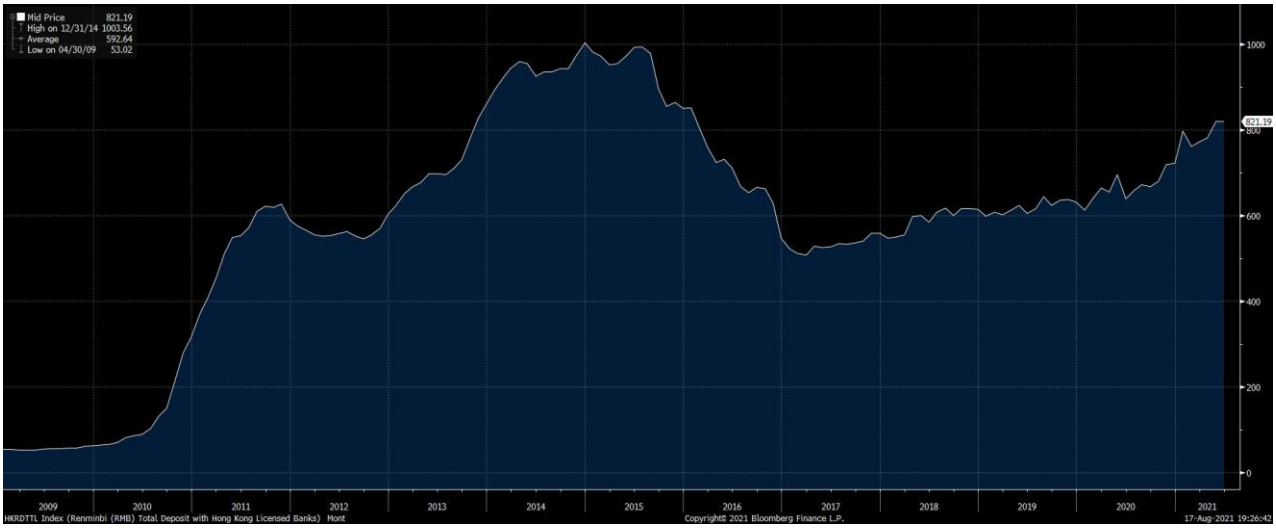
RMB is the lawful currency of the PRC. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of RMB is no longer pegged to US dollars, resulting in a more flexible RMB exchange rate system.

Over the past two decades, the PRC's economy has been growing rapidly. This enables it to overtake Japan to become the second largest economy and trading country in the world. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

Accelerating the pace of the RMB internationalisation

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong. As of the end of June 2021, there are 142 authorised institutions in Hong Kong engaging in RMB business, with RMB deposits amounting to about RMB821 billion, as compared to just RMB63 billion in 2009.

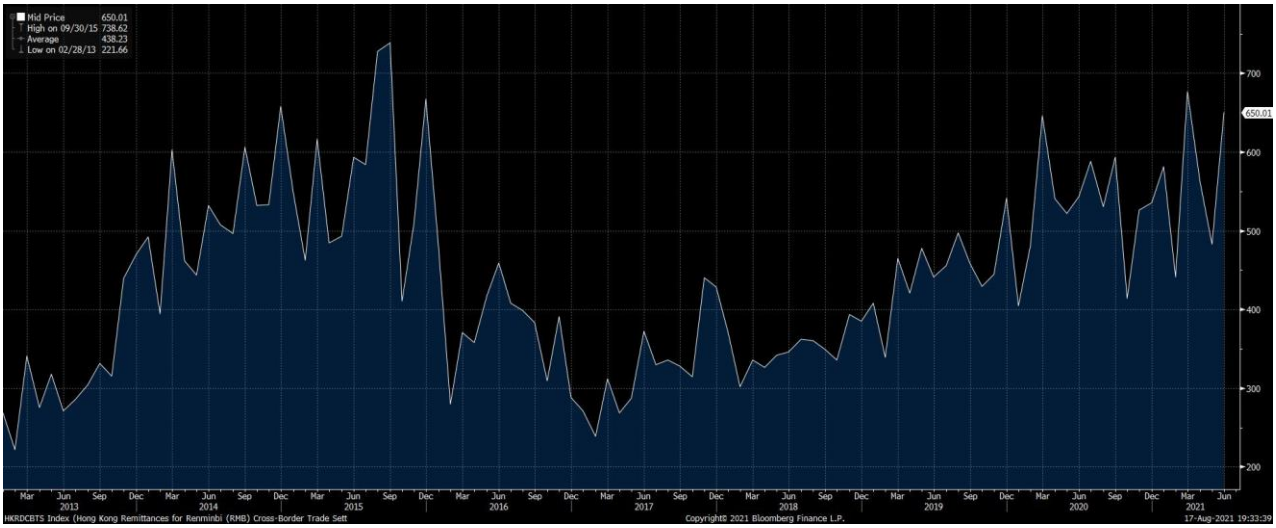
Chart 1. RMB deposits in Hong Kong



Data source: Bloomberg as of 30 June 2021.

The pace of RMB internationalisation has accelerated since 2009 when the PRC authorities permitted cross-border trade between Hong Kong / Macau and Shanghai/four Guangdong cities, and between ASEAN and Yunnan/Guangxi, to be settled in RMB. In June 2010, the arrangement was expanded to 20 provinces / municipalities on the PRC and to all countries / regions overseas. In 2020, RMB6,324 billion worth of cross-border trade was settled in Hong Kong using RMB.

Chart 2. Remittances for RMB cross-border trade settlement



Data source: Bloomberg as of 30 June 2021.

Onshore versus offshore RMB market

Following a series of policies introduced by the PRC authorities, an RMB market outside the PRC has gradually developed and started to expand rapidly since 2009. RMB traded outside the PRC is often referred as “offshore RMB” with the denotation “CNH”, which distinguishes it from the “onshore RMB” or “CNY”.

Both onshore and offshore RMB are the same currency but are traded in different markets. Since the two RMB markets operate independently where the flow between them is highly restricted, onshore and offshore RMB are traded at different rates and their movements may not be in the same direction. The relative strength of onshore and offshore RMB may change significantly, and such change may occur within a very short period of time.

Notwithstanding that the offshore RMB market showed a meaningful growth during the recent years, it is still relatively sensitive to negative factors or market uncertainties and is in general more volatile than the onshore one due to its relatively thin liquidity.

There have been talks on the potential convergence of the two RMB markets but that is believed to be driven by political decisions rather than just economics. It is widely expected that the onshore and offshore RMB markets would remain two segregated, but highly related, markets for the next few years.

Market development

On 19 July 2010, restrictions on interbank transfer of RMB funds were lifted, and permission was granted for companies in Hong Kong to exchange foreign currencies for RMB without limit. One month later, the PRC authorities announced the partial opening up of PRC’s interbank bond market for foreign central banks, RMB clearing banks in Hong Kong and Macau and other foreign banks participating in the RMB offshore settlement programme.

The National Twelfth Five-Year Plan adopted in March 2011 explicitly supports the development of Hong Kong as an offshore RMB business centre. The PRC Government has also given approval for the first non-financial PRC firm to issue RMB-denominated bonds in Hong Kong.

The Shanghai-Hong Kong Stock Connect was launched in November 2014. It is a mutual market access programme that allows investment in eligible Shanghai-listed shares through the SEHK and eligible Hong Kong-listed shares through the SSE. The Shenzhen-Hong Kong Stock Connect (which was launched in December 2016) is also a mutual market access programme that allows

investment in eligible Shenzhen-listed shares through the SEHK and eligible Hong Kong-listed shares through the SZSE.

RMB internationalisation is a long-term goal

Given the PRC's economic size and growing influence, RMB has the potential to become an international currency in the same ranks as US dollars and Euro. But the PRC has to first accelerate the development of its financial markets and gradually make RMB fully convertible on the capital account. Although the internationalisation of RMB will bring benefits such as increasing political influence and reduced exchange rate risks, it also entails risks including rising volatility of RMB exchange rate.

The process of RMB internationalisation is a long and gradual one. It took US dollars many decades to replace the British pound sterling to become a dominant reserve currency. It will also take time for RMB to gain importance in coming years. RMB will not be in a position to challenge the US dollar's main reserve currency status for some time to come.

The A-Shares market

Introduction

The PRC's A-Share market commenced in 1990 with 2 exchanges, namely the SSE and the SZSE.

The SSE was established on 26 November 1990 and stocks were further divided into class A-Shares and class B-Shares, with access to A-Shares limited to domestic investors as well as QFIIs and RQFIIs or through the Stock Connect only and B-Shares available to both domestic and foreign investors. Bonds traded on the SSE include treasury bonds (T-bonds), local government bonds, corporate bonds (including those approved by the State Development and Reform Commission), corporate bonds with detachable warrants, and convertible corporate bonds. In addition, securities investment funds (including exchange traded funds) and warrants are available for trading on the SSE. As of 17 August 2021, there are 1,967 companies listed on the SSE, 1,640 of which are listed on the SSE main board with total market capitalisation of RMB42.787 trillion, and 327 of which are listed on the STAR market with total market capitalisation of RMB4.992 trillion.

The SZSE was founded on 1 December 1990 and stocks were further divided into class A-Shares and class B-Shares, with access to A-Shares limited to domestic investors as well as QFIIs and RQFIIs or through the Stock Connect only and B-Shares available to both domestic and foreign investors. As of 17 August 2021, there are 2,487 companies listed on the SZSE, 1,477 of which are listed on the SZSE main board with total market capitalisation of RMB23.644 trillion and 1,010 of which are listed on the ChiNext (the board mainly for "hi-tech" companies) with total market capitalisation of RMB12.800 trillion. The SZSE's products cover equities, mutual funds and bonds. The product lines include A-Shares, B-Shares, indices, mutual funds (including exchange traded funds and listed open ended funds), fixed income products (including SME collective bonds and asset-backed securities), and diversified derivative financial products (including warrants and repurchases).

The A-Shares market has grown significantly in the past 20 years, with the latest total market capitalisation reaching RMB79.104 trillion comprising 4,115 A-Shares listed companies by 17 August 2021.

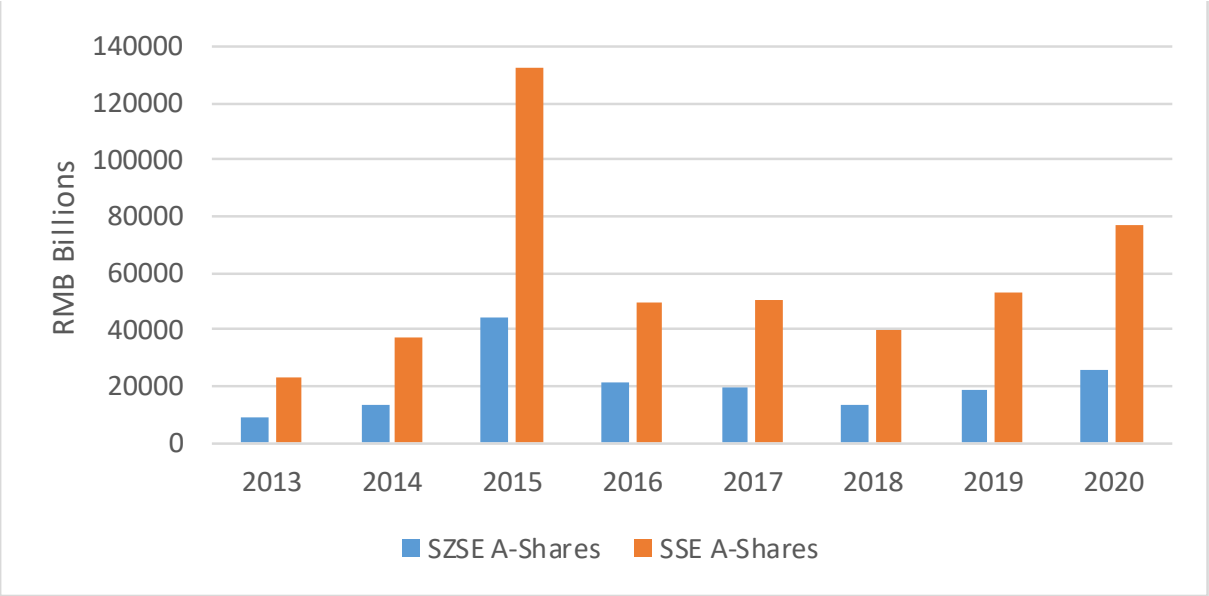
In terms of investor breakdown, there is an increasing number of institutional investors participating in the A-Share market since the inception, which include securities investment funds, social pension funds, qualified foreign institutional investors, insurance companies and ordinary investment institutions. However, on a daily basis, retail investors still make up for the majority of the trading volume.

The A-Share market's development is illustrated in the following charts:

Chart 1. Total market capitalisation of A-Shares of both the SSE and the SZSE main board

Data source: Bloomberg, as of 17 August 2021.

Chart 2. Annual trading volumes of A-Shares of the SSE and the SZSE main board



Data source: SSE & SZSE, as of 31 December 2020.

Key Differences with the Hong Kong market

The major differences between the mainland China A-Share market and the Hong Kong stock market are set out in the table below:

	Mainland China	**Hong Kong**
Key indexes	SSE Composite Index (SHCOMP) / CSI 300 Index (CSI 300) / SZSE Component Index (SZCOMP)	Hang Seng Index (HSI) / Hang Seng China enterprises Index (HSCEI)
Trading band limits	10% / 5% (for ST/*ST stock[1] or S stock[2])*	No Limit
Trading lots	100 shares for BUY / 1 share for SELL**	Each stock has its own individual board lot size (an online broker will usually display this along with the stock price when you get a quote); purchases in amounts which are not multiples of the board lot size are done in a separate "odd lot market".
Trading hours	pre-open: 0915-0925 morning session: 0930-1130 afternoon session: 1300-1500 (1457-1500 is closing auction for the SZSE)	pre-open order input: 0900-0915 pre-order matching: 0915-0920 order matching: 0920-0928 morning session: 0930-1200 afternoon session: 1300-1600 closing auction session: 1600 to a random closing between 1608 and 1610
Settlement	T+1	T+2
Reporting requirements	Annual report: • Full annual report must be disclosed within 4 months after the reporting period. Interim report: • Full report must be disclosed within 2 months after the reporting period. Quarterly report: • Full report must be disclosed within 1 month after the reporting period. The first quarterly report cannot be disclosed before last year's annual report.	Annual report: • Earnings must be disclosed within 3 months after the reporting period; • Full annual report must be disclosed within 4 months after the reporting period. Interim report: • Earnings must be disclosed within 2 months after the reporting period; • Full report must be disclosed within 3 months after the reporting period.

Note:

** 1) ST/*ST stocks refer to special treatment stocks, which means special treatment for companies with financial problems (consecutive 2 fiscal years loss or audited net assets per share less than par value in the most recent fiscal year), effective from 22 April 1998. Stocks with ST usually means they have a delisting risk.*

2) S stocks refer to those stocks which have not yet performed the "split share structure reform".

*** Purchasing in an odd lot is not allowed while selling in an odd lot is allowed in the A-Share market, with no price difference between odd lot and round lot trading.*

THE OFFERING

Initial Offer Period

Creations through Participating Dealers

During the Initial Offer Period, Participating Dealers (acting for themselves or for their clients) may apply for Units (to be available for trading on the Listing Date) by means of Creation Applications on each Dealing Day for themselves and/or their clients by transferring cash and/or Securities in accordance with the Operating Guidelines.

To be dealt with during the Initial Offer Period, the relevant Participating Dealer must submit the Creation Applications to the Trustee (with a copy to the Manager) on a Business Day before the above deadline unless otherwise stated in the relevant Appendix.

If a Creation Application is received by the Trustee after the deadline as specified in the Appendix, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

Creation Applications must be made in Application Unit size or whole multiples thereof, which is the number of Units specified in the relevant Appendix. During the Initial Offer Period the Participating Dealers (acting for themselves or for their clients) can apply for Units on each Dealing Day at the Issue Price.

Special creations by HS Funds through the Manager

During the Initial Offer Period, where specified in the relevant Appendix, the Manager may facilitate special creations of Units by HS Funds at the Issue Price. The Application Unit size applicable to creations through Participating Dealers does not apply to a Special Creation Application, which may be made in a minimum of one Unit or more.

To be dealt with during the Initial Offer Period, the Special Creation Application must be submitted by the deadline as specified in the relevant Appendix.

If a Creation Application is received by the Trustee after the deadline as specified in the Appendix, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

Please refer to the section on “Creations and Redemptions (Primary Market)” for the operational procedures in respect of Creation Applications.

After Listing

The After Listing phase commences on the Listing Date and continues until the relevant Sub-Fund is terminated.

You can acquire or dispose the Units in either of the following two ways:

(a) buy and sell Units on the SEHK; or

(b) apply for creation and redemption of Units through Participating Dealers.

Where specified in an Appendix, for HS Funds, special creations and redemptions for Units in the relevant Sub-Fund through the Manager are available.

Buying and selling of Units on the SEHK

After Listing, Investors can buy and sell Units in Trading Board Lot Size (as described in in the

section “Key Information” in the relevant Appendix) or whole multiples thereof like ordinary listed stocks through an intermediary such as a stockbroker or through any of the share dealing services offered by banks or other financial advisers at any time the SEHK is open.

However, please note that transactions in the secondary market on the SEHK will occur at market prices which may vary throughout the day and may differ from Net Asset Value per Unit due to market demand and supply, liquidity and scale of trading spread for the Units in the secondary market. As a result, the market price of the Units in the secondary market may be higher or lower than Net Asset Value per Unit.

Please refer to the section on “Exchange Listing and Trading (Secondary Market)” for further information in respect of buying and selling of Units on the SEHK.

Creations and redemptions through Participating Dealers

Units will continue to be created and redeemed in the primary market at the Issue Price and Redemption Value respectively through Participating Dealers in Application Unit size or multiples thereof. The Application Unit size and currency for settlement are as set out in the relevant Appendix.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Creation Applications and/or Redemption Applications to the Trustee (with a copy to the Manager) before the Dealing Deadline on the relevant Dealing Day. If a Creation Application or Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application or Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application or Redemption Application. Participating Dealers are under no obligation to create or redeem generally or for their clients and may charge their clients such fee or fees as such Participating Dealers determine.

The current Dealing Deadline for making a Creation Application or Redemption Application is as specified in the relevant Appendix.

Settlement for subscribing Units is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day or for redeeming of Units is due 2 Business Days (unless as otherwise stated in the relevant Appendix) after the Dealing Day, unless the Manager agrees with the relevant Participating Dealer to accept later settlement generally or in any particular case.

Notwithstanding any Dual Counter (if applicable) for Units, all settlement is in the base currency of the relevant Sub-Fund only (or such other currency as agreed by the Manager).

After Listing, all Units will be registered in the name of HKSCC Nominees Limited on the register of the Trust. The register of the Trust is the evidence of ownership of Units. The beneficial interests in Units of any client of the Participating Dealers shall be established through such client’s account with the relevant Participating Dealer or with any other CCASS participants if the client is buying from the secondary market.

Special creations and redemptions by HS Funds through the Manager

Where specified in the relevant Appendix, the Manager may facilitate special creations and special redemptions of Units by HS Funds based on Net Asset Value per Unit. The Application Unit size applicable to creations or redemptions through Participating Dealers does not apply to a Special Creation Application or Special Redemption Application, which may be made in a minimum of one Unit or more.

The Manager reserves the right to request the HS Funds to reimburse the relevant Sub-Fund for the Duties and Charges incurred in relation to the special creation and redemption.

The current Dealing Deadline for making a Special Creation Application or a Special

Redemption Application by HS Funds is as specified in the relevant Appendix.

Timetable

Initial Offer Period

The Initial Offer Period and the Listing Date of a new Sub-Fund is set out in the Appendix of the new Sub-Fund.

The purpose of the Initial Offer Period is to enable Participating Dealers to subscribe for Units either on their own account or for their clients, in accordance with the Trust Deed and the Operating Guidelines. During this period, Participating Dealers (acting for themselves or for their clients) or HS Funds (through the Manager) may apply for Units to be available for trading on the Listing Date by creation. No redemptions are permitted during the Initial Offer Period.

Upon receipt of a Creation Application from a Participating Dealer (acting for itself or its clients) or a Special Creation Application during the Initial Offer Period, the Manager shall procure the creation of Units for settlement on the Initial Issue Date.

Participating Dealers may have their own application procedures for their respective clients and may set application and payment cut-off times for their respective clients which are earlier than those set out in this Prospectus and which may change from time to time. The Dealing Deadline in respect of Units in a Sub-Fund may also change due to market related events. Investors are therefore advised to consult the relevant Participating Dealer on its requirements if they want a Participating Dealer to subscribe for Units on their behalf.

After Listing

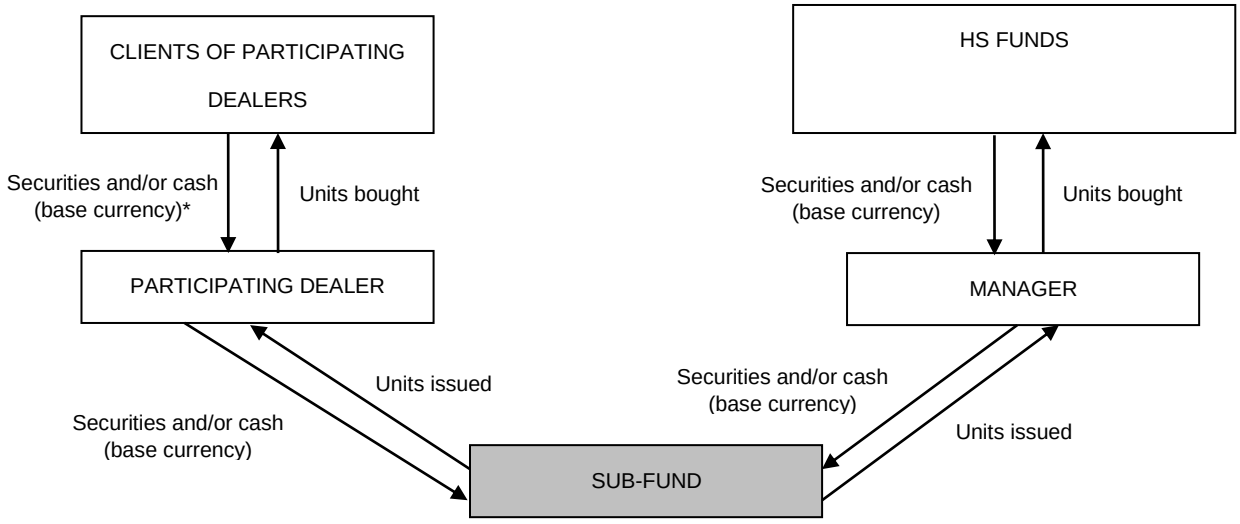
"After Listing" commences on the Listing Date and continues until the relevant Sub-Fund is terminated.

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market.

Diagrammatic illustration of investment in the Sub-Funds

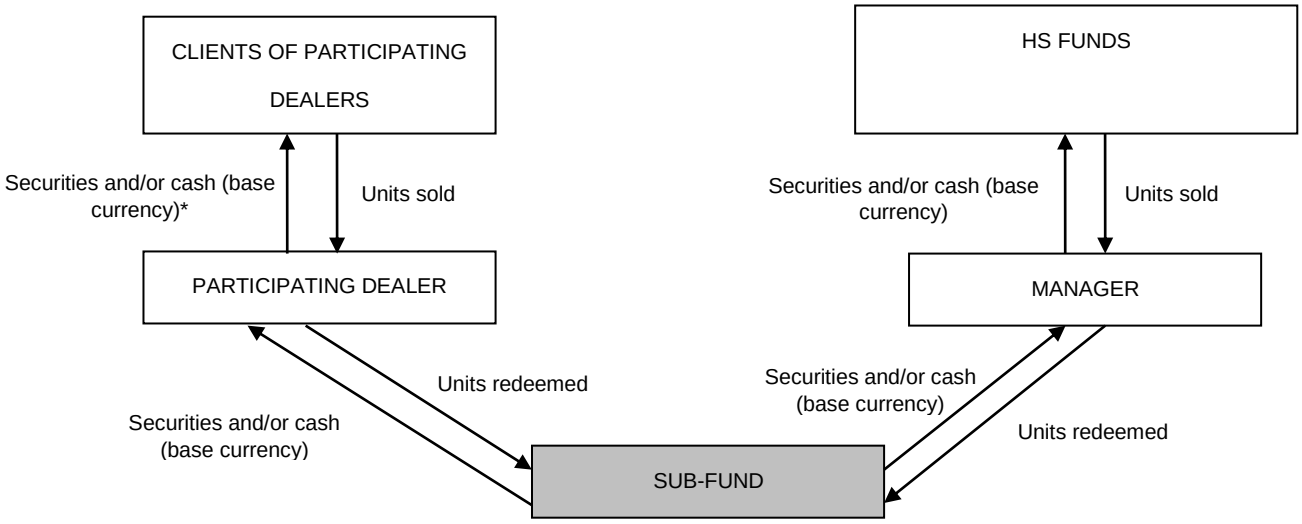
The diagrams below illustrate the issue or redemption and the buying or selling of Units:

(a) Issue and buying of Units in the primary market – Initial Offer Period and After Listing



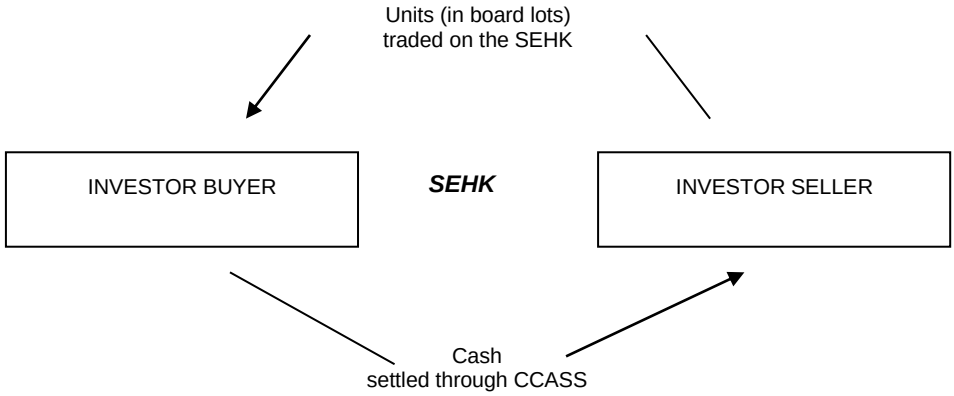
* *Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency*.

(b) Redemption and sale of Units in the primary market – After Listing



** Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency*.

(c) Buying or selling of Units in the secondary market on the SEHK – After Listing



Summary of offering methods and related fees

Initial Offer Period

Method of Acquisition or Disposal of Units*	**Minimum Number of Units**	**Channel**	**Available to**	**Consideration, Fees and Charges****
Cash creation	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Cash Transaction Fee and Service Agent's Fee (payable in HKD) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges

In-kind creation	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Portfolio of Securities Cash component Transaction Fee and Service Agent's Fee (payable in HKD) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges
Special creation	1	Through the Manager only	HS Funds only	Portfolio of Securities and Cash component/Cash Duties and Charges

After Listing

Method of Acquisition or Disposal of Units*	**Minimum Number of Units**	**Channel**	**Available to**	**Consideration, Fees and Charges****
Purchase and sale in cash through brokers on the SEHK (secondary market)	Board lot size (see relevant Appendix)	On the SEHK	Any investor	Market price of Units on SEHK Brokerage fees and Duties and Charges (payable in such currency determined by the relevant broker)
Cash creation and redemption	Application Unit size (see relevant Appendix)	Through Participating Dealers only	Any person acceptable to the Participating Dealer as its client	Cash Transaction Fee and Service Agent's Fee (payable in HKD) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined or agreed with it) Duties and Charges

In-kind creation and redemption	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Portfolio of Securities Cash component Transaction Fee and Service Agent's Fee (payable in HKD) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges
Special creation and redemption	1	Through the Manager only	HS Funds only	Portfolio of Securities and Cash component/Cash Duties and Charges

* *The methods of creation available to the Participating Dealers in respect of each Sub-Fund, whether in-kind, in cash and/or a combination of cash and in-kind, are specified in the relevant Appendix.*

** *Please refer to "Fees and Expenses" for further details.*

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Investment in a Sub-Fund

There are 3 methods of making an investment in a Sub-Fund and of disposing of Units to realise an investment in the Sub-Fund.

The first method is to create or to redeem Units at Net Asset Value directly with the Sub-Fund in the primary market through a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the Sub-Fund. Where stated in the relevant Appendix, in-kind creation or in-kind redemptions (or a combination of cash and in-kind) may be permitted by the Manager. Although a Participating Dealer may, subject to arrangement with the Manager, elect to have Units which it creates deposited in CCASS in either the RMB counter or in the HKD counter, all creation and redemption for all Units must be in the base currency of that Sub-Fund (or such other currency as agreed by the Manager). Because of the size of the capital investment (i.e. Application Unit size) required either to create or redeem Units through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals. Participating Dealers are under no obligations to create or redeem Units for their clients and may impose terms, including charges, for handling creation or redemption orders as they determine appropriate, as described in more detail in this section.

The second method is to buy or to sell Units in the secondary market on the SEHK which is more suitable for retail investors. The secondary market price of Units may trade at a premium or discount to the Net Asset Value of the relevant Sub-Fund. The section on “Exchange Listing and Trading (Secondary Market)” relates to this method of investment.

The third method, which is available only to HS Funds in respect of a Sub-Fund where specified in the relevant Appendix, is to apply for special creation or special redemption whereby a HS Fund may create or redeem Units based on the Net Asset Value per Unit in the primary market through the Manager. The Application Unit size applicable to creations or redemptions through Participating Dealers does not apply to a Special Creation Application or Special Redemption Application, which may be made in a minimum of one Unit or more.

This section of this Prospectus should be read in conjunction with the Operating Guidelines or Special Operating Guidelines (as the case may be) and the Trust Deed.

Creation of Units through a Participating Dealer

Any application for the creation of Units of a Sub-Fund (other than special creations through the Manager) must only be made through a Participating Dealer in respect of an Application Unit size as set out in the relevant Appendix. Investors cannot acquire Units directly from a Sub-Fund. Only Participating Dealers may submit Creation Applications to the Trustee (with a copy to the Manager) before the Dealing Deadline on the relevant Dealing Day.

Units in each Sub-Fund are continuously offered through a Participating Dealer, who may apply for them during the Initial Offer Period and thereafter following the Listing Date on any Dealing Day for its own account or for your account as their client(s), in accordance with the Operating Guidelines, by submitting a Creation Application to the Trustee (with a copy to the Manager).

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit creation request(s) received from you as its client(s), subject always to (i) mutual agreement between the relevant initial Participating Dealer and you as to its fees for handling such request(s); (ii) completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to create Units for the relevant initial Participating Dealer on your behalf (please refer to the sub-section on “Creation process” below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Creation Application); and (iv) mutual agreement between the relevant initial Participating Dealer and you as to the method of effecting such creation request(s).

In addition, a Participating Dealer reserves the right to reject, acting in good faith, any creation request received from a client under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of a Sub-Fund is suspended;

(b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in a Sub-Fund's Index;

(c) where acceptance of the creation request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements; or

(d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the creation request.

Requirements relating to creation requests by investors

The methods and currency of creation available in respect of each Sub-Fund, whether in-kind (i.e. the creation of Units in exchange for a transfer of Securities), in cash and/or a combination of cash and in-kind, are specified in relevant Appendix. A Participating Dealer may in its absolute discretion require a creation request received from its client be effected in a particular method. The Manager nonetheless reserves its right to require a Creation Application be effected in a particular method.

Notwithstanding any Dual Counter, any cash payable by a Participating Dealer in a Creation Application must be in the base currency of the Sub-Fund (or such other currency as agreed by the Manager) regardless of whether the Units are deposited into CCASS as RMB traded Units or as HKD traded Units. The process for creation of Units deposited under the RMB counter and HKD counter is the same.

A Participating Dealer may impose fees and charges in handling any creation request which would increase the cost of investment. You should check with the Participating Dealer as to relevant fees and charges. Although the Manager has a duty to monitor the operations of each Sub-Fund closely, neither the Manager nor the Trustee is empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee or to accept any such creation requests received from clients. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by a Participating Dealer.

A Participating Dealer may also impose timing deadlines for the submission by its clients of any creation request and require any such clients to complete the relevant client acceptance procedures and requirements (including, where necessary, providing such documentation and certifications as required by the Participating Dealer) in order to ensure that an effective Creation Application in respect of a Sub-Fund can be submitted by it to the Trustee with a copy to the Manager. You should check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

The Application Unit size for a Sub-Fund is the number of Units specified in the relevant Appendix. Creation Applications submitted in respect of Units other than in Application Unit size will not be accepted.

Creation process

A Participating Dealer may from time to time submit Creation Applications in respect of a Sub-Fund to the Trustee, with a copy to the Manager, following receipt of creation requests from clients or where it wishes to create Units of the relevant Sub-Fund for its own account.

If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix.

To be effective, a Creation Application must:

(a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;

(b) specify the number of Units and the class of Units (where applicable) which is the subject of the Creation Application; and

(c) include the certifications required in the Operating Guidelines (if any) in respect of creations of Units, together with such certifications and opinions of counsel (if any) as each of the Trustee and the Manager may separately consider necessary to ensure compliance with applicable Securities and other laws in relation to the creation of Units which are the subject of the Creation Application.

The Manager shall have the right to reject, acting in good faith, any Creation Application under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of the relevant Sub-Fund is suspended;

(b) where in the opinion of the Manager, acceptance of the Creation Application would have an adverse effect on the relevant Sub-Fund;

(c) where in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the A-Shares or relevant market;

(d) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;

(e) where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;

(f) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application;

(g) the business operations of the Manager, the Trustee or the PRC Custodian in relation to the relevant Sub-Fund(s) are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or

(h) an Insolvency Event occurs in respect of the relevant Participating Dealer.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer and the Trustee of its decision to reject such Creation Application in accordance with the Operating Guidelines. Where for any reason there is a limit to the number of Units which can be created, priority will be given to Participating Dealers and the relevant Creation Applications as set out in the Operating Guidelines.

The Manager's right to reject a Creation Application is separate and in addition to a Participating Dealer's right to reject, acting in good faith, any creation request received from a client of the Participating Dealer under exceptional circumstances. Notwithstanding a Participating Dealer has accepted creation requests from its clients and in that connection submitted an effective Creation Application, the Manager may exercise its rights to reject such Creation Application in the circumstances described herein.

Where the Manager accepts a Creation Application from a Participating Dealer, it shall instruct the Trustee to effect (a) for the account of the relevant Sub-Fund, the creation of Units in Application Unit size in exchange for a transfer of cash and/or Securities; and (b) the issue of Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

Issue of Units

Units will be issued at the Issue Price prevailing on the relevant Dealing Day, provided that the Trustee may add to such Issue Price such sum (if any) as represents an appropriate provision for Duties and Charges. Please refer to the section on "Issue Price and Redemption Value of Units" for the calculation of the Issue Price.

On receipt of a Creation Application by a Participating Dealer for Units in a Sub-Fund during the relevant Initial Offer Period, the Manager shall procure the creation and issue of Units in the Sub-Fund on the Initial Issue Date.

Units are denominated in the base currency of the relevant Sub-Fund (unless otherwise determined by the Manager) as set out in the relevant Appendix. No fractions of a Unit shall be created or issued by the Trustee.

The creation and issue of Units pursuant to a Creation Application shall be effected on the Dealing Day on which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but (i) for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received, and (ii) the register will be updated on the Settlement Day or the Dealing Day immediately following the Settlement Day if the settlement period is extended. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. An Extension Fee may be payable in relation to such an extension. See the section on "Fees and Expenses" for further details.

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the register if at any time the Trustee is of the opinion that the provisions as set out in the Trust Deed, the relevant Operating Guidelines or the relevant Participation Agreement, in regard to the issue of Units, are being infringed.

Fees relating to Creation Applications

The Service Agent, the Registrar and/or the Trustee may charge a Transaction Fee in respect of Creation Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the same Sub-Fund). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units.

See the section on “Fees and Expenses” for further details.

In relation to creation of Units, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing the relevant Sub-Fund for the difference between:

(a) the prices used when valuing the Securities of the relevant Sub-Fund for the purpose of such issue of Units; and

(b) the prices which would be used when acquiring the same Securities if they were acquired by the relevant Sub-Fund with the amount of cash received by the relevant Sub-Fund upon such issue of Units.

The Participating Dealer may pass on to the relevant investor such additional sum.

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the assets of any Sub-Fund.

Cancellation of Creation Applications

A Creation Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Trustee, after consultation with the Manager, may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application if it has not received the full amount of the cash and/or Securities (including Transaction Fee, Duties and Charges) relating to the Creation Application by the relevant time on the Dealing Day, provided that the Manager may at its discretion extend the settlement period and such extension to be on such terms and conditions (including as to the payment of any fees to the Manager or Extension Fee to the Trustee) as the Manager may determine and in accordance with the provisions of the Operating Guidelines.

In addition to the preceding circumstances, the Manager may also cancel any creation order of any Units if it determines by such time as it specifies in the Operating Guidelines that it is unable to invest the cash proceeds of any Creation Application.

Upon the cancellation of any creation order of any Units deemed created pursuant to a Creation Application as provided for above, any cash and/or Securities received by or on behalf of the Trustee in connection with a Creation Application shall be redelivered to the Participating Dealer (without interest) as soon as practicable and the relevant Units shall be deemed for all purposes never to have been created and the Participating Dealer shall have no right or claim against the Manager, the Trustee and/or the Service Agent in respect of such cancellation provided that:

(a) the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section on “Fees and Expenses” for further details);

(b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of a Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if the Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;

(c) the Transaction Fee in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have

been made) and once paid shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on “Fees and Expenses” for further details); and

(d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

Redemption of Units through a Participating Dealer

Any application for the redemption of Units of a Sub-Fund (other than special redemptions through the Manager) must only be made through a Participating Dealer in respect of an Application Unit size. Investors cannot redeem Units directly from a Sub-Fund. Only Participating Dealers may submit Redemption Applications to the Trustee (with a copy to the Manager).

A Participating Dealer may redeem Units on any Dealing Day for its own account or for the account of its clients in accordance with the Operating Guidelines, by submitting a Redemption Application to the Trustee (with a copy to the Manager).

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit redemption request(s) received from you as its client(s), subject always to (i) mutual agreement between the relevant initial Participating Dealer and you as to its fees for handling such request(s); (ii) completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to redeem Units for the relevant initial Participating Dealer on your behalf (please refer to the sub-section on “Redemption process” below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Redemption Application); and (iv) mutual agreement between the relevant initial Participating Dealer and you as to the method of effecting such redemption request(s).

In addition, a Participating Dealer reserves the right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of the relevant Sub-Fund is suspended;

(b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;

(c) where acceptance of the redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements; or

(d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the redemption request.

Requirements relating to redemption requests by investors

The methods and currency of redemption available in respect of each Sub-Fund, whether in-kind (i.e. the creation of Units in exchange for a transfer of Securities), in cash and/or a combination of cash and in-kind, are specified in relevant Appendix. A Participating Dealer may in its absolute discretion require a redemption request received from its client be effected in a particular method. The Manager nonetheless reserves its right to require a Redemption Application be effected in a particular method.

Notwithstanding any Dual Counter, any cash proceeds received by a Participating Dealer in a Redemption Application shall be paid only in the base currency of the Sub-Fund. Both RMB traded Units and HKD traded Units may be redeemed by way of a Redemption Application (through a Participating Dealer). Where a Participating Dealer wishes to redeem HKD traded Units the redemption process is the same as for RMB traded Units.

A Participating Dealer may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the redemption proceeds. You should check with the Participating Dealer as to relevant fees and charges. Although the Manager has a duty to monitor the operations of each Sub-Fund closely, neither the Manager nor the Trustee is empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee or to accept any such redemption requests received from clients. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by a Participating Dealer.

A Participating Dealer may also impose timing deadlines for the submission by its clients of any redemption request and require any such clients to complete the relevant client acceptance procedures and requirements (including, where necessary, providing such documentation and certifications as required by the Participating Dealer) in order to ensure that an effective Redemption Application in respect of a Sub-Fund can be submitted by it to the Trustee (with a copy to the Manager). You should check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

Redemption process

A Participating Dealer may from time to time submit Redemption Applications in respect of a Sub-Fund to the Trustee (with a copy to the Manager), following receipt of redemption requests from clients or where it wishes to redeem Units of the relevant Sub-Fund for its own account.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix.

To be effective, a Redemption Application must:

(a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;

(b) specify the number of Units and the class of Units (where applicable) which is the subject of the Redemption Application; and

(c) include the certifications required in the Participation Agreement and Operating Guidelines (if any) in respect of redemptions of Units, together with such certifications and opinions of counsel (if any) as each of the Trustee and the Manager may separately consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

The Manager shall have the right to reject, acting in good faith, any Redemption Application under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of the relevant Sub-Fund is suspended;

(b) where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on the relevant Sub-Fund;

(c) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;

(d) where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;

(e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or

(f) the business operations of the Manager, the Trustee or the PRC Custodian in relation to the relevant Sub-Fund(s) are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer and the Trustee of its decision to reject such Redemption Application in accordance with the Operating Guidelines.

The Manager's right to reject a Redemption Application is separate and in addition to a Participating Dealer's right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances. Notwithstanding a Participating Dealer has accepted redemption requests from clients and in that connection submitted an effective Redemption Application, the Manager may exercise its rights to reject such Redemption Application in the circumstances described herein.

Where the Manager accepts a Redemption Application from a Participating Dealer, it shall (i) effect the redemption and cancellation of the relevant Units; and (ii) require the Trustee to transfer to the Participating Dealer cash and/or Securities in accordance with the Operating Guidelines and the Trust Deed.

The Participating Dealer will then transfer the cash and/or Securities to the relevant client if the Redemption Application was submitted by the Participating Dealer for the account of its client.

Redemption of Units

Any accepted Redemption Application will be effected on the Settlement Day provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and the Trustee) has been received and provided further that the Trustee shall have received (unless otherwise provided in the Operating Guidelines) the original (and not a faxed copy) of the certificates (if any) representing the Units to be cancelled (or an indemnity in terms acceptable to the Trustee) and the full amount of any amount payable by the Participating Dealer including the Transaction Fee and any other Duties and Charges have been either deducted or otherwise paid in full.

For valuation purposes only, Units shall be deemed to have been redeemed and cancelled after the Valuation Point on the Dealing Day on which the Redemption Application was received or deemed received. The name of the Unitholder of such Units shall be removed from the Register in respect of those Units redeemed and cancelled on the relevant Settlement Day.

The Redemption Value of Units tendered for redemption shall be the Net Asset Value per Unit of a Sub-Fund rounded to the nearest four decimal places (0.00005 or above being rounded up). The benefit of any rounding adjustments will be retained by the Sub-Fund. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received.

The interval between the receipt of a properly documented Redemption Application and payment of redemption proceeds may not exceed one calendar month provided that there is no delay in submitting all duly completed redemption documentation and the determination of the Net Asset Value or dealing in Units is not suspended.

The Manager may at its discretion extend the settlement period upon receipt of the extended settlement request in respect of the Redemption Application on such terms and conditions (including as to the payment of any fees to the Manager or Extension Fee to the Trustee) as the Manager may in its discretion determine, in accordance with the Operating Guidelines.

Fees relating to Redemption Applications

The Service Agent, the Registrar and/or the Trustee may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the same Sub-Fund). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any amount due to the Participating Dealer in respect of such Redemption Application(s)) for the benefit of the Trustee, the Registrar and/or the Service Agent. See the section on “Fees and Expenses” for further details.

In relation to redemption of Units, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing the relevant Sub-Fund for the difference between:

(a) the prices used when valuing the Securities of the relevant Sub-Fund for the purpose of such redemption of Units; and

(b) the prices which would be used when selling the same Securities if they were sold by the relevant Sub-Fund in order to realize the amount of cash required to be paid out of the relevant Sub-Fund upon such redemption of Units.

The Participating Dealer may pass on to the relevant investor such additional sum.

The Trustee may deduct from the redemption proceeds such sum (if any) as the Trustee may consider represents an appropriate provision for the Transaction Fee and/or other Duties and Charges.

Cancellation of Redemption Applications

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

No Security shall be transferred and/or no cash amount shall be paid in respect of any Redemption Application unless Units, which are the subject of the Redemption Application, have been delivered to the Trustee free and clear of any Encumbrance for redemption by such time on the Settlement Day or other dealing set forth in the Trust Deed and/or Operating Guidelines as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally.

In the event that Units, which are the subject of a Redemption Application, are not delivered to the Trustee for redemption in accordance with the foregoing or are not free and clear of any Encumbrance:

(a) the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section on “Fees and Expenses” for further details);

(b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee,

for the account of the relevant Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if the Participating Dealer had, on the actual date when the Manager is able to repurchase any replacement Securities made a Creation Application in accordance with the provisions of the Trust Deed plus such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the relevant Sub-Fund as a result of such cancellation;

(c) the Transaction Fee in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and

(d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

Deferred redemption

In the event that redemption requests are received for the redemption of Units representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund) of the total number of Units in a Sub-Fund then in issue, the Manager may direct the Trustee to reduce the requests rateably and pro rata amongst all Unitholders seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10% (or such higher percentage as the Manager may determine in respect of the relevant Sub-Fund) of the Units in the relevant Sub-Fund then in issue. Units which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests in respect of the relevant Sub-Fund themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Sub-Fund) of the Units in the relevant Sub-Fund then in issue) in priority to any other Units in the relevant Sub-Fund for which redemption requests have been received. Units will be redeemed at the Redemption Value prevailing on the Dealing Day on which they are redeemed.

Suspension of creations and redemptions

For the avoidance of doubt, this section shall also apply to Special Creation Applications and Special Redemption Applications as the context may require.

The Manager may, at its discretion, after consultation with the Trustee (and where required and practicable, after consultation with Participating Dealers) suspend the creation or issue of Units of any Sub-Fund, suspend the redemption of Units of any Sub-Fund and/or (subject to the relevant requirements of the Code where payment of redemption monies exceeds one calendar month) delay the payment of any monies in respect of any Creation Application, Redemption Application or Special Application in the following circumstances:

(a) during any period when trading on the SEHK or any other Recognised Stock Exchange or Recognised Futures Exchange is restricted or suspended;

(b) during any period when a market on which a Security (that is a component of the relevant Sub-Fund's Index) has its primary listing, or in the case of a Sub-Fund authorised as a feeder fund by the SFC (an "Authorised Feeder Fund"), any period when the market on which the relevant master fund is listed, or the official clearing and settlement depositary (if any) of such market, is closed, and (in respect of the Authorised Feeder Fund) such closure has an adverse impact on dealings in the primary market of Authorised Feeder Fund;

(c) during any period when dealing on a market on which a Security (that is a component of the relevant Sub-Fund's Index) has its primary listing, or in the case of an Authorised Feeder Fund, any period when dealings on the market on which the relevant master fund is listed, is restricted or suspended, and (in respect of the Authorised Feeder Fund) such restriction or suspension has an adverse impact on dealings in the primary market of the Authorised Feeder Fund;

(d) during any period when, in the opinion of the Manager, settlement or clearing of Securities in the official clearing and settlement depositary (if any) of such market is disrupted;

(e) during the existence of any state of affairs as a result of which delivery or purchase of Securities, as appropriate or disposal of investments for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant Sub-Fund, including (without limitation), in respect of an Authorised Feeder Fund, during a period when dealings in or trading of the relevant master fund is suspended;

(f) during any period when the relevant Index is not compiled or published;

(g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Sub-Fund or when for any other reason the value of any Securities or other property for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(h) during any period when the determination of the Net Asset Value of the relevant Sub-Fund is suspended or if any circumstance specified in the section on "Suspension of determination of Net Asset Value" below arises; or

(i) during any period when the business operations of the Manager, the Trustee or the PRC Custodian in respect of the relevant Sub-Fund(s) are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

The Manager will, in consultation with the Trustee, suspend the right to subscribe for Units of a Sub-Fund if, or if as a result of the investment of the proceeds of issue of such Units in accordance with its investment objective, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer or such other percentage permitted under Schedule 1. In addition, where the Sub-Funds under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single issuer and the SFC has not agreed to waive this prohibition under the Code, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on the Trust's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC) or in such other publications as it decides.

The Manager shall consider any Redemption Application, Creation Application or Special Application received during the period of suspension (that has not been otherwise withdrawn) as having been received immediately following the termination of the suspension. The period for settlement of any redemption will be extended by a period equal to the length of the period of suspension.

A Participating Dealer or the Manager may, at any time after a suspension has been declared and before termination of such suspension, withdraw any Creation Application, Redemption Application or Special Application (as the case may be) by notice in writing to the Manager (in the case of withdrawal by a Participating Dealer) and the Manager shall promptly notify and request the Trustee to return to the Participating Dealer or the Manager (as the case may be)

any cash and/or Securities received by it in respect of the Creation Application or Special Creation Application (without interest) as soon as practicable.

A suspension shall remain in force until the earlier of (a) the Manager declaring the suspension is at an end; and (b) the first Dealing Day on which (i) the condition giving rise to the suspension shall have ceased to exist; and (ii) no other condition under which suspension is authorised exists.

Evidence of unitholding

Units will be deposited, cleared and settled by the CCASS. Units are held in registered entry form only, which means that no Unit certificates are issued. HKSCC Nominees Limited is the registered owner (i.e. the sole holder of record) of all outstanding Units deposited with the CCASS and is holding such Units for the participants in accordance with the General Rules of CCASS. Furthermore, the Trustee and the Manager acknowledge that pursuant to the General Rules of CCASS neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the Units. Investors owning Units in CCASS are beneficial owners as shown on the records of the participating brokers or the relevant Participating Dealer(s) (as the case may be) who are CCASS participants.

Restrictions on Unitholders

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:

(a) a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Trust or the Sub-Funds suffering any adverse effect which the Trust or the Sub-Funds might not otherwise have suffered; or

(b) in the circumstances which, in the Manager’s opinion, may result in the Trust or the Sub-Funds incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or the Sub-Funds might not otherwise have incurred or suffered.

Upon notice that any Units are so held, the Manager may require such Unitholders to redeem or transfer such Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Units in breach of any of the above restrictions is required either to redeem his Units in accordance with the Trust Deed or to transfer his Units to a person whose holding would be permissible under this Prospectus and the Trust Deed in a manner that would result in such Unitholder no longer being in breach of the restrictions above.

Transfer of Units

The Trust Deed provides that a Unitholder may transfer Units with the consent of the Manager. As all Units will be held in CCASS, the Manager’s consent is deemed given where the Unitholder is transferring his interest in Units within CCASS. A Unitholder is entitled to transfer Units held by him by using the standard transfer form issued by SEHK or by an instrument in writing in such other form (and if the transferor or the transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution) as the Trustee may from time to time approve. The transferor will be deemed to remain the Unitholder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. If and to the extent that all Units are deposited, cleared and settled in CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Units for the persons admitted by HKSCC as a participant of CCASS and to whose account any Units are for the time being allocated in accordance with the General Rules of CCASS.

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

General

The purpose of the listing of the Units on the SEHK is to enable investors to buy and sell Units on the secondary market, normally via a broker or dealer in smaller quantities than would be possible if they were to subscribe and/or redeem Units in the primary market.

The market price of a Unit listed or traded on the SEHK may not reflect the Net Asset Value per Unit. Any transactions in the Units on the SEHK will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the SEHK. There can be no guarantee that once the Units are listed on the SEHK they will remain listed.

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units of each Sub-Fund. Where a Dual-Counter has been adopted in respect of a Sub-Fund the Manager will use its best endeavours to put in place arrangements so that there is at least one Market Maker for each counter although these Market Makers may be the same entity. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the SEHK with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager may make available to a Market Maker, the portfolio composition information made available to a Participating Dealer.

Units may be purchased from and sold through the Market Makers. However, there is no guarantee or assurance as to the price at which a market will be made. In maintaining a market for Units, the Market Makers may make or lose money based on the differences between the prices at which they buy and sell Units, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying Securities comprised within the Index of a Sub-Fund. Market Makers may retain any profits made by them for their own benefit and they are not liable to account to the relevant Sub-Fund in respect of their profits.

If you wish to buy or sell Units on the secondary market, you should contact your brokers.

If trading of the Units on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for the Units.

Renminbi Equity Trading Support Facility

The Renminbi Equity Trading Support Facility (the "TSF") was launched on 24 October 2011 by the SEHK to provide a facility to enable investors who wish to buy RMB-traded shares in the secondary market with HKD if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. With effect from 6 August 2012, the coverage of TSF was extended and the Sub-Fund is eligible for the TSF. As such the TSF is currently available to investors who wish to invest in the Sub-Fund by purchasing Units trading in RMB on the SEHK. Investors should consult their financial advisers if they have any questions concerning the TSF. More information with regard to the TSF is available on HKEx's website http://www.hkex.com.hk/eng/market/sec_tradinfra/TSF/TSF.htm (this website has not been reviewed by the SFC).

Please also refer to the sub-sections on "Dual Counter" in the relevant Appendix of the Sub-Fund for additional disclosures on secondary market trading.

DETERMINATION OF NET ASSET VALUE

Calculation of Net Asset Value

The Net Asset Value of each Sub-Fund will be determined by the Trustee in the base currency of the relevant Sub-Fund as at each Valuation Point applicable to the relevant Sub-Fund by valuing the assets of the relevant Sub-Fund and deducting the liabilities of the relevant Sub-Fund, in accordance with the terms of the Trust Deed.

Set out below is a summary of how various Securities held by a Sub-Fund are valued:

(a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (with the consent of the Trustee) determines that some other method is more appropriate, be valued by reference to the price appearing to the Manager to be the official closing price, or if unavailable, the last traded price on the Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing prices or last traded prices as the case may be;

(b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available net asset value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the last available bid or offer price for such unit, share or other interest;

(c) futures contracts will be valued based on the formulae set out in the Trust Deed;

(d) except as provided for in paragraph (b), the value of any investment which is not listed quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended on behalf of the Sub-Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager shall cause a revaluation to be made on a regular basis by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);

(e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager with the consent of the Trustee, any adjustment should be made to reflect the value thereof; and

(f) notwithstanding the foregoing, the Manager may with the consent of the Trustee adjust the value of any investment if, having regard to relevant circumstances, the Manager considers that such adjustment is more appropriate in relation to such investment to fairly reflect its value.

The Trustee will perform any currency conversion at rates as may be agreed between the Trustee and the Manager from time to time.

The above is a summary of the key provisions of the Trust Deed with regard to how the various assets of a Sub-Fund are valued.

Suspension of determination of Net Asset Value

The Manager may, after consultation with the Trustee, declare a suspension of the determination

of the Net Asset Value of a Sub-Fund for the whole or any part of any period during which:

(a) there exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the relevant Sub-Fund;

(b) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any Securities held or contracted for the account of the relevant Sub-Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of Units of the relevant Sub-Fund;

(c) for any other reason the prices of investments of the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(d) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Sub-Fund or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities or other property for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(e) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the Securities of the relevant Sub-Fund or the subscription or redemption of Units of the relevant Sub-Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange; or

(f) the business operations of the Manager, the Trustee or the PRC Custodian are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes, or acts of God.

Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the Net Asset Value of the relevant Sub-Fund and the Manager shall be under no obligation to rebalance the Sub-Fund until the suspension is terminated on the earlier of (i) the Manager declaring the suspension is at an end; and (ii) the first Dealing Day on which (1) the condition giving rise to the suspension shall have ceased to exist; and (2) no other condition under which suspension is authorised exists.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on the Trust's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC) or in such other publications as the Manager decides.

No Units will be issued or redeemed during any period of suspension of the determination of the Net Asset Value.

Issue Price and Redemption Value of Units

The Issue Price during the Initial Offer Period of each Sub-Fund will be set out in the relevant Appendix.

After the expiry of the Initial Offer Period, the Issue Price of Units created and issued by a Creation Application or a Special Creation Application will be the prevailing Net Asset Value of the relevant Sub-Fund in the base currency of the Sub-Fund as at the relevant Valuation Point divided by the total number of Units in issue rounded to the nearest four decimal places (0.00005 or above being rounded up).

The Redemption Value on a Dealing Day shall be the prevailing Net Asset Value of the relevant Sub-Fund as at the relevant Valuation Point divided by the total number of Units in issue rounded to the nearest four decimal places (0.00005 or above being rounded up).

The benefit of any rounding adjustments will be retained by the relevant Sub-Fund.

The latest Net Asset Value of the Units will be available on the Trust's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC) or published in such other publications as the Manager decides.

Neither the Issue Price nor the Redemption Value takes into account Duties and Charges, Transaction Fees or fees payable by a Participating Dealer.

FEES AND EXPENSES

There are different levels of fees and expenses applicable to investing in a Sub-Fund as set out below and in each Appendix, current as at this date of the Prospectus.

Fees and expenses payable by Participating Dealers and investors

For details of the amount of fees and expenses payable by Participating Dealers and investors, please refer to the section headed "Fees and expenses payable by Participating Dealers and investors" in the relevant Appendix.

No money should be paid to any intermediary in Hong Kong which is not licensed or registered to carry on Type 1 regulated activity under Part V of the SFO.

Fees and expenses payable by a Sub-Fund

For details of the amount of fees and expenses currently payable by a Sub-Fund, please see the section below and the section headed "Fees and expenses payable by a Sub-Fund" in the relevant Appendix.

Manager's fee

The current management fee percentage in respect of each Sub-Fund is set out in the relevant Appendix and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund.

The Manager may pay a distribution fee to any distributor or sub-distributors of the Trust out of the management fees it receives from the Trust. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

Trustee's and Registrar's fees

The Trustee receives out of the assets of each Sub-Fund a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at the applicable trustee fee percentage set out in the relevant Appendix of the Sub-Fund.

The Registrar is entitled to receive certain fees in its capacity as the Registrar for each Sub-Fund as set out in the relevant Appendix.

The PRC Custodian's fees are paid by the Trustee and are not borne by the relevant Sub-Fund.

Service Agent's fee

The Service Agent is entitled to receive a monthly reconciliation fee of HKD5,000 from the Manager in respect of each Sub-Fund. The Manager shall pass on to the relevant Sub-Fund such reconciliation fee.

For any period less than a month, the reconciliation fee is on a pro-rata basis and accrues on a daily basis. The Trustee, on behalf of the Trust, will pay all other expenses chargeable by the Service Agent in connection with the Service Agent's role.

Ongoing charges

The ongoing charges figure of a Sub-Fund, which is the sum of actual ongoing expenses of the relevant Sub-Fund expressed as a percentage of its actual average Net Asset Value, is set out in the product key facts statement of the Sub-Fund. Where a Sub-Fund is newly established the Manager will make a best estimate of the ongoing charges and keep such estimate under review. Ongoing expenses may be deducted from the assets of a Sub-Fund where these are permitted by the Trust Deed, the Code and the applicable law. These include all types of cost borne by a

Sub-Fund, whether incurred in its operation or the remuneration of any party. The ongoing charges do not represent tracking error.

Promotional expenses

A Sub-Fund will not be responsible for any promotional expenses including those incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the relevant Sub-Fund will not be paid (either in whole or in part) out of the Trust Fund.

Other expenses

A Sub-Fund will bear all operating costs relating to the administration of such Sub-Fund including but not limited to stamp and other duties, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges and other costs and expenses payable in respect of the acquisition, holding and realisation of any investment or any monies, deposit or loan, charges and expenses of its legal counsel, auditors and other professionals, index licensing fees, the costs in connection with maintaining a listing of the Units on the SEHK and maintaining the Trust's and the relevant Sub-Fund's authorisation under the SFO, costs incurred in the preparation, printing and updating of any offering documents and the costs incurred in the preparation of supplemental deeds, any disbursements or out-of-pocket expenses properly incurred on behalf of the relevant Sub-Fund by the Trustee, the Manager or the Registrar or any of its service providers, the expenses incurred in convening meetings of Unitholders, printing and distributing annual and half-yearly reports, accounts and other circulars relating to the relevant Sub-Fund and the expenses of publishing Unit prices.

Establishment Costs

The cost of establishing the Trust and Hang Seng China A Industry Top Index ETF including the initial preparation of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs were borne by the Trust and Hang Seng China A Industry Top Index ETF and has been amortised over the first 5 financial years of the Trust and Hang Seng China A Industry Top Index ETF.

The Hang Seng Harvest CSI 300 Index ETF will bear approximately RMB200,000 of its establishment costs which will be amortised over its first 5 financial years, and the remainder of its establishment costs will be borne by the Manager.

The establishment costs of the Hang Seng China New Economy Index ETF are approximately HKD1.4 million and will be borne by Hang Seng China New Economy Index ETF, which will be amortised over its first 5 financial years.

Unless otherwise stated in the in this section or in the relevant Appendix, the cost of establishing the subsequent Sub-Funds under the Trust, including inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs, will be borne by the relevant Sub-Fund (unless otherwise determined by the Manager) and amortised over the first 5 financial years of the relevant Sub-Fund (or such other period as determined by the Manager after consulting the Auditor).

The attention of investors is drawn to the risk factor entitled "Valuation and accounting risk".

Increase in fees

The current fees payable to the Manager and the Trustee as described above may be increased on one month's notice to Unitholders (or such shorter period as approved by the SFC), subject to the maximum rates set out in the Trust Deed.

RISK FACTORS

An investment in any Sub-Fund carries various risks. Each of these may affect the Net Asset Value, yield, total return and trading price of the Units. There can be no assurance that the investment objective of a Sub-Fund will be achieved. You should carefully evaluate the merits and risks of an investment in the relevant Sub-Fund in the context of your overall financial circumstances, investment objective, knowledge and experience as an investor. The risk factors set forth below are the risks which are believed by the Manager and its directors to be relevant and presently applicable to a Sub-Fund. You should refer to additional risk factors, specific to each Sub-Fund, as set out in the relevant Appendix.

Risks associated with the RQFII regime

RQFII systems risk

The current RQFII Regulations include rules on investment restrictions applicable to a Sub-Fund. Transaction sizes for RQFIIs are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

Onshore PRC securities are registered in the joint names of the Manager (as the RQFII holder) and each Sub-Fund in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the CSDCC. The account is required to bear the name of "Hang Seng Investment Management Limited" as this is the name under which the RQFII is approved by the relevant regulator. The RQFII holder selects a PRC broker (the "PRC Broker") to act on its behalf in each of the two onshore PRC securities markets as well as the PRC Custodian to maintain its assets in custody in accordance with the terms of the PRC Custody Agreement.

In the event of any default of either the relevant PRC Broker or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, a Sub-Fund may encounter delays in recovering its assets which may in turn adversely impact the Net Asset Value of the Sub-Fund.

The regulations which regulate investments by RQFIIs in the PRC and the repatriation of capital from RQFII investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no certainty as to how such discretion may be exercised now or in the future.

Changes to the foreign investment regulation in the PRC may be made at any time by the CSRC and the SAFE, and such changes may have a detrimental impact on the ability of a Sub-Fund to achieve its investment objective.

PRC Custodian and PRC Broker risk

Onshore PRC assets will be maintained by the PRC Custodian in electronic form via a securities account with the CSDCC and a special deposit account with the PRC Custodian.

The RQFII holder also selects the PRC Broker to execute transactions for a Sub-Fund in the PRC markets. When selecting PRC Broker(s), the Manager will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the Manager considers appropriate, it is possible that a single PRC Broker will be appointed for both the SSE and the SZSE. Should, for any reason, the Manager be unable to use the relevant broker in the PRC, the operation of a Sub-Fund would be adversely affected and may cause Units to trade at a premium or discount to the Sub-Fund's Net Asset Value or unable to track the relevant Index. A Sub-Fund may also incur losses due to the acts or omissions of either the PRC Broker(s) or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities. Subject to the applicable laws and regulations in the PRC, the

Manager will make arrangements to ensure that the relevant PRC Broker and PRC Custodian have appropriate procedures to properly safe-keep a Sub-Fund's assets.

According to the RQFII Regulations and market practice, the securities and special deposit accounts for a Sub-Fund in the PRC are maintained in the joint names of the Manager as the RQFII and the Sub-Fund. Although the Manager has obtained a legal opinion that the assets in such securities account would belong to the Initial Sub-Fund, such opinion cannot be relied on as being conclusive, as the RQFII Regulations are subject to the interpretation of the relevant authorities in the PRC.

Investors should note that cash deposited in the special deposit account of a Sub-Fund with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash belong to other clients of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, a Sub-Fund will not have any proprietary rights to the cash deposited in such special deposit account, and the Sub-Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the PRC Custodian. A Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

Repatriation risk

Repatriations by RQFIIs in respect of an investment fund such as a Sub-Fund conducted in RMB based on the net balance of subscriptions or redemptions each day are permitted daily and are not subject to any lock-up periods or prior approval. The realised cumulative profits generated from investments via the RQFII for the account of a Sub-Fund may be repatriated out of the PRC, as and when the Manager instructs the PRC Custodian to do so and after the completion of the audit of such net realised cumulative profits by a PRC registered accountant and the issuance of the tax payment certificate or tax filing certificate (if any). There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions/ requirements will not be cancelled or additionally imposed in the future. Any new restrictions on repatriation of the invested capital and net profits may impact on a Sub-Fund's ability to meet redemption requests.

RQFII status risk

There can be no assurance that the RQFII status of the Manager will not be suspended or revoked. Such event may adversely affect the Sub-Fund's performance as it may not be possible to implement the investment strategy of the Sub-Fund at all, which in the worst case scenario may lead to termination of the Sub-Fund.

Risks associated with the Stock Connect

Quota limitations

The Stock Connect is subject to quota limitations. In particular, the Stock Connect is subject to a Daily Quota which does not relate to a Sub-Fund and can only be utilised on a first-come-first serve basis. Once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call auction session, new buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict a Sub-Fund's ability to invest in A-Shares through the Stock Connect on a timely basis, and the relevant Sub-Fund may not be able to effectively pursue its investment strategies.

Taxation risk

Please refer to the sub-section headed "PRC withholding taxation risk" in the section headed "Risks associated with the PRC" below.

Legal / beneficial ownership

The SSE Securities and SZSE Securities in respect of a Sub-Fund will be held by the Trustee/sub-custodian in accounts in CCASS, maintained by HKSCC as central securities depositary in Hong Kong. HKSCC in turn holds the SSE Securities and SZSE Securities, as the nominee holder, through an omnibus securities account in its name registered with CSDCC. HKSCC is only a nominee holder and the relevant Sub-Fund remains the beneficial owner of the SSE Securities and SZSE Securities. A Sub-Fund's title or interests in, and entitlements to SSE Securities and SZSE Securities (whether legal, equitable or otherwise) will therefore be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign shareholding restriction.

CCASS Rule 824 confirms that all proprietary interests in respect of A-Shares held by HKSCC as nominee holder belong to CCASS participants or their clients (as the case may be). Also as set out in CCASS Rule 824, HKSCC is prepared to provide assistance to the beneficial owners of A-Shares, where necessary, to provide certification to CSDCC for the purpose of providing evidential proof of the CCASS participant's or its client's holding in A-Shares and to assist the CCASS participant or its client bringing the legal action in the PRC in the manner as may be required under PRC law, after having regard to its statutory duties and subject to such conditions as HKSCC may reasonably require (including payment of fees and costs upfront and indemnities to the satisfaction of HKSCC).

Although the relevant CSRC regulations and CSDCC rules generally provide for the concept of a nominee holder and recognise the Hong Kong and overseas investors (including the relevant Sub-Fund) as the ultimate owners who would be recognised under the laws and regulations of the PRC as having beneficial ownership in the A-Shares traded via the Stock Connect, how an investor such as a Sub-Fund, as the beneficial owner of the A-Shares, under the Stock Connect structure, exercises and enforces its rights over the A-Shares in the PRC courts remain to be tested.

Clearing and settlement risk

HKSCC and CSDCC have established clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on the one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. As the national central counterparty of the PRC's securities market, CSDCC operates a comprehensive network of clearing, settlement and stock holding infrastructure. CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. The changes of CSDCC default are considered remote. In the remote event of a CSDCC default, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against CSDCC, but it is not obliged to do so. HKSCC will, in good faith, seek recovery of the outstanding stocks and monies from CSDCC through available legal channels or through CSDCC's liquidation process, if available. In that event, a Sub-Fund may suffer delay in the recovery process or may not fully recover its losses from CSDCC.

Suspension risk

Each of the SEHK, the SSE and the SZSE reserves the right to suspend trading of SSE Securities and SZSE Securities purchased on the Stock Connect if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Stock Connect is effected, a Sub-Fund's ability to access the PRC market through the Stock Connect will be adversely affected.

Differences in trading day

The Stock Connect will only operate on days when both the Shanghai or Shenzhen and Hong

Kong markets are open for trading and when banks in both set of markets are open on the corresponding settlement days. Therefore it is possible that there are occasions when it is a normal trading day for the SSE or SZSE market but Hong Kong investors (such as the Sub-Funds) cannot carry out any SSE Securities or SZSE Securities trading via the Stock Connect. Due to the differences in trading days, a Sub-Fund may be subject to a risk of price fluctuations in SSE Securities or SZSE Securities during any time when the Stock Connect are not trading.

Operational risk

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in these programmes subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. It should be noted that the securities regimes and legal systems of the PRC and Hong Kong markets differ significantly and in order for the programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. an order routing system known as "China Stock Connect System" set up by the SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the programmes could be disrupted. A Sub-Fund's ability to access the A-Shares market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or SZSE will reject the sell order concerned. The SEHK will carry out pre-trade checking on SSE Securities or SZSE Securities sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if a Sub-Fund desires to sell certain SSE Securities or SZSE Securities it holds, it will be required to transfer those A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("trading day") unless its brokers can otherwise confirm that the relevant Sub-Fund has sufficient shares in its account. If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a Sub-Fund may not be able to dispose of holdings of A-Shares in a timely manner.

Alternatively, a Sub-Fund may maintain its A-Shares with a custodian which is a custodian participant or general clearing participant participating in CCASS. In such circumstance, a Sub-Fund may request such custodian to open a special segregated account ("SPSA") in CCASS to maintain its holdings in A-Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating China Stock Connect System to verify the holdings of an investor such as a Sub-Fund. Provided that there is sufficient holding in the SPSA when a broker inputs a Sub-Fund's sell order, the relevant Sub-Fund will only need to transfer A-Shares from its SPSA to its broker's account after execution and not before placing the sell order and the relevant Sub-Fund will not be subject to the risk of being unable to dispose of its holdings of A-Shares in a timely manner due to failure to transfer A-Shares to its brokers in a timely manner.

Recalling of eligible stocks

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of a Sub-Fund, for example, when the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

Participation in corporate actions and shareholders' meetings

HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including a Sub-Fund) are holding SSE Securities and SZSE Securities traded via the Stock Connect through their brokers or custodians, and they need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be as short as one business day only. Therefore, a Sub-Fund may not be able to participate in some corporate actions in a timely manner.

No protection by Investor Compensation Fund

Investment in SSE Securities or SZSE Securities through the Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations.

To the extent a Sub-Fund carries out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC. A Sub-Fund's investments through Northbound trading under Stock Connect are not covered by the Hong Kong's Investor Compensation for defaults occurring before 1 January 2020, therefore the Sub-Fund would be exposed to the risks of default of the broker(s) it engages in its trading in A-Shares through the Stock Connect. For defaults occurring on or after 1 January 2020, the Sub-Fund will be covered by the Hong Kong's Investor Compensation Fund.

Regulatory risk

The current regulations relating to the Stock Connect are untested and there is no certainty as to how they will be applied. Using the Stock Connect as a means of investment will result in trades being subject to additional restrictions to those usually traded directly on exchange, which may result in investments being subject to greater or more frequent rises and falls in value and the investments may be harder to liquidate. In addition, the current regulations are subject to change which may have potential retrospective effect. There can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators and/or stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. A Sub-Fund may be adversely affected as a result of such changes.

Risks associated with A-Shares listed on the ChiNext Board of SZSE

In relation to A-shares listed on the ChiNext Board of SZSE:

Higher fluctuation on stock prices and liquidity risk – Listed companies on the SZSE ChiNext Board are usually of emerging nature with smaller operating scale. In particular, listed companies on SZSE ChiNext Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors, stocks listed on SZSE ChiNext Board may have limited liquidity, compared to other boards. Hence, they are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the SZSE main board.

Over-valuation risk – Stocks listed on the SZSE ChiNext Board may be overvalued and such

exceptionally high valuation may not be sustainable. Stock prices may be more susceptible to manipulation due to fewer circulating shares.

Differences in regulation – The rules and regulations regarding companies listed on the SZSE ChiNext Board are less stringent in terms of profitability and share capital than those in the SZSE main board.

Delisting risk – It may be more common and faster for companies listed on the SZSE ChiNext Board to delist. In particular, SZSE ChiNext Board has stricter criteria for delisting compared to other boards. This may have an adverse impact on a Sub-Fund if the companies that it invests in are delisted..

Investments in the SZSE ChiNext Board may result in significant losses for a Sub-Fund and its investors.

Risks associated with A-Shares listed on the Science and Technology Innovation Board ("STAR Board") of SSE

In relation to A-shares listed on the STAR Board of SSE:

Higher fluctuation on stock prices and liquidity risk – Listed companies on the SSE STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on SSE STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors, stocks listed on SSE STAR Board may have limited liquidity, compared to other boards. Hence, they are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the SSE main board.

Over-valuation risk – Stocks listed on the SSE STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock prices may be more susceptible to manipulation due to fewer circulating shares.

Differences in regulation – The rules and regulations regarding companies listed on the SSE STAR Board are less stringent in terms of profitability and share capital than those in the SSE main board.

Delisting risk – It may be more common and faster for companies listed on the SSE STAR Board to delist. In particular, SSE STAR Board has stricter criteria for delisting compared to other boards. This may have an adverse impact on a Sub-Fund if the companies that it invests in are delisted.

Concentration risk – SSE STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in SSE STAR Board may be concentrated in a small number of stocks and subject a Sub-Fund to higher concentration risk.

Investments in the SSE STAR Board may result in significant losses for a Sub-Fund and its investors.

Risks associated with the RMB currency

RMB is not freely convertible and subject to exchange controls and restrictions risk

It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into US dollar has been based on rates set by the PBOC, which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, the PRC announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand. Given the domestic and overseas economic developments, the PBOC decided to

further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/- 0.5% to +/-1%. Effective 11 August 2015 the RMB central parity is fixed against the US dollars by reference to the closing rate of the inter-bank foreign exchange market on the previous day (rather than the previous morning's official setting). However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact a Sub-Fund. There can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

RMB trading and settlement of Units risk

Investors should note that not all brokers may be ready and able to carry out trading and settlement of RMB traded Units and thus they may not be able to deal in the RMB traded Units through some brokers. Investors should check with their brokers in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

Non-RMB or late settlement redemption risk

Where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, redemption proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or HKD instead of in RMB (at an exchange rate determined by the Manager after consultation with the Trustee). As such, there is a risk that investors (including any HS Funds) may not be able to receive, through Participating Dealers or the Manager (as the case may be), settlement upon a redemption of Units in RMB (and may receive US dollars or HKD) or may receive settlement in RMB on a delayed basis.

RQFII late settlement risk

A Sub-Fund will be required to remit RMB from Hong Kong to the PRC to settle the purchase of A-Shares by the Sub-Fund from time to time. In the event such remittance is disrupted, a Sub-Fund will not be able to fully replicate the relevant Index by investing in the relevant A-Shares and this may increase the tracking error of the Sub-Fund.

Exchange rates movement between the RMB and other currencies risk

Investors in RMB traded Units whose assets and liabilities are predominantly in HKD or in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and RMB. In addition, investors in HKD traded Units should note that distributions on HKD traded Units will only be paid in RMB. Accordingly, foreign exchange risk will also apply to investors in HKD traded Units. There is no guarantee that RMB will appreciate in value against HKD or any other currency, or that the strength of RMB may not weaken. In such case an investor may enjoy a gain in RMB terms but suffer a loss when converting funds from RMB back into HKD (or any other currency).

Future movements in RMB exchange rates risk

The exchange rate of RMB ceased to be pegged to US dollars on 21 July 2005, resulting in a more flexible RMB exchange rate system. The China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of RMB against US dollars, Euro, Yen, pound sterling and HKD at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. Effective 11 August 2015, the PBOC changed the central parity system for the US dollars to a more market based system by which the central parity is set by reference to the closing rate of the inter-bank foreign exchange market on the previous day. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and HKD, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, HKD or any other foreign currency in the future. From 1994 to July 2005, the exchange rate for RMB against US dollar and the HKD was relatively stable. Since July 2005, the appreciation of RMB has begun to accelerate. Although the PRC government has constantly reiterated its intention to maintain the stability of RMB, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of RMB will be further accelerated cannot be excluded. On the other hand, there can be no assurance that RMB will not be subject to devaluation.

Offshore RMB ("CNH") market risk

The onshore RMB ("CNY") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC. Since June 2010, the offshore RMB ("CNH") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy's of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets.

However, the current size of RMB-denominated financial assets outside the PRC is limited. In addition, participating authorised institutions are also required by the Hong Kong Monetary Authority to maintain a total amount of RMB (in the form of cash and its settlement account balance with the Renminbi Clearing Bank) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions. Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the relevant settlement agreements between Hong Kong banks and the PBOC will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the ability of investors to acquire Units or sell Units of a Sub-Fund affecting the liquidity and trading price of the Units on the SEHK. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

RMB distributions risk

Investors should note that where a Unitholder holds Units traded under the HKD counter, the relevant Unitholder will only receive distributions in RMB and not HKD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders should check with their brokers concerning arrangements for distributions.

Risks associated with the PRC

A-Shares market trading hours difference risk

Differences in trading hours between stock exchanges in the PRC (i.e. the SSE and SZSE) and the SEHK may increase the level of premium or discount of the Unit price to its Net Asset Value because if a PRC stock exchange is closed while the SEHK is open, the Index level may not be available. The prices quoted by the SEHK market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Index level and as a result, the level of premium or discount of the Unit price of a Sub-Fund to its Net Asset Value may be higher.

A-Shares market suspension risk

A-Shares may only be bought from, or sold to, a Sub-Fund from time to time where the relevant A-Shares may be sold or purchased on the SSE or the SZSE, as appropriate. Given that the A-Shares market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and redemption of Units may be disrupted. A Participating Dealer is unlikely to redeem or create Units if it considers that A-Shares may not be available. Similarly, HS Funds may not be able to redeem or create Units through the Manager in such circumstances.

Economic, political and social risks

The economy of the PRC, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in the PRC are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of China and a high level of management autonomy. The economy of the PRC has experienced significant growth in the past 25 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 25 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying Securities of a Sub-Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of a Sub-Fund.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the Securities in a Sub-Fund's portfolio.

PRC laws and regulations risk

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Restricted markets risk

A Sub-Fund may invest in Securities in respect of which the PRC imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of the Sub-Fund's holdings as compared to the performance of the relevant Index. This may increase the risk of tracking error and impair a Sub-Fund's ability to achieve its investment objective.

Accounting and reporting standards risk

Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

PRC withholding taxation risk

Investors should consult their own tax advisors regarding the possible PRC tax implications on an investment in the Sub-Fund(s) (including capital gains thereon) with respect to their own situation.

Currently, the Manager does not make withholding income tax ("WIT") provision on gross realised or unrealised capital gains derived from trading of PRC Securities (including A-Shares and ETFs listed on stock exchanges in the PRC) by a Sub-Fund from 17 November 2014 onwards. However, the Manager reserves the right to provide for WIT on such gains and withhold the tax for the account of a Sub-Fund.

Unitholders should note that the tax reporting and tax treaty application (detailed in the sub-section "Taxation" – "PRC taxation" – "Corporate Income Tax" below) are made in accordance with the prevailing tax rules and practices of the Beijing tax authority at the time of submission. The Net Asset Value of a Sub-Fund may require further adjustment to take into account any retrospective application of new tax regulations and development, including change and difference in interpretation of the relevant regulations by the PRC tax authorities.

There are still uncertainties as to the application of the laws, rules and/or regulations on PRC Corporate Income Tax and PRC Value-Added Tax and surtaxes. It is also uncertain as to whether a Sub-Fund may be subject to other taxes imposed in the PRC. It is possible that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. Where no provision is made by the Manager in relation to all or part of the actual tax levied by the relevant PRC tax authorities in future, investors should note that the Net Asset Value of a Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, such amount of tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged.

Please refer to the sub-section "Taxation" – "PRC taxation" for further information in this regard.

Risks associated with investment in a Sub-Fund

Investment objective risk

There is no assurance that the investment objective of a Sub-Fund will be achieved. Whilst it is the intention of the Manager to implement strategies which are designed to minimise tracking error, there can be no assurance that these strategies will be successful. It is possible that you as an investor may lose a substantial proportion or all of its investment in a Sub-Fund where the Index value declines. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the relevant Sub-Fund.

Market risk

The Net Asset Value of each Sub-Fund will change with changes in the market value of the Securities it holds. The price of Units and the income from them may go down as well as up. There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of each Sub-Fund is based on the capital appreciation and income on the Securities it holds, less expenses incurred. A Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Sub-Fund may experience volatility and decline in a manner that broadly corresponds with the relevant Index. Investors in each Sub-Fund are exposed to the same risks that investors who invest directly in the underlying Securities would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security that forms part of the relevant Index).

Asset class risk

Although the Manager is responsible for the continuous supervision of the investment portfolio of each Sub-Fund, the returns from the types of Securities in which the Sub-Fund invests may underperform or outperform returns from other Securities markets or from investment in other assets. Different types of securities tend to go through cycles of out-performance and underperformance when compared with other general Securities markets.

Passive investment risk

The Sub-Funds are not actively managed. Accordingly, a Sub-Fund may be affected by a decline in the market segments relating to the relevant Index. The Manager will not take defensive positions in declining markets. Investors may lose a significant part of their respective investments if the Index falls. Each Sub-Fund invests in the Securities included in the relevant Index regardless of their investment merit. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets. You should note that the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of a Sub-Fund will mean that falls in the Index are expected to result in corresponding falls in the value of the Sub-Fund.

Possible business failure risk

In the current economic environment, global markets are experiencing very high level of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more of the constituents of an Index may have an adverse effect on the Index's and therefore a Sub-Fund's performance. You may lose money by investing in a Sub-Fund.

Management risk

Because there can be no guarantee that each Sub-Fund will fully replicate the relevant Index, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Manager has absolute discretion to exercise Unitholders' rights with respect to Securities comprising a Sub-Fund. There can be no guarantee that the exercise of such discretion will result

in the investment objective of a Sub-Fund being achieved.

Securities risk

The investments of each Sub-Fund are subject to risks inherent in all Securities (including settlement and counterparty risks). The value of holdings may fall as well as rise. The global markets are currently experiencing very high levels of volatility and instability, resulting in higher levels of risk than is customary (including settlement and counterparty risks).

Equity risk

Investing in equity Securities may offer a higher rate of return than those investing in short term and longer term debt securities. However, the risks associated with investments in equity Securities may also be higher, because the investment performance of equity Securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might suddenly and substantially decrease in value.

Tracking error risk

Although the Manager adopts a full replication strategy to reduce tracking error, there can be no assurance of exact or identical replication at any time of the performance of the relevant Index. Because the Manager has no other strategy to minimise tracking error, the Net Asset Value of a Sub-Fund may not correlate exactly with the Index. Factors such as the fees and expenses of a Sub-Fund, imperfect correlation between a Sub-Fund's assets and the Securities constituting the Index, inability to rebalance a Sub-Fund's holdings of Securities in response to changes in the constituents of the relevant Index due to illiquidity, rounding of Security prices, and changes to the regulatory policies may affect the Manager's ability to achieve close correlation with the Index. These factors may cause each Sub-Fund's returns to deviate from the Index. The Manager will monitor and seek to manage such risk in minimising tracking error.

Single Country / Concentration Risk

A Sub-Fund may be subject to concentration risk as a result of tracking the performance of a single geographical region or country (such as the PRC) or industry sector, and its Index may be comprised of a limited number of securities. A Sub-Fund may therefore likely be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations in value of its Index resulting from adverse conditions in the particular geographical region, country or industry sector. Where a Sub-Fund's Index tracks a particular region or country or industry sector or where the Index has a small number of constituents, risk factors specific to the relevant Sub-Fund are set out in its Appendix. Please refer to each Sub-Fund's Appendix for details.

Mid-capitalised companies risk

Investments by a Sub-Fund in shares of smaller capitalised or unseasoned companies generally have greater earnings and sales growth potential than larger capitalised companies. However, such investments in smaller capitalised or unseasoned companies may involve greater risks, such as limited product lines, markets and financial or managerial resources. In addition, less frequently traded stocks of these companies may be more illiquid and subject to more abrupt price movements than stocks of larger capitalised companies.

Trading risk

While the creation/redemption feature of a Sub-Fund is designed to make it likely that Units will trade close to their Net Asset Value, disruptions to creations and redemptions (for example, as a result of imposition of capital controls by a foreign government) may result in trading prices that differ significantly from the Net Asset Value. The secondary market prices of Units will fluctuate in accordance with changes in the Net Asset Value and supply and demand on any exchange on which Units are listed. The Manager cannot predict whether Units will trade below, at, or above

their Net Asset Value. Since, however, Units must generally be created and redeemed in Application Unit size (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value) the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of Units should not be sustained. If the Manager suspends creations and/or redemptions of Units, the Manager anticipates that there may be larger discounts or premiums as between the secondary market price of Units and the Net Asset Value.

Loss of capital risk

There is no guarantee that a Sub-Fund's investments will be successful. In addition, trading errors are an intrinsic factor in any complex investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors.

Indemnity risk

Under the Trust Deed, the Trustee and the Manager have the right to be indemnified against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in performing their respective duties except as a result of their own negligence, fraud, default, breach of duty or trust of which they may be liable in relation to their duties. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the relevant Sub-Fund and the value of the Units.

Dividends or distributions may not be paid risk

Whether a Sub-Fund will pay distributions on its Units is subject to the Manager's distribution policy (as described in the relevant Appendix) and also mainly depends on dividends or distributions declared and paid in respect of the Securities of its Index. Any dividends or distributions received by a Sub-Fund may be applied towards meeting the costs and expenses of the Sub-Fund. Dividend or distribution payment rates in respect of such Securities will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend or distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

Dividends payable out of capital risk

Where specified in the relevant Appendix, the Manager may, at its discretion, pay dividends out of capital. The Manager may also, at its discretion, pay dividends out of gross income while all or part of the fees and expenses of a Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividends out of the capital. Payment of dividends out of capital or effectively out of the capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the capital or effectively out of the capital of a Sub-Fund may result in an immediate reduction of the Net Asset Value per Unit. Please refer to the "Distribution policy" section under "Statutory and General Information".

Possible early termination of a Sub-Fund risk

A Sub-Fund may be terminated early under certain circumstances, including but not limited to (i) the aggregate Net Asset Value of all the Units is less than RMB150 million; (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the relevant Sub-Fund; (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed; (iv) the relevant Index is no longer available for benchmarking or if the Units are no longer listed on the SEHK or any other Recognised Stock Exchange (including in circumstances where the Index licence agreement is terminated – see below); or (v) at any time, the relevant Sub-Fund ceases to have any Participating Dealer.

Upon a Sub-Fund being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the relevant Sub-Fund to the Unitholders in accordance with the Trust Deed. Any such amount distributed may be more or less than the capital invested by the Unitholder.

Prohibited securities risk

In accordance with the relevant HSBC Group policy (which applies as the Manager is a member of the HSBC Group), a Sub-Fund will not invest in the Securities of companies that are involved directly and indirectly in the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions and/or anti-personnel mines. As this policy aims to prohibit investment in certain types of Securities, investors should be aware that this reduces the investment universe and prevents a Sub-Fund from benefitting from any potential returns from these companies (in case there is originally no such restriction at the Sub-Fund or Index level).

Redemption by proprietary investments / seed money

A Sub-Fund's Net Asset Value may at any time include, to a significant extent, proprietary money (or "seed money") invested by one or more interested parties, such as Participating Dealers. Investors should be aware that a significant redemption of any such proprietary investment may affect the management and/or performance of the Sub-Fund and may, in certain circumstances (i) cause remaining investors' holdings to represent a higher percentage of the Net Asset Value of the Sub-Fund, (ii) cause other investors in the Sub-Fund to redeem their investment, and/or (iii) lead the Manager, in consultation with the Trustee (where applicable), to consider taking exceptional measures, such as terminating the Sub-Fund in accordance with the Trust Deed.

Risks associated with market trading

Dual Counter risks

The SEHK's Dual Counter model in Hong Kong is relatively new. It may make investment in the Units riskier than in single counter units or shares of an SEHK listed issuer for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of one counter are delivered to CCASS at the last settlement on a trading day, leaving not enough time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfers of Units between the HKD counter and the RMB counter due to, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant counter. Accordingly, it should be noted that the inter-counter transfers may not always be available.

There is a risk that the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB due to market liquidity, supply and demand in each counter and the exchange rate between the RMB and the HKD (in both the onshore and the offshore markets). The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly, when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and *vice versa*. There can be no assurance that the price of Units in each counter will be equivalent.

Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in the base currency of the relevant Sub-Fund. As such investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in both counters at the same time. In such a case

another broker or CCASS participant may need to be used. Accordingly, this may inhibit or delay an investor dealing in both HKD traded and RMB traded Units and may mean an investors may only be able to sell their Units in one currency. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfer.

Other Currency Distributions Risk

Investors should note that all Units will only receive distributions in the base currency of a Sub-Fund. In the event that the relevant Unitholder has no account in the base currency of the Sub-Fund, the Unitholder may have to bear the fees and charges associated with the conversion of such distribution from the base currency to another currency. The Unitholder may also have to bear bank or financial institution fees and charges associated with the handling of the distribution payment. Unitholders are advised to check with their brokers regarding arrangements for distributions. In exceptional circumstances dividend payments in the base currency may be delayed due to exchange controls and restrictions applicable to RMB. Please also refer to the risk factor titled “RMB distributions risk” above.

Absence of active market and liquidity risks

Although Units of a Sub-Fund are listed for trading on the SEHK and one or more Market Makers have been appointed, there can be no assurance that an active or liquid trading market for such Units will develop or be maintained or that such market maker(s) will not cease to fulfil that role. In addition, if the underlying Securities which comprise the relevant Sub-Fund themselves have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Units and the ability of an investor to dispose of its Units at the desired price. There can be no assurance that Units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions or those traded on the SEHK which are based upon indices other than the Index. If you need to sell your Units at a time when no active market for them exists, the price you receive for your Units - assuming you are able to sell them - is likely to be lower than the price received if an active market did exist.

Suspension of trading risk

Investors and potential investors will not be able to buy, nor will investors be able to sell, Units on the SEHK during any period in which trading of the Units is suspended. The SEHK may suspend the trading of Units whenever the SEHK determines that it is appropriate and in the interest of a fair and orderly market to protect investors. The subscription and redemption of Units may also be suspended if the trading of Units is suspended.

Trading differences risk

As the SSE and the SZSE may be open when Units in a Sub-Fund are not priced, the value of the Securities in the relevant Sub-Fund’s portfolio may change on days when investors will not be able to purchase or sell the relevant Sub-Fund’s Units. Furthermore, the market price of underlying Securities listed on the above stock exchanges which are established outside Hong Kong may not be available during part or all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Sub-Fund deviating away from the Net Asset Value. Securities listed in stock exchanges in the PRC are subject to trading bands which restrict increases and decreases in the trading price. Units listed on the SEHK are not. This difference may also increase the level of premium or discount of the Unit price to its Net Asset Value.

Effect of redemptions risk

If significant redemptions of Units are requested by the Participating Dealers and/or HS Funds (if applicable), it may not be possible to liquidate a Sub-Fund’s investments at the time such redemptions are requested or the Manager may be able to do so only at prices which the Manager believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Units are requested by the

Participating Dealers and/or HS Funds, the right of Participating Dealers and/or HS Funds (as the case may be) to require redemptions in excess of 10% of the total number of Units in a Sub-Fund then in issue (or such higher percentage as the Manager may determine) may be deferred, or the period for the payment of redemption proceeds may be extended.

In addition, the Manager may also in certain circumstances suspend the determination of the Net Asset Value of a Sub-Fund for the whole or any part of any period. Please see the section on “Determination of Net Asset Value" for further details.

Units may trade at prices other than Net Asset Value risk

Units trade on the SEHK at prices above or below the most recent Net Asset Value. The Net Asset Value per Unit of a Sub-Fund is calculated at the end of each Dealing Day and fluctuates with changes in the market value of the Sub-Fund’s holdings. The trading prices of the Units fluctuate continuously throughout the trading hours based on market supply and demand rather than Net Asset Value. The trading price of the Units may deviate significantly from Net Asset Value particularly during periods of market volatility. Any of these factors may lead to the Units of a Sub-Fund trading at a premium or discount to the Net Asset Value. On the basis that Units are generally created and redeemed in Application Units at Net Asset Value, the Manager believes that large discounts or premiums to Net Asset Value are not likely to be sustained over the long-term. While the creation/redemption feature is designed to make it likely that the Units will normally trade at prices close to a Sub-Fund’s next calculated Net Asset Value, trading prices are not expected to correlate exactly with the Sub-Fund’s Net Asset Value due to reasons relating to timing as well as market supply and demand factors. In addition, disruptions to creations and redemptions or the existence of extreme market volatility may result in trading prices that differ significantly from Net Asset Value. In particular, if an investor purchases Units at a time when the market price is at a premium to Net Asset Value or sells when the market price is at a discount to Net Asset Value, then the investor may sustain losses.

Borrowing risks

The Trustee, at the request of the Manager, may borrow for the account of a Sub-Fund (up to 10% of the Net Asset Value of the Sub-Fund unless otherwise specified in the Appendix) for various reasons, such as facilitating redemptions or to acquire investments for the account of the Sub-Fund. Borrowing involves an increased degree of financial risk and may increase the exposure of a Sub-Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that a Sub-Fund will be able to borrow on favourable terms, or that the Sub-Fund's indebtedness will be accessible or be able to be refinanced by the Sub-Fund at any time.

Government intervention and restrictions risk

Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on “naked” short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of a Sub-Fund, and may have an unpredictable impact on the Sub-Fund. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Index and as a result the performance of a Sub-Fund.

Cost of trading Units risk

As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

In addition, investors on the secondary market will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the Units (bid price) and the price at which they are willing to sell Units (ask price). Frequent trading may detract significantly from investment results and an investment in Units may not be advisable particularly for investors who anticipate making small investments regularly.

No right to control a Sub-Fund's operation risk

Investors will have no right to control the daily operations, including investment and redemption decisions, of a Sub-Fund.

Secondary market trading risk

Units may trade on the SEHK when a Sub-Fund does not accept orders to subscribe or redeem Units. On such days, Units may trade in the secondary market with more significant premiums or discounts than might be experienced on days when the Sub-Fund accepts subscription and redemption orders.

Reliance on the Manager risk

The Manager formulates the investment strategies of a Sub-Fund and the performance of a Sub-Fund is largely dependent on the services and skills of its officers and employees as well as (where relevant) the ability of the Sub-Fund to use the Manager's RQFII status in making investments. In the case of loss of service of the Manager or any of its key personnel, as well as any significant interruption of the Manager's business operations or in the extreme case of the insolvency of the Manager, the Trustee may not be able to find successor managers with the requisite skills and qualifications as well as RQFII status quickly (or at all) and the new appointment may not be on equivalent terms or of similar quality.

Reliance on Market Makers risk

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units of each Sub-Fund. Where a Dual-Counter has been adopted in respect of a Sub-Fund the Manager will use its best endeavours to put in place arrangements so that there is at least one Market Maker for each counter. Nevertheless, it should be noted that liquidity in the market for the Units may be adversely affected if there is no Market Maker for Units in a particular counter. The Manager will seek to mitigate this risk by using its best endeavours to put in place arrangements so that is at least one Market Maker for each counter gives not less than 3 months' notice prior to terminating market making arrangement. There may be less interest by potential market makers in making a market in RMB denominated or traded Units. Furthermore, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for such RMB traded Units. It is possible that there is only one SEHK Market Maker to a counter (RMB or HKD) or to each Sub-Fund or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker, and there is also no guarantee that any market making activity will be effective.

Reliance on Participating Dealers risk

The creation and redemption of Units may only be effected through Participating Dealers. A Participating Dealer may charge a fee for providing this service. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of Securities through the CCASS is disrupted or the relevant Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs that impedes the calculation of the Net Asset Value of the relevant Sub-Fund or disposal of the relevant Sub-Fund's Securities cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

Risks associated with the Indices

Fluctuations risk

The performance of the Units should, before fees and expenses, correspond closely with the

performance of the relevant Index. If the relevant Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

Licence to use Index may be terminated risk

The Manager is granted a licence by each Index Provider to use each Index to create the relevant Sub-Fund based on the Index and to use certain trade-marks and any copyright in the Index. A Sub-Fund may not be able to fulfil its objective and may be terminated if the licence agreement is terminated. The initial term of the licence agreement may be limited in period and thereafter renewable for only short periods. There can be no guarantee that the relevant licence agreement will be perpetually renewed. For further information on the grounds for terminating the licence agreement, please refer to section headed "Index licence agreement" in the relevant Appendix. Although the Manager will seek to find a replacement Index, a Sub-Fund may also be terminated if the relevant Index ceases to be compiled or published and there is no replacement Index using the same or substantially similar formula for the method of calculation as used in calculating the Index.

Compilation of Index risk

The Securities of each Index are determined and composed by the relevant Index Provider without regard to the performance of the relevant Sub-Fund. Each Sub-Fund is not sponsored, endorsed, sold or promoted by the relevant Index Provider. Each Index Provider makes no representation or warranty, express or implied, to investors in any Sub-Fund or other persons regarding the advisability of investing in Securities generally or in any Sub-Fund particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the relevant Sub-Fund into consideration in determining, composing or calculating the relevant Index. There is no assurance that an Index Provider will compile the relevant Index accurately, or that the Index will be determined, composed or calculated accurately. In addition, the process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index Provider without notice. Consequently there can be no guarantee that the actions of an Index Provider will not prejudice the interests of the relevant Sub-Fund, the Manager or investors.

Composition of the Index may change risk

The Securities constituting an Index will change as the Securities of the Index are delisted, or as the Securities mature or are redeemed or as new Securities are included in the Index. When this happens the weightings or composition of the Securities owned by the relevant Sub-Fund will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. However, there can be no guarantee that a Sub-Fund will, at any given time accurately reflect the composition of the relevant Index (refer to the section on "Tracking error risk").

Risks associated with regulation

Withdrawal of SFC authorisation risk

The Trust and each Sub-Fund have been authorised as a collective investment scheme under the Code by the SFC under Section 104 of the SFO. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. This does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The SFC reserves the right to withdraw the authorisation of the Trust or a Sub-Fund or impose such conditions as it considers appropriate. If the Manager does not wish the Trust or a Sub-Fund to continue to be authorised by the SFC, the Manager will give Unitholders at least 3 months' notice of the intention to seek SFC's withdrawal of such authorisation. In addition, any authorisation granted by the SFC may be subject to certain conditions which may be withdrawn or varied by the SFC. If, as a result of such withdrawal or variation of conditions, it becomes illegal, impractical or inadvisable to continue the Trust or a Sub-Fund, the Trust or the Sub-Fund (as applicable) will be terminated.

General legal and regulatory risk

A Sub-Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objectives followed by the relevant Sub-Fund. Furthermore, such change in the laws or regulations may have an impact on the market sentiment which may in turn affect the performance of the Index or the Securities in a Sub-Fund's portfolio and as a result, the performance of the relevant Sub-Fund. Changes in the laws and regulations in relevant jurisdictions may adversely affect the operations of companies in a Sub-Fund's portfolio. Stock exchanges may also impose certain requirements for the continued listing of securities. Investors cannot be assured that the relevant securities in a Sub-Fund's portfolio will continue to meet the requirements necessary to maintain the listing on the relevant stock exchange, or that the relevant stock exchange will not change the listing requirements It is impossible to predict whether such an impact caused by any change of law or regulations will be positive or negative for the investments of a Sub-Fund and accordingly for the Sub-Fund. In the worst case scenario, a Unitholder may lose a material part of its investments in a Sub-Fund.

Units may be delisted from the SEHK risk

The SEHK imposes certain requirements for the continued listing of securities, including the Units, on the SEHK. Investors cannot be assured that any Sub-Fund will continue to meet the requirements necessary to maintain the listing of Units on the SEHK or that the SEHK will not change the listing requirements. If the Units of a Sub-Fund are delisted from the SEHK, Unitholders will have the option to redeem their Units by reference to the Net Asset Value of the Sub-Fund. Where the relevant Sub-Fund remains authorised by the SFC, such procedures required by the Code will be observed by the Manager including as to notices to Unitholders, withdrawal of authorisation and termination, as may be applicable. Should the SFC withdraw authorisation of a Sub-Fund for any reason it is likely that Units may also have to be delisted.

Taxation risk

Investing in a Sub-Fund may have tax implications for a Unitholder depending on the particular circumstances of each Unitholder. Prospective investors should consult their own tax advisers and counsel with respect to the possible tax consequences to them of an investment in the Units. Such tax consequences may differ in respect of different investors.

Valuation and accounting risk

The Manager intends to adopt IFRS in drawing up the annual reports of each Sub-Fund. However, the calculation of the Net Asset Value in the manner described under the section on "Determination of Net Asset Value" will not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Under IFRS (i) investments should be valued at fair value (bid and offer pricings are considered to be representative of fair value for listed investments) rather than last traded price; and (ii) establishment costs should be expensed as incurred rather than amortised over a period of time. Accordingly, the Net Asset Value as described in this Prospectus will not necessarily be the same as the net asset value to be reported in the annual reports as the Manager will make necessary adjustments in the annual accounts to comply with IFRS (although the Manager does not consider the differences between IFRS and the calculation of Net Asset Value are material). Any such adjustments will be disclosed in the annual reports, including a reconciliation. Otherwise, non-compliance with IFRS may result in the auditors issuing a qualified or an adverse opinion on the annual reports depending on the nature and level of materiality of the non-compliance.

Contagion across sub-funds risk

The Trust Deed allows the Trustee and the Manager to issue Units in separate sub-funds. The Trust Deed provides for the manner in which the liabilities are to be attributed across the various sub-funds under the Trust, including a Sub-Fund (liabilities are to be attributed to the specific sub-fund in respect of which the liability was incurred). A person to whom such a liability is owed has no direct recourse against the assets of the relevant sub-fund (in the

absence of the Trustee granting that person a security interest). However, the Trustee will have a right of reimbursement and indemnity out of the assets of the Trust as a whole or any part thereof, against any action, costs, claims, damages, expenses or demands relating to the Trust as a whole, which may result in Unitholders of one sub-fund being compelled to bear the liabilities incurred in respect of other sub-funds in which such Unitholders do not themselves own units, if there are insufficient assets in that other sub-fund to satisfy the amount due to the Trustee. Accordingly, there is a risk that liabilities of one sub-fund may not be limited to that particular sub-fund and may be required to be paid out of one or more other sub-funds.

Non-recognition of sub-fund segregation risk

The assets and liabilities of each sub-fund (including a Sub-Fund) under the Trust will be tracked, for book keeping purposes, separately from the assets and liabilities of any other sub-funds, and the Trust Deed provides that the assets of each sub-fund should be segregated from each other. There is no guarantee that the courts of any jurisdiction outside Hong Kong will respect the limitations on liability and that the assets of any particular sub-fund will not be used to satisfy the liabilities of any other sub-fund.

LIQUIDITY RISK MANAGEMENT

Liquidity Risk Management Process

Liquidity risk management process is in place for the Manager to manage and monitor liquidity profile of each Sub-Fund in a prudent manner under both normal and adverse market situations.

When managing a Sub-Fund, in addition to risk factors such as market risk, credit risk, exchange rate risk, interest rate risk, etc., the portfolio management team of the Manager considers the liquidity of the Sub-Fund's investments and the corresponding impact on the liquidity profile of the Sub-Fund, as well as the Sub-Fund's potential liquidity requirement, in a manner which shall facilitate the Sub-Fund to meet its redemption obligations.

An investment liquidity risk monitoring framework is employed by the Manager to assess and manage liquidity risk of each Sub-Fund. Ongoing liquidity risk assessments and monitoring are performed, taking into account the potential liquidity requirements of the Sub-Fund and the market liquidity under normal and stressed circumstances.

In assessing the potential liquidity requirements of a Sub-Fund, the Manager considers the historical and expected redemption patterns of the Sub-Fund to the extent practicable and how concentration of holding of Units of the Sub-Fund (if any) might impact the redemption profile and hence the level of liquidity risk of the Sub-Fund.

Mechanism is in place for the Manager to assess, review and decide on the actions which may be required at short notice to meet liquidity demands of a Sub-Fund under unexpected stressed conditions.

Independent control monitoring is put in place by the Manager to ensure the ongoing implementation of the liquidity risk management process for a Sub-Fund. Liquidity risk management for a Sub-Fund is also subject to oversight by an internal committee of the Manager.

Liquidity Risk Management Tools

The following liquidity risk management tools are in place for the Manager to manage the liquidity risk of each Sub-Fund and to ensure that Unitholders are treated fairly:

Deferred Redemption

In order to manage and maintain the liquidity profile of a Sub-Fund in a prudent manner and protect the interests of the remaining Unitholders of the Sub-Fund amid large redemption demand, in the event that redemption requests are received for the redemption of Units representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of a Sub-Fund) of the total number of Units in the Sub-Fund then in issue, the Manager may direct the Trustee to reduce the requests rateably and pro rata amongst all Unitholders seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10% (or such higher percentage as the Manager may determine in respect of a Sub-Fund) of the Units in the Sub-Fund then in issue. For details, please refer to the sub-section headed "Deferred redemption" under "Creations and Redemptions (Primary Market)" of this Prospectus.

Suspension of Creations and Redemptions

Under certain circumstances, the Manager may, at its discretion, in consultation with the Trustee (and where applicable, after consultation with Participating Dealers) suspend the creation or issue of Units of a Sub-Fund, suspend the redemption of Units of a Sub-Fund and/or (subject to the relevant requirements of the Code where payment of redemption monies exceeds one calendar month) delay the payment of any monies in respect of any Creation Application, Redemption Application or Special Application. For details of such circumstances and the relevant notification arrangement by the Manager etc., please refer to the sub-section headed "Suspension of creations and redemptions" under "Creations and Redemptions (Primary Market)" of this

Prospectus.

Suspension of Determination of Net Asset Value

There are circumstances in which the Net Asset Value of a Sub-Fund may not be ascertained or it is not reasonably practicable to realise any investments of a Sub-Fund. In such cases, the Manager may, in consultation with the Trustee, declare a suspension of the determination of the Net Asset Value of the relevant Sub-Fund. No Units will be issued or redeemed during such a period of suspension. For details of such circumstances and the relevant notification arrangement by the Manager etc., please refer to the sub-section headed "Suspension of determination of Net Asset Value" under "Determination of Net Asset Value" of this Prospectus.

Borrowings

There may be circumstances in which sufficient cash is not readily available for payment of redemption proceeds of a Sub-Fund, e.g. redemption payment is due to be settled before proceeds from disposal of underlying investments of a Sub-Fund is received. Borrowing can be used as a liquidity risk management tool for a Sub-Fund to meet redemption obligations, subject to the restrictions as set out in the sub-section headed "Borrowing policy" under "Schedule 1 Investment Restrictions, Securities Lending and Borrowing" of this Prospectus.

Impact of the Use of the Liquidity Risk Management Tools on a Sub-Fund and Investors

The liquidity risk management tools aim to protect the interests of Unitholders under circumstances as stated above and determined by the Manager from time to time. Investors should pay attention to the impact of the use of liquidity risk management tools on a Sub-Fund and the investors:

- *Deferred Redemption*: Units which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests in respect of the relevant Sub-Fund themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Sub-Fund) of the Units in the relevant Sub-Fund then in issue) in priority to any other Units in the relevant Sub-Fund for which redemption requests have been received. Units will be redeemed at the Redemption Value prevailing on the Dealing Day on which they are redeemed.

- *Suspension of Creations and Redemptions*:

  (1) A notice of suspension following the suspension shall be published by the Manager. For the arrangement regarding any Creation Application or any Redemption Application received during the period of suspension, please refer to the sub-section headed "Suspension of creations and redemptions" under "Creations and Redemptions (Primary Market)" of this Prospectus.

  (2) If the Manager suspends creations and/or redemptions of Units, the Manager anticipates that there may be larger discounts or premiums as between the secondary market price of Units and the Net Asset Value.

- *Suspension of Determination of Net Asset Value*: Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the Net Asset Value of each Sub-Fund and the Manager shall be under no obligation to rebalance each Sub-Fund until the suspension is terminated. No Units will be issued or redeemed during any period of suspension of the determination of the Net Asset Value.

- *Borrowings*: While borrowings may provide liquidity for a Sub-Fund, it will increase its operating expenses and hence would affect the performance of the Sub-Fund.

MANAGEMENT OF THE TRUST

The Manager and Listing Agent

The Manager and Listing Agent of each Sub-Fund is Hang Seng Investment Management Limited which is a wholly-owned subsidiary of Hang Seng Bank Limited, and the investment arm of its parent. The Manager holds a valid RQFII licence from the CSRC and is the RQFII holder in respect of each Sub-Fund.

The Manager was incorporated in Hong Kong with limited liability in April 1993 and is licensed by the SFC to conduct type 1 (dealing in securities), type 4 (advising in securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance with CE number ABT330.

Under the Trust Deed, the assets forming part of each of the Sub-Funds are invested, at the discretion of the Manager, in accordance with the Trust Deed. The Manager is responsible for placing purchase and sale orders for the account of each Sub-Fund and providing continuous monitoring of the assets of each Sub-Fund. Under the Trust Deed the Manager benefits from various indemnities out of the assets of each Sub-Fund. Please refer to the section below under "Indemnities of the Trustee and the Manager".

The Trustee and Registrar

The Trustee of the Trust is HSBC Institutional Trust Services (Asia) Limited. The Trustee also acts as the Registrar of each Sub-Fund, and provides services in respect of the establishment and maintenance of the register of the Unitholders.

The Trustee is a registered trust company under the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) and approved by the Mandatory Provident Fund Schemes Authority as trustee of registered MPF schemes under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). HSBC Institutional Trust Services (Asia) Limited is an indirect wholly-owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Trust and each Sub-Fund, subject to the provisions of the Trust Deed.

The Trustee may from time to time (1) appoint (or, in the case of the PRC Custodian, agree in writing to the appointment by the Manager of) such person or persons as it thinks fit (including, without limitation, any of its Connected Persons) to hold as custodian, nominee or agent, all or any of the investments, assets or other property comprised in the Trust Fund or any of the sub-funds and may empower any such custodian, nominee or agent to appoint, with the prior consent in writing of the Trustee, co-custodians and/or sub-custodians (each such custodian, nominee, agent, co-custodian and sub-custodian a "Correspondent") and (2) delegate all or any of its duties, powers and discretions under any provisions of the Trust Deed to any person or corporation (including a Connected Person of the Trustee). The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of Correspondents and (b) be satisfied that each such Correspondents retained remain suitably qualified and competent on an ongoing basis to provide the relevant services to the relevant Sub-Fund. The Trustee shall be liable for the acts and omissions of any Correspondent and of any delegate which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee. Provided that the Trustee has discharged its obligations set out in (a) and (b) as set out in this paragraph, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent and of any delegate which is not a Connected Person of the Trustee. For the purpose of the foregoing "Correspondent" shall include the PRC Custodian. The PRC Custodian is China Construction Bank Corporation (please see below). The PRC Custodian is not a Connected Person of the Trustee.

The Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of Euro-clear Clearing System Limited or Clearstream Banking S.A. or any other recognised depositary or clearing system which may from time to time be approved by the Trustee and the Manager.

Subject as provided in the Trust Deed, the Trustee shall not be liable for losses caused by the performance of investments made by the Trust and/or the Sub-Fund.

Subject as provided in the Trust Deed, the Trustee is entitled to be indemnified from the assets of the Trust and/or a Sub-Fund from and against any and all actions, proceedings, liabilities, costs, claims, damages, expenses, including all reasonable legal, professional and other similar expenses (other than those imposed under Hong Kong law or resulting from breaches of trust through fraud or negligence on the part of the Trustee or any of its officers, employees, agents or delegates for which the Trustee would be liable under the Trust Deed), which may be incurred by or asserted against the Trustee in performing its obligations or duties in connection with the Trust or the Sub-Fund. Subject to applicable law and the provisions of the Trust Deed, the Trustee shall not, in the absence of breaches of trust through fraud or negligence on the part of the Trustee or any of its officers, employees, agents or delegates, be liable for any losses, costs or damage to the Trust, any Sub-Fund or any Unitholder.

The Trustee in no way acts as guarantor or offeror of the Units or any underlying investment. The Trustee has no responsibility or authority to make investment decisions in relation to the Trust or any Sub-Fund, which is the sole responsibility of the Manager.

The Trustee will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control (the “OFAC”) of the US Department of the Treasury. The OFAC administers and enforces economic sanction programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers by using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals. In enforcing economic sanctions, OFAC acts to prevent "prohibited transactions," which are described by OFAC as trade or financial transactions and other dealings in which US persons may not engage unless authorised by OFAC or expressly exempted by statute. OFAC has the authority to grant exemptions to prohibitions on such transactions, either by issuing a general licence for certain categories of transactions, or by specific licences issued on a case-by-case basis. HSBC group of companies has adopted a policy of compliance with the sanctions issued by OFAC. As part of its policy, the Trustee may request for additional information if deemed necessary.

The appointment of the Trustee may be terminated in the circumstances set out in the Trust Deed.

The Trustee is entitled to the fees set out in “Fees and expenses payable by a Sub-Fund” in the “Fees and Expenses” section and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed.

The Manager has sole responsibility for making investment decisions in relation to the Trust and/or a Sub-Fund and the Trustee (including its delegate) is not responsible and has no liability for any investment decision made by the Manager. Except as provided in the Trust Deed or expressly stated in this Prospectus and/or required by the Code, neither the Trustee nor any of its employees, service providers or agents are or will be involved in the business affairs, organisation, sponsorship or investment management of the Trust or a Sub-Fund, and they are not responsible for the preparation or issue of this Prospectus other than the description under “The Trustee and Registrar” in the “Management of The Trust” section.

Where a Sub-Fund invests directly into the PRC’s securities markets pursuant to the RQFII regime, the Trustee has put in place proper arrangements to ensure that:

(a) the Trustee takes into its custody or under its control the assets of the relevant Sub-Fund, including onshore PRC assets which will be maintained by the PRC Custodian in electronic form via a securities account with the CSDCC and any assets deposited in a special

deposit account with the PRC Custodian, and holds the same in trust for the relevant Unitholders;

(b) cash and registrable assets of the relevant Sub-Fund, including assets deposited in the securities account with the CSDCC and cash of any Sub-Fund held by the PRC Custodian, are registered in the name of or held to the order of the Trustee; and

(c) the PRC Custodian will look to the Trustee for instructions and solely act in accordance with the Trustee's instructions as provided under the PRC Participation Agreement.

The PRC Custodian (in respect of Hang Seng China A Industry Top Index ETF and Hang Seng Harvest CSI 300 Index ETF only)

China Construction Bank Corporation has been appointed to act as the PRC Custodian by the Manager under the PRC Custody Agreement with the agreement in writing of the Trustee. The PRC Custodian will be responsible for the safe custody of the assets managed by the Manager in connection with its RQFII status within the PRC under the RQFII scheme in accordance with the PRC Custody Agreement and the PRC Participation Agreement. The PRC Custodian is not responsible for the preparation of this Prospectus and it accepts no responsibility or liability for the information contained here other than the description under "The PRC Custodian" in the "Management of The Trust" section.

The Service Agent

HK Conversion Agency Services Limited acts as Service Agent under the terms of the Service Agreement entered into among the Manager, the Trustee, the Registrar, the Participating Dealer, the Service Agent and HKSCC. The Service Agent performs, through HKSCC, certain of its services in connection with the creation and redemption of Units by Participating Dealers.

The Auditor

The Manager has appointed KPMG to act as the auditor of the Trust and each Sub-Fund (the "Auditor"). The Auditor is independent of the Manager and the Trustee.

The Participating Dealers

A Participating Dealer may act for its own account or for your account as its clients in making Creation Applications and Redemption Applications. The latest list of the Participating Dealers is available at www.hangsenginvestment.com (this website has not been reviewed by the SFC).

The Market Makers

A Market Maker is a broker or dealer permitted by the SEHK to make a market for the Units in the secondary market and whose obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for the Units on the SEHK. Market Makers facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required, in accordance with the market making requirements of the SEHK.

Subject to applicable regulatory requirements, the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one Market Maker for Units traded in each counter (which may be the same Market Maker) on the listing date on the SEHK and After Listing. If the SEHK withdraws its permit to the existing Market Maker(s), the Manager will use its best endeavours to ensure that there is at least one other Market Maker per Sub-Fund or counter (as appropriate) to facilitate the efficient trading of Units in each counter (which may be the same Market Maker) to facilitate the efficient trading of such Units. The Manager use its best endeavours to put in place arrangements so that at least one Market Maker per Sub-Fund or counter (as appropriate) is required to give not less than 3 months' prior notice to terminate market making.

Conflicts of Interest and Soft Dollars

The Manager and the Trustee may, from time to time, act as manager, listing agent, sub-investment manager, investment delegate, trustee or custodian or in such other capacity in connection with any collective investment scheme separate and distinct from the Trust and the Sub-Funds and retain any profit or benefit made in connection therewith.

In addition:

(a) The Manager or any of its Connected Persons may purchase and sell investments for the account of the relevant Sub-Fund.

(b) The Trustee, the Manager and any of their Connected Persons may contract or enter into any financial, banking or other transaction with one another or with any Unitholder or any company or body any of whose shares or securities form part of each of the Sub-Funds' assets.

(c) The Trustee or the Manager or any of their Connected Persons may become the owner of Units and hold, dispose or otherwise deal with them with the same rights which it would have had if it had not been the Trustee or the Manager or any of their Connected Persons.

(d) The Trustee, the Manager and any of their Connected Persons may buy, hold and deal in any securities, commodities or other property for their own account or for the account of their other customers notwithstanding that similar securities, commodities or other property may be held by the relevant Sub-Fund.

(e) Monies for the account of the relevant Sub-Fund can be borrowed from any of the Trustee, the Manager, any investment delegate or any of their Connected Persons (being a bank) provided that such person shall charge interest at no higher rate, and any fee for arranging or terminating the loan is of no greater amount, than is in accordance with its normal banking practice at the rate for a commercial loan of the size and nature of the loan in question negotiated at arm's length;

(f) Any arrangements for deposit of any monies for the account of the relevant Sub-Fund may be made with any of the Trustee, the Manager, any investment delegate or any of their Connected Persons being an institution licensed to accept deposits provided such cash deposit must be maintained in a manner that is in the best interests of the Unitholders having regard to the prevailing commercial rate for a deposit of similar type, size and term negotiated at arm's length in accordance with the ordinary and normal course of business.

(g) Neither the Trustee nor the Manager nor any of their Connected Persons shall be liable to account to each other or to the relevant Sub-Fund or to the Unitholders for any profits or benefits made or derived from or in connection with any such transaction mentioned above.

It is, therefore, possible that any of the Trustee, the Manager or any of their Connected Persons may, in the course of business, have potential conflicts of interest with a Sub-Fund. Each will, at all times, have regard in such event to its obligations to the relevant Sub-Fund and the Unitholders and will endeavour to ensure that such conflicts are resolved fairly.

Subject to applicable rules and regulations, the Manager, its delegate or any of its Connected Persons may enter into portfolio transactions for or with each Sub-Fund as agent in accordance with normal market practice, provided that commissions charged to each Sub-Fund in these circumstances do not exceed customary full service brokerage rates. If a broker does not provide research or other lawful services in addition to brokerage execution, such broker will generally charge a brokerage commission that is discounted from customary full service brokerage rates. Where the Manager invests a Sub-Fund in shares or units of a collective investment scheme managed by the Manager, its delegates or any of its Connected Persons, the manager of the scheme in which the investment is being made by the relevant Sub-Fund must waive any preliminary or initial charge and redemption charges which it is entitled to charge for its own

account in relation to the acquisition of shares or units and there must be no increase in the overall total of annual management fees (or other costs and charges payable to the Manager or any of its Connected Persons) borne by the relevant Sub-Fund.

None of the Manager, its delegates (including investment delegates (if any)) or any of its Connected Persons shall retain any cash commission rebates or other payment or benefit (except as otherwise provided for in this Prospectus or in the Trust Deed) received from a third party (either directly or indirectly) arising out of the sale or purchase or loan of investments for a Sub-Fund, and any such rebates or payments or benefits which are received shall be credited to the account of the Sub-Fund.

The Manager, its delegates (including any investment delegates) or any of their Connected Persons may receive, and are entitled to retain, goods, services or other benefits, such as research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publication (known as soft dollar benefits) which are of demonstrable benefit to a Sub-Fund (as may be permitted under the Code, applicable rules and regulations) from brokers and dealers through whom investment transactions are carried out provided that the quality of transaction execution is consistent with best execution standards, brokerage rates are not in excess of customary institutional full-service brokerage rates and the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer. For the avoidance of doubt, such goods and services do not include travel accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments. Details of soft dollar arrangements will be disclosed in each Sub-Fund's annual report.

The services of the Trustee provided to the Trust and each Sub-Fund are not deemed to be exclusive and the Trustee shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all fees and other monies payable thereby and the Trustee shall not be deemed to be affected with notice of or to be under any duty to disclose to each Sub-Fund any fact or thing which comes to the notice of the Trustee in the course of the Trustee rendering similar services to others or in the course of its business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out its duties under the Trust Deed.

Conflicts of interest may also arise due to the widespread business operations of the Trustee, the Manager, the Registrar and the Service Agent and their respective holding companies, subsidiaries and affiliates. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of a Sub-Fund will be executed at arm's length terms and in the best interests of the Unitholders. For so long as the Sub-Fund is authorised by the SFC and it is an applicable requirement of the Code, the Manager, if transacting with brokers or dealers connected to the Manager, the Trustee, any investment delegates or any of their respective Connected Persons, must ensure it complies with the following obligations:

(a) such transactions should be on arm's length terms;

(b) it must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;

(c) transaction execution must be consistent with applicable best execution standards;

(d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

(e) the Manager must monitor such transactions to ensure compliance with its obligations; and

(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the relevant Sub-Fund.

The Manager will take all reasonable steps to identify, prevent, manage and monitor any actual or potential conflicts of interests, including conducting all transactions in good faith at arm's length and in the best interests of each Sub-Fund on normal commercial terms.

STATUTORY AND GENERAL INFORMATION

Reports and Accounts

The financial year-end of the Trust and each Sub-Fund is 31 December every year. Audited accounts are to be prepared (according to IFRS) and published on the Trust's website within 4 months of each financial year-end. Interim unaudited reports are also to be prepared up to the last Dealing Day in June of each year and published on the Trust's website within 2 months of such date. Once these reports are made available on the Trust's website, investors will be notified within the relevant timeframe.

Both English and Chinese language versions of the audited accounts and interim unaudited reports of each Sub-Fund will be available. Printed copies may be requested free of charge from the Manager by contacting it, as described below under "Notices".

The reports provide details of the assets of each Sub-Fund and the Manager's statement on transactions during the period under review (including a list of any constituent Securities of the relevant Index, if any, that each accounts for more than 10% of the weighting of the relevant Index as at the end of the relevant period and their respective weighting showing any limits adopted by the relevant Sub-Fund have been complied with). The reports shall also provide a comparison of each Sub-Fund's performance and the actual relevant Index performance over the relevant period and such other information as is required under the Code.

Trust Deed

The Trust and each Sub-Fund were established under Hong Kong law by the Trust Deed made between the Manager and the Trustee. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager out of the assets of the Trust Fund and their relief from liability in certain circumstances (summarised below in "Indemnities of the Trustee and Manager"). Unitholders and intending applicants should consult the terms of the Trust Deed.

Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the Trust Fund in respect of any action, costs, claims, damages, expenses or demands arising directly or indirectly from the proper performance of the Sub-Fund. Nothing in any of the provisions of the Trust Deed shall (i) exempt either the Trustee or the Manager (as the case may be) from or against any liability for breach of trust through its fraud or negligence or any liability imposed by virtue of any Hong Kong law in relation to its duties nor (ii) indemnify either the Trustee or the Manager (as the case may be) against such liability by Unitholders or at Unitholders' expense.

Modification of the Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the provisions of the Trust Deed by supplemental deed provided that in the opinion of the Trustee and the Manager such proposed modification, alteration or addition (i) does not materially prejudice the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of any Sub-Fund; (ii) is necessary in order to make possible compliance with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law); or (iii) is made to correct a manifest error. In all other cases, modifications, alterations and additions involving material changes require the sanction of an extraordinary resolution of the Unitholders affected. The SFC must, where applicable, also give its prior approval to such amendments to the Trust Deed.

The Manager will notify affected Unitholders of the amendments as soon as practicable in advance of such amendments having effect or after they are made if such notification is required under the Code.

Name of the Trust and the Sub-Funds

Under the Trust Deed the Manager may, on notice to the Trustee, change the name of the Trust and each Sub-Fund.

Meetings of Unitholders

Proxies may be appointed. A Unitholder who is the holder of two or more Units may appoint more than one proxy to represent him and vote on his behalf at any meeting of the Unitholders. If a clearing house (or its nominee(s)), being a corporation, is a Unitholder, it may authorise such persons as it think fit to act as its representatives at any meeting of the Unitholders provided that, if more than one person is so authorised, the authorisation shall specify the number and class of Units in respect of which each such representative is so authorised. Each person so authorised shall be deemed to have been duly authorised without further evidence of the facts and shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person were the registered Unitholder of the Units held by the clearing house (or its nominee(s)), including the right to vote individually on a poll.

Voting rights

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing at least 10% of the Units in issue, on not less than 21 days' notice.

These meetings may be used to modify the terms of the Trust Deed, including increasing the maximum fees payable to the service providers, removing the Manager or terminating a Sub-Fund at any time. Such amendments to the Trust Deed must be considered by Unitholders of at least 25% of the Units in issue and passed by 75% or more of the votes cast.

Other matters that require an ordinary resolution being passed would be considered by Unitholders of at least 10% of the Units in issue and passed by a simple majority (i.e. more than 50%) of the votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders holding Units of different classes where only the interests of Unitholders of such class are affected.

Termination

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation or a receiver is appointed and not discharged within 60 days; (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily; (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders; (iv) a law is passed that renders it illegal, or in the opinion of the Trustee, impracticable or inadvisable to continue the Trust; (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated shall fail to be approved by Extraordinary Resolution; or (vi) 30 days after the Trustee notifies the Manager of its intention to retire, no new person willing to act as trustee has been identified.

The Manager may terminate the Trust if: (i) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the units in the sub-fund(s) of the Trust is less than RMB150 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the good faith opinion of the Manager, makes it impracticable or inadvisable to continue the Trust; or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate a Sub-Fund if: (i) after one year from the date of establishment of the relevant Sub-Fund, the aggregate Net Asset Value of all the Units is less than RMB150 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Sub-Fund and which renders the relevant Sub-Fund illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue that Sub-Fund; (iii) the respective Index of the relevant Sub-Fund is no longer available for benchmarking or if the Units of the relevant Sub-Fund are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager; (iv) at any time, the relevant Sub-Fund ceases to have any Participating Dealer; or (v) the Manager is unable to implement its investment strategy. Further, the Unitholders may at any time authorise termination of the Trust or the relevant Sub-Fund by extraordinary resolution.

The Trustee may, in its absolute discretion, by notice in writing to the Manager, terminate a Sub-Fund if: (i) the Trustee forms the opinion for good and sufficient reason that the Manager is incapable of performing its duties satisfactorily in respect of the relevant Sub-Fund; (ii) the Trustee forms the opinion for good and sufficient reason that the Manager has failed to perform its duties satisfactorily in respect of the relevant Sub-Fund or has done something calculated to bring the relevant Sub-Fund into disrepute or that is harmful to the interests of Unitholders of the Sub-Fund; or (iii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Sub-Fund and which renders the relevant Sub-Fund illegal or in the good faith opinion of the Trustee makes it impracticable or inadvisable to continue the relevant Sub-Fund.

Notice of the termination of the Trust or a Sub-Fund will be given to the Unitholders after the SFC has approved the notice. The notice will contain the reasons for the termination, the consequences to Unitholders of terminating the Trust or the relevant Sub-Fund and the alternatives available to them, and any other information required by the Code. Any unclaimed proceeds or other monies held by the Trustee in the event of a termination may at the expiration of twelve calendar months from the date upon which the same became payable be paid into court.

Distribution Policy

The Manager will adopt a distribution policy for each Sub-Fund as the Manager considers appropriate having regard to the Sub-Fund's net income, fees and costs. For each Sub-Fund this distribution policy (including the currency of such distribution) will be set out in the relevant Appendix. Distributions will always depend on payments on Securities held by the relevant Sub-Fund which will in turn depend on factors beyond the control of the Manager including, general economic conditions, and the financial position and distribution policies of the relevant underlying entities. Unless otherwise specified in the relevant Appendix, no distribution will be paid out of capital and/or effectively out of capital of the Sub-Fund. There can be no assurance that such entities will declare or pay dividends or distributions.

Inspection of documents

Copies of the constitutive documents in respect of the Trust and each Sub-Fund are available for inspection free of charge during normal business hours on each Business Day at the offices of the Manager.

Part XV of the SFO

Part XV of the SFO sets out the Hong Kong disclosure of interests' regime applicable to Hong Kong listed companies. The regime does not apply to unit trusts that are listed on the SEHK like the Trust. Consequently, Unitholders are not obliged to disclose their interest in any of the Sub-Funds.

Anti-money laundering regulations

As part of the Manager's, the Trustee's and the Participating Dealer's responsibility for the

prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee, each Sub-Fund or the relevant Participating Dealer is subject, the Manager, the Registrar, the Trustee or the relevant Participating Dealer may require a detailed verification of an investor's identity and the source of payment of any applications for Units. Depending on the circumstances of each application, a detailed verification might not be required where:

(a) the investor makes the payment from an account held in the investor's name at a recognised financial institution; or

(b) the application is made through a recognised intermediary.

These exceptions apply only if the financial institution or intermediary is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

Index licence agreement

Please refer to the relevant Appendix for details in respect of each Index.

Material changes to an Index

The SFC should be consulted on any events that may affect the acceptability of an Index. Significant events relating to an Index will be notified to the Unitholders as soon as practicable. These may include a change in the methodology/rules for compiling or calculating the Index, or a change in the objective or characteristics of the relevant Index.

Replacement of an Index

The Manager reserves the right, with the prior approval of the SFC and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace an Index with another index in accordance with the provisions of the relevant index licence agreement, the Trust Deed and the Code. The circumstances under which any such replacement might occur include but are not limited to the following events:

(a) the relevant Index ceasing to exist;

(b) the licence to use the Index being terminated;

(c) a new index becoming available that supersedes the existing Index;

(d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Index;

(e) investing in the Securities comprised within the Index becomes difficult;

(f) the Index Provider increasing its licence fees to a level considered too high by the Manager;

(g) the quality (including accuracy and availability of the data) of the Index having in the opinion of the Manager, deteriorated;

(h) a significant modification of the formula or calculation method of the Index rendering that index unacceptable in the opinion of the Manager; and

(i) the instruments and techniques used for efficient portfolio management not being available.

The Manager may change the name of a Sub-Fund if the relevant Index changes or for any other reasons including if licence to use the relevant Index is terminated. Any change to (i) the use by a

Sub-Fund of the Index and/or (ii) the name of a Sub-Fund will be notified to investors.

Information available on the Internet

The Manager publishes important news and information with respect to each Sub-Fund (including in respect of the relevant Index), both in the English and in the Chinese languages, on the Trust's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC) including:

(a) this Prospectus (including the Product Key Facts Statement) in respect of each of the Sub-Funds (as revised from time to time);

(b) the latest annual audited report and interim unaudited report;

(c) the last Net Asset Value of each Sub-Fund in the base currency of the Sub-Fund and the last Net Asset Value per Unit of each Sub-Fund in each trading currency of the Sub-Fund (updated on a daily basis);

(d) the near real time indicative Net Asset Value per Unit of each Sub-Fund (updated every 15 seconds during the SEHK trading hours throughout each Dealing Day) in each trading currency of the Sub-Fund;

(e) the latest list of the participating dealers and market makers;

(f) the full holdings of each Sub-Fund (updated on a daily basis);

(g) any notices relating to material changes to each Sub-Fund which may have an impact on its investors, such as material alterations or additions to this Prospectus or any of the constitutive documents of the Trust and/or a Sub-Fund;

(h) any public announcements made by the Manager in respect of any of the Sub-Funds, including information with regard to a Sub-Fund and the Sub-Fund's Index, notices of suspension of creation and redemption of Units, suspension of the calculation of the Net Asset Value, changes in fees and suspension and resumption of trading;

(i) the ongoing charges figure and the past performance information of each Sub-Fund;

(j) the annual tracking difference and tracking error of each Sub-Fund; and

(k) compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for the last 12 months.

The near real time indicative Net Asset Value per Unit in the trading currency that is not the base currency of the Sub-Fund, under (d) above, is indicative and is for reference only. This is updated during SEHK trading hours.

For Hang Seng China A Industry Top Index ETF and Hang Seng Harvest CSI 300 Index ETF, the near real time indicative Net Asset Value per Unit in HKD does not use a real time foreign exchange rate – it is calculated using the indicative Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate using the Tokyo Composite at 3:00pm Tokyo time (2:00pm Hong Kong time) mid rate for offshore RMB (CNH) quoted by Bloomberg on the previous SEHK trading day. Since the indicative Net Asset Value per Unit in RMB will not be updated when the underlying A-Shares market is closed, the change to the indicative Net Asset Value per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate. The last Net Asset Value per Unit in HKD under (c) above, is indicative, is for reference and is calculated using the last Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate using the Tokyo Composite at 3:00pm Tokyo time (2:00pm Hong Kong time) mid rate for offshore RMB (CNH) quoted by Bloomberg as of the same Dealing Day. When the underlying A-Shares market is closed, the official last Net Asset Value per Unit in RMB and the indicative last Net Asset Value per Unit in HKD will not be updated.

Real-time updates about the Index of each of Hang Seng China A Industry Top Index ETF and Hang Seng Harvest CSI 300 Index ETF, and the end of day Index level of the Index of the Hang Seng China New Economy Index ETF can be obtained through other financial data vendors. It is your own responsibility to obtain additional and the latest updated information about the relevant Index (including without limitation, a description of the way in which the Index is calculated, any change in the composition of the Index, any change in the method for compiling and calculating the Index) via the website www.hangsenginvestment.com, (for the Hang Seng China A Industry Top Index ETF and the Hang Seng China New Economy Index ETF) www.hsi.com.hk and/or (for the Hang Seng Harvest CSI 300 Index ETF only) http://www.csindex.com (these websites have not been reviewed by the SFC). Please refer to the section on "Website information" for the warning and the disclaimer regarding information contained in such website.

Notices

All notices and communications to the Manager and Trustee should be made in writing and sent to the following addresses:

Manager
Hang Seng Investment Management Limited
83 Des Voeux Road Central
Hong Kong

Trustee
HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Website information

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of the Listing Agent, the Manager or the Trustee accepts any responsibility for ensuring that the information contained in such other websites and sources, if available, is accurate, complete and/or up-to-date, and no liability is accepted by the Listing Agent, the Manager and the Trustee in relation to any person's use of or reliance on the information contained in these other websites and sources save, in respect of the Manager, its website www.hangsenginvestment.com (this website has not been reviewed by the SFC). The information and materials included in these websites have not been reviewed by the SFC or any regulatory body. You should exercise an appropriate degree of caution when assessing the value of such information.

TAXATION

The following summary is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units under the laws and practice of Hong Kong, the PRC and the laws and practice of other relevant jurisdictions. The information below is based on the law and practice in force in the relevant jurisdictions at the date of this Prospectus (save as otherwise specified). The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes and amendments may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus/the date on which the advice regarding the law and practice in force in the relevant jurisdictions was received. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below.

Hong Kong taxation

The Trust and the Sub-Funds

Profits Tax

As the Trust and each Sub-Fund have been authorised as a collective investment scheme by the SFC under Section 104 of the SFO, profits of the Trust and each Sub-Fund arising from the sale or disposal of Securities, net investment income received by or accruing to the Trust and each Sub-Fund and other income or profits of the Trust and each Sub-Fund are exempt from Hong Kong profits tax.

Stamp Duty

Pursuant to section 19(1DA) and Part 2 of Schedule 10 of the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) and according to the Stamping Circular No.02/2019, each Sub-Fund is an “authorized open-ended collective investment scheme” as defined under the Stamp Duty Ordinance, and, provided that the value of the Hong Kong stock is proportionate to the value of the Unit, any Hong Kong stamp duty (i.e. fixed and ad valorem) on the delivery of Hong Kong stocks as consideration for the allotment of Units will be exempted. Similarly, provided that the value of the Hong Kong stock is proportionate to the value of the Unit, Hong Kong stamp duty on the delivery of Hong Kong stocks as consideration for redemption of Units will also be exempted. The allotment or redemption is considered to be proportionate if the value of the Hong Kong stock sold or purchased is equivalent to the asset value of the Sub-Fund which the allotted or redeemed Unit represents as at the date of allotment or redemption (as the case may be).

No Hong Kong stamp duty is payable by each Sub-Fund on issues or redemptions of Units in cash.

The sale and purchase of the HK constituent stocks by the relevant Sub-Fund will be subject to Hong Kong stamp duty at the current rate of 0.26% of the price of the Hong Kong stocks being sold and purchased. The relevant Sub-Fund will be liable to one half of such Hong Kong stamp duty.

The Unitholders

Profits Tax

Hong Kong profits tax is not payable by a Unitholder (other than Unitholders carrying on a trade, profession or business in Hong Kong) on any gains or profits made on the sale, redemption or other disposal of the Units. Any distributions payable to Unitholders is not subject to withholding

tax in Hong Kong.

Stamp Duty

Pursuant to section 19(1DA) and Part 2 of Schedule 10 of the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) and according to the Stamping Circular No.02/2019, each Sub-Fund is an "authorized open-ended collective investment scheme" as defined under the Stamp Duty Ordinance, and, provided that the value of the Hong Kong stock is proportionate to the value of the Unit, any Hong Kong stamp duty (i.e. fixed and ad valorem) on the delivery of Hong Kong stocks as consideration for the allotment of Units will be exempted. Similarly, provided that the value of the Hong Kong stock is proportionate to the value of the Unit, Hong Kong stamp duty on the delivery of Hong Kong stocks as consideration for redemption of Units will also be exempted. The allotment or redemption is considered to be proportionate if the value of the Hong Kong stock sold or purchased is equivalent to the asset value of the Sub-Fund which the allotted or redeemed Unit represents as at the date of allotment or redemption (as the case may be).

No Hong Kong stamp duty is payable by an investor in relation to an issue of Units to him or her or the redemption of Units by him or her or on the sale and purchase of Units by him or her in the secondary market.

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance 2016 (the "Amendment Ordinance"), which is the legislative framework for the implementation of Automatic Exchange of Financial Account Information (the "AEOI") in Hong Kong, came into force on 30 June 2016.

The AEOI is a new system that involves the transmission of financial account information from Hong Kong to an overseas tax jurisdiction with which Hong Kong has entered into an AEOI agreement[1]. Under the Amendment Ordinance, reporting financial institutions in Hong Kong are required to apply due diligence procedures to identify the tax residency of the account holders and controlling persons for the purpose of AEOI[2] and collect the specified information. The financial institution is required to report to the IRD the required information collected in respect of the reportable accounts on an annual basis. IRD will then transmit the information to the tax administration of the relevant jurisdiction of which the account holder is tax resident[3]. Under the Amendment Ordinance, information that may be reported to the IRD includes details of account holders, including but not limited to their name, date of birth, place of birth (if any), address, jurisdiction of tax residence, tax identification number (if any), account number, account balance/value, distribution income and sales/redemption proceeds.

Each Sub-Fund, as a reporting financial institution, is required to, amongst other things:

(i) conduct due diligence on its financial accounts to identify whether any such accounts are considered as "Reportable Accounts" for AEOI purpose; and

(ii) report to the IRD the required information on such Reportable Accounts.

By investing and/or continuing to invest in the Sub-Funds, Unitholders acknowledge that:

(i) the IRD may automatically exchange information of the Unitholders (and information on

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[1] *FAQ1 of the Frequently Asked Questions regarding the Automatic Exchange of Financial Account Information available at the website of the Inland Revenue Department (Version date: 1 February 2021) http://www.ird.gov.hk/eng/faq/dta_aeoi.htm*

[2] *FAQ6 of the Frequently Asked Questions regarding the Automatic Exchange of Financial Account Information available at the website of the Inland Revenue Department (Version date: 1 February 2021) http://www.ird.gov.hk/eng/faq/dta_aeoi.htm*

[3] *FAQ3 of the Frequently Asked Questions regarding the Automatic Exchange of Financial Account Information available at the website of the Inland Revenue Department (Version date: 1 February 2021) http://www.ird.gov.hk/eng/faq/dta_aeoi.htm*

controlling persons including beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are passive non-financial entities) as outlined above with relevant tax authorities in other jurisdictions;

(ii) Unitholders may be required to provide additional information and/or documentation for AEOI purpose; and

(iii) in the event that an Unitholder fails to provide the requested information and/or documentation, irrespective of whether or not that actually leads to non-compliance on the part of the Sub-Funds and/or the Manager, the Manager reserves the right to take remedial actions including, without limitation, to require the Unitholder to transfer the Unitholder's Units or, failing such transfer, redeem such Units in accordance with the Trust Deed, and to the extent permitted by applicable laws and regulations.

Unitholders and prospective investors should consult their professional advisers and obtain independent professional advice on the implications of AEOI on their current and/or proposed investment in a Sub-Fund.

PRC taxation

Investors should consult their own tax advisors regarding the possible PRC tax implications on an investment in the Sub-Fund(s) (including capital gains thereon) with respect to their own situation.

By investing in Securities issued by PRC tax resident enterprises, irrespective of whether such Securities are issued or distributed onshore ("onshore PRC securities") or offshore ("offshore PRC securities", and together with onshore PRC securities, the "PRC Securities"), a Sub-Fund may be subject to PRC taxes. It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC Securities than currently contemplated. Unitholders should seek their own tax advice on their tax positions with regard to their investments in the Sub-Funds.

Corporate Income Tax

Under current PRC Corporate Income Tax Law and regulations, if the Trust or a Sub-Fund is considered as a PRC tax resident enterprise, it will be subject to PRC Corporate Income Tax ("CIT") at the rate of 25% on its worldwide taxable income. If the Trust or a Sub-Fund is considered as a non-PRC tax resident enterprise with an establishment or place of business (a "PE") in the PRC, the profits attributable to that PE would be subject to CIT at 25%.

The Manager intends to manage and operate the Trust and each Sub-Fund in such a manner that the Trust and each Sub-Fund should not be treated as PRC tax resident enterprises or non-PRC tax resident enterprises with a PE in the PRC for CIT purposes, although this cannot be guaranteed. Under the PRC Corporate Income Tax Law and its implementation rules, incomes derived from the PRC by non-PRC tax resident enterprises which have no PE in the PRC are generally subject to withholding of CIT at the rate of 10% (such rate may however be subject to change from time to time).

Any CIT imposed on the Manager (as the RQFII holder) (if applicable) in respect of the PRC Securities invested by the Trust or each Sub-Fund will be passed on to the Trust and such Sub-Fund and the asset value of the Trust and each Sub-Fund will be reduced accordingly.

Dividend income and distribution income – Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-PRC tax resident enterprises without a PE in the PRC are subject to CIT on a withholding basis ("WIT"), generally at a rate of 10%, to the extent it directly derives the PRC sourced passive income. PRC sourced passive income (such as dividend income and distribution income) may arise from investments in the PRC Securities. Accordingly, the Trust or the Sub-Funds may be subject to WIT on any cash dividends and distributions it receives from its investment in PRC Securities. The entity

distributing or paying such PRC sourced passive income is required to withhold such tax. Such WIT will reduce the income from the Trust and the Sub-Funds and adversely affect the performance of the Trust and the Sub-Funds.

Under current regulations in the PRC, foreign investors (such as the Trust and each of the Sub-Funds) may invest in onshore PRC securities, generally, only through a QFII or a RQFII (in this section and for any Sub-Fund referred to as the "relevant RQFII"). Since only the relevant RQFII's interests in onshore PRC securities are recognised under PRC laws, any tax liability would, if it arises, be payable by the relevant RQFII. However under the terms of the arrangement between the relevant RQFII and the Trust, the relevant RQFII will pass on any tax liability to the Trust for the account of a Sub-Fund. As such, the Trust is the ultimate party which bears the risks relating to any PRC taxes which are so levied by the relevant PRC tax authority. Under current PRC tax laws and regulations, a relevant RQFII is subject to a WIT of 10% on cash dividends and distributions from the PRC securities unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.

With the "Circular on tax collection policies concerning the Pilot Programme of the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) (the "Circular 81") and "Circular on tax collection policies concerning the Pilot Programme of the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127) (the "Circular 127") promulgated by the Ministry of Finance of the PRC, the STA and the CSRC on 31 October 2014 and 5 November 2016 respectively, dividends received by investors in the Hong Kong market from investments in A-Shares listed on the SSE and the SZSE via the Stock Connect are subject to WIT at the rate of 10%.

The Manager reserves the right to make relevant provision on dividends and distributions if the CIT is not withheld at source.

Capital gains – The "Circular on issues concerning the temporary exemption from the imposition of CIT on gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments such as PRC domestic stocks" (Caishui [2014] No.79) promulgated by the Ministry of Finance of the PRC, the STA and the CSRC on 31 October 2014 (the "Circular 79") states that (i) with effect from 17 November 2014, gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments such as PRC domestic stocks are temporarily exempt from the CIT and (ii) CIT is imposed on the said gains derived by QFIIs and RQFIIs prior to 17 November 2014 in accordance with laws. The Circular 79 applies to QFIIs and RQFIIs without a PE in mainland China or where the QFIIs and RQFIIs have a PE in mainland China, the said gains are not actually connected to such PE in mainland China.

Pursuant to the Circular 79, the Manager, having taken and considered independent professional tax advice, has determined not to make WIT provision for gross realised or unrealised capital gains derived from trading of A-Shares via RQFII from 17 November 2014 onwards.

As for the gross realised capital gains derived from trading of A-Shares via RQFII before 17 November 2014, certain tax relief is applicable to Hong Kong tax residents under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "China-HK Arrangement"). One type of such relief under the China-HK Arrangement is that capital gains derived by a Hong Kong tax resident from transfer of shares of a PRC tax resident company would be taxed in the PRC only if:

- 50% or more of the PRC tax resident company's assets are comprised, directly or indirectly, of immovable property situated in the PRC (an "immovable properties-rich company") or

- The Hong Kong tax resident holds at least 25% of the shares of the PRC tax resident company at any time within the 12 months before the alienation.

Pursuant to the relevant PRC tax regulations, to enjoy relief under the China-HK Arrangement, a Hong Kong tax resident should submit to the relevant PRC tax authority a Hong Kong Tax Resident Certificate (a "HKTRC") issued by the IRD.

In respect of Hang Seng China A Industry Top Index ETF, the Manager has applied to the IRD on behalf of the Sub-Fund for the HKTRCs and obtained HKTRCs for the Sub-Fund for each calendar year since the Sub-Fund's inception date to the calendar year ended 31 December 2014. The Manager, as the RQFII, submitted the required information and documents on behalf of the Sub-Fund to the Beijing tax authority in July 2015 to report the WIT payable on gross realised capital gains derived from trading of immovable properties-rich A-shares and applied for WIT exemption on gross realised capital gains derived from trading of A-Shares which are issued by non-immovable properties-rich companies under the China-HK Arrangement for the period from the Sub-Fund's inception date to 16 November 2014. The Beijing tax authority has completed the review on the Sub-Fund's aforesaid tax reporting and tax treaty applications. Subsequently the Sub-Fund paid WIT on gross realised capital gains arising from the Sub-Fund's disposal of A-Shares issued by immovable properties-rich companies for the period from the Sub-Fund's inception date to 16 November 2014. The Sub-Fund then reversed the excess of the WIT provision over the Sub-Fund's actual WIT liability on gross realised capital gains arising from the Sub-Fund's disposal of A-Shares issued by immovable properties-rich companies for the period from the inception of the Sub-Fund up to and including 16 November 2014.

Unitholders should note that the aforesaid tax reporting and tax treaty application are made in accordance with the prevailing tax rules and practices of the Beijing tax authority at the time of submission. The Net Asset Value of a Sub-Fund may require further adjustment to take into account any retrospective application of new tax regulations and development, including change or difference in interpretation of the relevant regulations by the PRC tax authorities.

With the Circular 81 and the Circular 127, gains derived by investors in the Hong Kong market from the transfer of investments in A-Shares listed on the SSE and the SZSE via the Stock Connect are temporarily exempt from CIT. In light of the Circular 81 and the Circular 127, and having taken and considered independent professional tax advice, the Manager has determined not to make WIT provision for capital gains derived from trading of A-Shares listed on the SSE and the SZSE via the Stock Connect.

It should be noted that (i) the Circular 79 states that the CIT exemption on gains derived by RQFIIs from the transfer of PRC equity interest investments effective from 17 November 2014 is temporary and (ii) the Circular 81 and the Circular 127 state that the CIT exemption on gains derived by investors in the Hong Kong market from the transfer of investments in A-Shares listed on the SSE and the SZSE via the Stock Connect is temporary. As such, as and when any of the aforesaid tax exemptions expires, a Sub-Fund may need to make provision again to reflect taxes payable, which may have a significant negative impact on the Net Asset Value of the relevant Sub-Fund.

There are still uncertainties as to the application of the PRC CIT Law and its implementation rules. It is also uncertain as to whether a Sub-Fund may be subject to other taxes imposed in the mainland China in respect of its investments in the relevant PRC investments. It is possible that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. A Sub-Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the PRC Investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, that Sub-Fund's PRC Investments. Any increased tax liabilities on that Sub-Fund may adversely affect that Fund's value.

Where no provision is made by the Manager in relation to all or part of the actual tax levied by the relevant PRC tax authorities in the future, investors should note that the Net Asset Value of a Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, such amount of tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged. The Manager reserves the right to provide for WIT and to deduct or to withhold the tax for the account of the relevant Sub-Fund if so warranted.

Please refer to the risk factor "PRC withholding taxation risk" for further information in this

regard.

Value-Added Tax

With the Circular Caishui [2016] No. 36 (the "Circular 36") promulgated by the Ministry of Finance of the PRC and the STA on 23 March 2016 regarding the final stage of PRC Value-Added Tax ("VAT") reform which came into effect on 1 May 2016, gains derived from the trading of PRC securities will be subject to VAT instead of PRC Business Tax starting from 1 May 2016, unless exemption is available. If VAT is applicable, there may also be other surtaxes.

According to the current VAT regulations, (i) gains derived by RQFII from transfer of securities in the mainland China and (ii) gains derived by investors in the Hong Kong market from transfer of investments in A-shares listed on the SSE and the SZSE via the Stock Connect are exempt from VAT during the final stage of the VAT reform.

There are still uncertainties as to the application of the rules and regulations on the VAT and its surtaxes. It is also uncertain as to whether a Sub-Fund may be subject to other taxes imposed in the mainland China in respect of its investments in the relevant PRC investments. It should be noted that there is no assurance that the current exemptions of the VAT as stated above will not be repealed. As such, as and when any of the aforesaid tax exemptions expires, the relevant Sub-Funds may need to make provision again to reflect the taxes payable, which may have a significant negative impact on the Net Asset Values of the relevant Sub-Funds.

Where no provision is made by the Manager in relation to all or part of the actual taxes levied by the relevant PRC tax authorities in the future, investors should note that the Net Asset Value of a Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, such amount of tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged. The Manager reserves the right to provide for VAT and its surtaxes and to deduct or to withhold the taxes for the account of the relevant Sub-Fund if so warranted.

Stamp duty

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in the PRC of certain documents, including contracts for the sale of China A-Shares traded on the PRC stock exchanges. In the case of contracts for sale of China A-Shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

The United States of America – Foreign Account Tax Compliance Act (FATCA)

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("FATCA") impose a 30% withholding tax on certain payments to a foreign financial institution ("FFI") if that FFI is not compliant with FATCA. Each of the Sub-Funds is a FFI and thus, subject to FATCA. Each Sub-Fund in the Trust intends to comply with FATCA by qualifying as a Deemed-Compliant FFI.

This withholding tax applies to payments to each Sub-Fund that constitute interest, dividends and other types of income from U.S. sources (such as dividends paid by a U.S. corporation).

These FATCA withholding taxes may be imposed on payments to a Sub-Fund unless (i) the relevant Sub-Fund becomes FATCA compliant pursuant to the provisions of FATCA and the relevant regulations, notices and announcements issued thereunder, or (ii) the relevant Sub-Fund is subject to an appropriate Intergovernmental Agreement to improve international tax compliance and to implement FATCA ("IGA"). The Sub-Funds intend to comply with FATCA so that no FATCA withholding is imposed on any payments to the Sub-Funds.

Hong Kong and the U.S. have entered into an IGA for the implementation of FATCA, adopting "Model 2" IGA arrangements. Under these "Model 2" IGA arrangements, FFIs in Hong Kong (such

as the Sub-Funds) will be required to register with the U.S. Internal Revenue Service ("IRS") and comply with the terms of FFI Agreement. Otherwise, they will be subject to a 30% withholding tax on relevant US-sourced payments to them. As a sponsoring entity, the Manager has registered with the U.S. IRS on behalf of each Sub-Fund. Each Sub-Fund intends to take any other measures that may be required to ensure compliance under the terms of the IGA and local implementing regulations.

In order to comply with its FATCA obligations, each Sub-Fund is required to obtain certain information from its Unitholders so as to ascertain their U.S. tax status, including the appropriate U.S. IRS withholding statement on Form W-8 or W-9. If the Unitholder is a specified U.S. person, U.S. owned non-U.S. entity, non-participating FFI ("NPFFI") or does not provide the requisite documentation, each Sub-Fund may need to report information on these Unitholders to the appropriate tax authority, as far as legally permitted.

If a Unitholder either fails to provide the relevant Sub-Fund, its agents or authorised representatives with any correct, complete and accurate information that may be required for the Sub-Fund to comply with FATCA or is a NPFFI, to the extent that it is required to comply with the terms of the IGA, the Unitholder may be subject to withholding on amounts otherwise distributable to the Unitholder, (provided that the Manager or the Trustee (as the case may be) shall observe relevant legal requirements and shall act in good faith and on reasonable grounds). The Sub-Fund may at its discretion enter into any supplemental agreement without the consent of Unitholders to provide for any measures that the Sub-Fund deem appropriate or necessary to comply with FATCA.

Other countries have adopted or are in the process of adopting tax legislation concerning the reporting of information, including AEOI as described above. Each of the Sub-Funds also intends to comply with such other similar tax legislation that may apply to each Sub-Fund, although the exact parameters of such requirements are not yet fully known. As a result, each Sub-Fund may need to seek information about the tax status of Unitholders under such other country's laws and each Unitholder for disclosure to the relevant governmental authority.

The disclosure in this sub-section is based on advice received by each Sub-Fund regarding the law and practice in force in the U.S. as at 8 November 2019. Unitholders/Investors should consult their own tax advisors regarding the FATCA requirements with respect to their own situation. In particular, investors who invest in a Sub-Fund through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer FATCA withholding tax on their investment returns.

Although each Sub-Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Sub-Fund will be able to satisfy these obligations. If the Sub-Fund becomes subject to a withholding tax as a result of the FATCA regime, the value of the Units held by Unitholders may suffer material losses.

SCHEDULE 1

INVESTMENT RESTRICTIONS, SECURITY LENDING AND BORROWING

Investment restrictions

If any of the restrictions or limitations set out in this Schedule 1 are breached, the Manager will make it a priority objective to take all necessary steps within a reasonable period to remedy such breach, taking into due account the Unitholders' interests.

The Trustee will take reasonable care to ensure compliance with the investment and borrowing limitations set out in the constitutive documents and the conditions under which the Sub-Fund was authorised.

Unless otherwise specifically provided for in the relevant Appendix, the investment restrictions applicable to each Sub-Fund (that are included in the Trust Deed) are summarised below:

(a) the aggregate value of a Sub-Fund's investments in, or exposure to, any single entity through the following may not exceed 10% of the Net Asset Value of such Sub-Fund, (save as permitted by Chapter 8.6(h) of the Code and as varied by Chapter 8.6(h)(a) of the Code):

(1) investments in Securities issued by such entity;

(2) exposure to such entity through underlying assets of FDI; and

(3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;

(b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of a Sub-Fund's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the Net Asset Value of the Sub-Fund:

(1) investments in Securities issued by such entities;

(2) exposure to such entities through underlying assets of FDIs; and

(3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;

(c) unless otherwise approved by the SFC, the value of a Sub-Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the Net Asset Value of the Sub-Fund, unless:

(1) the cash is held before the launch of the Sub-Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or

(2) the cash is proceeds from liquidation of investments prior to the merger or termination of a Sub-Fund, whereby the placing of cash deposits with various financial institutions may not be in the best interest of investors; or

(3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests;

For the purposes herein, "cash deposits" generally refer to those that are repayable on demand or have the right to be withdrawn by a Sub-Fund and not referable to provision of property or services.

(d) ordinary shares issued by any single entity (other than Government and other Public Securities) held for the account of a Sub-Fund, when aggregated with other holdings of ordinary shares issued by the same entity held for the account of all other Sub-Funds under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by the entity;

(e) not more than 15% of the Net Asset Value of a Sub-Fund may be invested in Securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such Securities are regularly traded;

(f) notwithstanding (a), (b), (d) and (e), where direct investment by a Sub-Fund in a market is not in the best interests of investors, a Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:

(1) the underlying investments of the subsidiary, together with the direct investments made by the Sub-Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;

(2) any increase in the overall fees and charges directly or indirectly borne by the Unitholders or the Sub-Fund as a result must be clearly disclosed in the Prospectus; and

(3) the Sub-Fund must produce the reports required by the Code in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Sub-Fund;

(g) notwithstanding (a), (b) and (d), not more than 30% of the Net Asset Value of a Sub-Fund may be invested in Government and other Public Securities of the same issue;

(h) subject to (g), a Sub-Fund may fully invest in Government and other Public Securities in at least six different issues. Subject to the approval of the SFC, a Sub-Fund which has been authorised by the SFC as an index fund may exceed the 30% limit in (g) and may invest all of its assets in Government and other Public Securities in any number of different issues;

(i) unless otherwise approved by the SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary, a Sub-Fund may not invest in physical commodities;

(j) for the avoidance of doubt, exchange traded funds that are:

(1) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or

(2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (x) listed Securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (y) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in exchange traded funds shall be subject to

paragraph (e) above and the relevant investment limits in exchange traded funds by a Sub-Fund should be consistently applied and clearly disclosed in this Prospectus;

(k) where a Sub-Fund invests in shares or units of other collective investment schemes ("underlying schemes"),

(1) the value of such Sub-Fund's investment in units or shares in underlying schemes which are non-eligible schemes (as determined by the SFC) and not authorised by the SFC may not in aggregate exceed 10% of the Net Asset Value of the Sub-Fund; and

(2) such Sub-Fund may invest in one or more underlying schemes which are either schemes authorised by the SFC or eligible schemes (as determined by the SFC), but the value of the Sub-Fund's investment in units or shares in each such underlying scheme may not exceed 30% of the Net Asset Value of the Sub-Fund, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the Prospectus of the Sub-Fund,

provided that in respect of (1) and (2) above:

(i) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, a Sub-Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total net asset value, and exchange traded funds satisfying the requirements in paragraph (j) above in compliance with paragraph (k)(1) and (k)(2);

(ii) where the underlying schemes are managed by the same management company as that of a Sub-Fund that invests in them, or by other companies within the same group that the Manager belongs to, then paragraphs (a), (b), (d) and (e) above are also applicable to the investments of the underlying scheme;

(iii) the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s);

(3) where an investment is made in any underlying scheme(s) managed by the Manager or any of its Connected Persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and

(4) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the management company of an underlying scheme, or any quantifiable monetary benefits in connection with investments in any underlying scheme;

(l) a Sub-Fund may invest 90% or more of its total Net Asset Value in a single collective investment scheme and will be authorised as a feeder fund by the SFC. In this case:

(1) the underlying scheme ("master fund") must be authorised by the SFC;

(2) the relevant Appendix must state that:

(i) the Sub-Fund is a feeder fund into the master fund;

(ii) for the purpose of complying with the investment restrictions, the Sub-Fund and its master fund will be deemed a single entity;

(iii) the Sub-Fund's annual report must include the investment portfolio of the master fund as at the financial year end date; and

(iv) the aggregate amount of all the fees and charges of the Sub-Fund and its underlying master fund must be clearly disclosed;

(3) unless otherwise approved by the SFC, no increase in the overall total of initial charges, redemption charges, Manager's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders or by the Sub-Fund may result, if the master fund in which the Sub-Fund invests is managed by the Manager or by its Connected Person; and

(4) notwithstanding paragraph (k)(2)(iii) above, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in paragraphs (k)(1) and (k)(2); and

(m) if the name of a Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund should, under normal market circumstances, invest at least 70% of its Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Sub-Fund represents.

The Manager shall not on behalf of any Sub-Fund(s):

(A) invest in a security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class, or the directors and officers of the Manager collectively own more than 5% of those securities;

(B) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts (REITs)). In the case of investments in such shares and REITs, they shall comply with the investment limits as set out in Chapters 7.1, 7.1A, 7.2, 7.3 and 7.11 of the Code, where applicable. For the avoidance of doubt, where investments are made in listed REITs, Chapter 7.1, 7.1A and 7.2 of the Code apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then Chapters 7.3 and 7.11 of the Code apply respectively;

(C) make short sales if as a result such Sub-Fund would be required to deliver Securities exceeding 10% of the Net Asset Value of such Sub-Fund (and for this purpose Securities sold short must be actively traded on a market where short selling is permitted). For the avoidance of doubt, the Sub-Fund is prohibited to carry out any naked or uncovered short sale of securities and short selling should be carried out in accordance with all applicable laws and regulations;

(D) lend or make a loan out of the assets of such Sub-Fund, except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;

(E) subject to (e), assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;

(F) enter into any obligation in respect of such Sub-Fund or acquire any asset or engage in any transaction for the account of such Sub-Fund which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of Unitholders is limited to their investment in the relevant Sub-Fund; or

(G) apply any part of such Sub-Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of such Sub-Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs for the purposes of Chapter 7.29 and 7.30 of the Code.

Note: The investment restrictions set out above apply to each Sub-Fund, subject to the following: A collective investment scheme authorised by the SFC under the Code is usually restricted from making investments which would result in the value of that collective investment scheme's holdings of the Securities of any single entity exceeding 10% of the collective investment scheme's total net asset value. For a Sub-Fund authorised under Chapter 8.6 of the Code as an index tracking exchange traded fund, given the investment objective of the Sub-Fund and the nature of the Index, the relevant Sub-Fund is allowed under Chapter 8.6(h) of the Code to hold investments in constituent Securities of any single entity exceeding 10% of the relevant Sub-Fund's Net Asset Value if such constituent Securities account for more than 10% of the weighting of the Index and the relevant Sub-Fund's holding of any such constituent Securities does not exceed their respective weightings in the Index, except where the weightings are exceeded as a result of changes in the composition of the Index and the excess is only transitional and temporary in nature. However, the Manager may cause a Sub-Fund to deviate from the Index weighting (in pursuing a representative sampling strategy) under Chapter 8.6(h)(a) of the Code on the condition that (i) the representative sampling strategy must be clearly disclosed in this offering document, (ii) the excess of weightings of the constituent securities held by the Sub-Fund over the weightings in the Index must be caused by the implementation of the representative sampling strategy and (iii) the maximum deviation from the index weighting of any constituent will not exceed the percentage as determined by the Manager after consultation with the SFC, as disclosed in the relevant Appendix. In determining this limit, the Sub-Fund must consider the characteristics of the underlying constituent securities, their weightings and the investment objectives of the Index and any other suitable factors. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit. The annual and interim financial statements of the relevant Sub-Fund shall also disclose whether or not such limit has been complied with during such period and account for any non-compliance in those reports.

Securities Financing Transactions

There is no current intention for any Sub-Fund to engage in securities lending transactions, repurchase transactions, reverse repurchase transactions and other similar over-the-counter transactions, but this may change in light of market circumstances and where a Sub-Fund does engage in these types of transactions, prior approval shall be obtained from the SFC and no less than one month's prior notice will be given to the Unitholders.

Borrowing policy

Borrowing against the assets of a Sub-Fund is allowed up to a maximum of 10% of its latest available Net Asset Value. Where the Manager so determines, a Sub-Fund's permitted borrowing level may be a lower percentage as set out in the relevant Appendix. The Trustee may at the request of the Manager borrow for the account of a Sub-Fund any currency, and charge or pledge assets of the Sub-Fund, for the following purposes:

(a) facilitating the creation or redemption of Units or defraying operating expenses;

(b) enabling the Manager to acquire Securities for the account of the Sub-Fund; or

(c) for any other proper purpose as may be agreed by the Manager and the Trustee.

PART 2 – SPECIFIC INFORMATION RELATING TO EACH SUB-FUND

Part 2 of this Prospectus includes specific information relevant to each Sub-Fund established under the Trust and listed on the SEHK. It is updated from time to time by the Manager. Information relating to each Sub-Fund is set out in a separate Appendix.

The information presented in each Appendix in this Part 2 should be read in conjunction with the information presented in Part 1 of this Prospectus. Where the information in any Appendix in this Part 2 conflicts with the information presented in Part 1, the information in the relevant Appendix in the Part 2 prevails. However, it is applicable to the specific Sub-Fund of the relevant Appendix only.

Defined terms used in each of the Appendices and which are not defined in this Part 2, bear the same meanings as in Part 1 of this Prospectus. References in each Appendix to “Sub-Fund” refer to the relevant Sub-Fund which is the subject of that Appendix. References in each Appendix to “Index” refer to the relevant Index details of which are set out in that Appendix.

APPENDIX 1: HANG SENG CHINA A INDUSTRY TOP INDEX ETF

Key information

Set out below is a summary of key information in respect of this Sub-Fund which should be read together with the full text of this Appendix and this Prospectus.

Index	Hang Seng China A Industry Top Index
Type of index	Price return, i.e. the performance of the Index is calculated on the basis that dividends are not reinvested
Listing Date (SEHK)	26 November 2013
Exchange Listing	SEHK – Main Board
Stock Code	83128 – RMB counter 03128 – HKD counter
Short Stock Name	HS AINDTOPETF-R – RMB counter HS AINDTOPETF – HKD counter
Trading Board Lot Size	100 Units – RMB counter 100 Units – HKD counter
Base Currency	Renminbi (RMB)
Trading Currency	Renminbi (RMB) – RMB counter Hong Kong dollars (HKD) – HKD counter
Distribution Policy	Semi-annual cash dividends (if any) at the discretion of the Manager, which are expected to be in respect of the first half and the second half of each calendar year respectively. The Manager currently intends to make declaration of distribution in June and September of each year. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of

	dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital. Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit. **All Units (whether HKD traded Units or RMB traded Units) will receive distributions in RMB only.**[#]
Creation/Redemption Policy	Cash (RMB) only
Application Unit Size (only by or through Participating Dealers)	Minimum 100,000 Units (or multiples thereof) or such other number of Units determined by the Manager, approved by the Trustee and notified by the Manager to the Participating Dealers
Dealing Day	Each Business Day during the continuance of the Sub-Fund on which (i) each of the SEHK, the SSE and the SZSE is open for normal trading for a full trading day and (ii) the SEHK is open for Northbound trading through the Shanghai-Hong Kong Stock Connect and through Shenzhen-Hong Kong Stock Connect, and/or such other day or days as the Manager may from time to time determine with the written approval of the Trustee.
Dealing Deadline	1:00 p.m. (Hong Kong time)
Management Fee	Currently 0.55% per year of the Net Asset Value
Investment Strategy	Full replication. Please refer to the section on "What is the investment strategy?" below
Financial Year End	31 December
Market Makers (HKD counter)*	BNP Paribas Securities (Asia) Limited HSBC Securities Brokers (Asia) Limited

Market Makers (RMB counter)*	BNP Paribas Securities (Asia) Limited HSBC Securities Brokers (Asia) Limited
Participating Dealers*	China Merchants Securities (HK) Co., Ltd. Haitong International Securities Company Limited Hang Seng Securities Limited Merrill Lynch Far East Limited SG Securities (HK) Ltd The Hongkong and Shanghai Banking Corporation Limited
Service Agent	HK Conversion Agency Services Limited
Website	www.hangsenginvestment.com (this website has not been reviewed by the SFC)

Both HKD traded Units and RMB traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders should check with their brokers for arrangements concerning distributions and consider the risk factor entitled "RMB distributions risk" in Part 1 of this Prospectus.

^ *The Manager may at its discretion pay distribution out of gross income while charging/paying all or part of the Sub-Fund's fees and expenses to/out of the capital of the Sub-Fund (resulting in an increase in distributable income for the payment of distribution by the Sub-Fund), and thereby effectively pay distributions out of the capital of the Sub-Fund.*

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

What is the investment objective?

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Index.

What is the investment strategy?

In seeking to achieve the Sub-Fund's investment objective, the Manager will only use a full replication strategy through investing directly in constituent stocks of the Index in substantially the same weightings in which they are included in the Index, through the RQFII status granted to the Manager by the SAFE and/or through the Stock Connect. The Manager will not adopt a representative sampling strategy. The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to Unitholders before adopting a representative sampling strategy (where applicable).

The Sub-Fund may also invest not more than 5% of its Net Asset Value in money market funds and in cash deposits for cash management purpose.

Currently the Manager has no intention to invest the Sub-Fund in any FDIs (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes. The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to

Unitholders before the Manager engages in any such investments.

There is no current intention for the Sub-Fund to engage in securities lending, repurchase transactions or other similar over-the-counter transactions, but this may change in light of market circumstances. The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to Unitholders before the Manager engages in these types of transactions.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Schedule 1 of this Prospectus.

Risk factors relating to the Sub-Fund

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are, in the opinion of the Manager, also considered to be relevant and presently applicable to the Sub-Fund.

Concentration risk

The Sub-Fund is subject to concentration risk as a result of tracking the performance of a single geographical region (the PRC). It is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the PRC.

Reliance on the same group risk

Both the Manager and the Index Provider are presently subsidiaries of Hang Seng Bank Limited (the "Hang Seng Bank Group"). Nonetheless, the Manager does not consider this will be a risk for the following reasons:

(a) The Index Provider's operations and the Manager's investment management operations are under the responsibility of different staff and management teams. There are no common directors between the Index Provider and the Manager.

(b) The Hang Seng Bank Group has internal policies and procedures in place which ensure that effective "Chinese Walls" are created and maintained between different legal entities of the Hang Seng Bank Group and their operations and which impose strict obligations of confidentiality on such legal entities' staff. Information is disclosed between different operations within the same legal entity and between different legal entities of the Hang Seng Bank Group on a "need to know" basis only.

(c) The Hang Seng Bank Group has procedures in place restricting access to important systems to authorised personnel. All of the Hang Seng Bank Group's staff are required to comply with the Hang Seng Bank Group's internal policies and procedures and the IT security standards of the Hang Seng Bank Group.

(d) As indicated in the section on "Index and Disclaimer" below, the Index has clear and well documented methodology and rules by which the Index is calculated.

Apart from the above, each of the Trustee (also acting as the Registrar), Manager (also acting as the Listing Agent) and the Index Provider are subsidiaries of HSBC Holdings plc (the "Group"). One or more of the Participating Dealers and/or Market Makers may also from time to time be members of the Group. Whilst these are separate legal entities and operationally independent, in the event of a financial catastrophe or the insolvency of any member of the Group, there may be adverse implications for the business of the Group as a whole or other members of the Group which could affect the provision of services to the Sub-Fund. In such event the Net Asset Value of the Sub-Fund may be adversely affected and its operation disrupted.

It should be noted that the Trustee, the Manager and the Index Provider are presently all members of the Group, and one or more of the Participating Dealers and/or Market Makers may from time to time be members of the Group. As such, although all transactions will be at arm's

length, conflicts of interest in respect of the Sub-Fund may arise from time to time amongst any of them whilst they belong to the Group. In particular, the Manager and the Trustee may be in dispute with the present Index Provider if it terminates the licence to use the Index. The Manager and each of its Connected Persons will have regard to its obligations to the Sub-Fund and Unitholders and will endeavour to ensure such conflicts are resolved fairly. The attention of investors is drawn to the section headed "Conflicts of Interest and Soft Dollars" in Part 1 of this Prospectus.

The Offering

For HS Funds, special creations and redemptions for Units in the Sub-Fund in cash through the Manager are available.

The current Dealing Deadline for making a Creation Application, a Redemption Application, a Special Creation Application or a Special Redemption is 1:00 p.m. (Hong Kong time) on the relevant Dealing Day, such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK, the SSE or the SZSE are reduced, or such other time prior to the calculation of Net Asset Value of the Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee.

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for cash (RMB) creation and redemption of Units in the primary market.

All Creation Applications shall be in RMB only, notwithstanding a Dual Counter being adopted for the Sub-Fund.

The attention of investors is drawn to the section entitled "The Offering" in Part 1 of this Prospectus.

Dual Counter

The Manager has arranged for the Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. Despite the Dual Counter arrangement, the creation of new Units and redemption of Units through Participating Dealers in the primary market are settled in RMB only. The cash creation of new Units in a Special Creation Application and cash redemption of Units in a Special Redemption Application are in RMB only. Furthermore, the Units created in a Special Creation Application can be deposited in RMB counter only and only Units in the RMB counter can be withdrawn directly in a Special Redemption Application.

The Sub-Fund offers two trading counters on the SEHK (i.e. RMB counter and HKD counter) to investors for secondary trading purposes. Units traded in RMB counter will be settled in RMB and Units traded in HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Units traded on both counters are of the same class and all Unitholders of both counters are treated equally. The two counters will have different stock codes, different stock short names and different ISIN numbers as follows: RMB counter and traded Units have a SEHK stock code 83128 and a short name "HS AINDTOPETF-R" whilst the HKD counter and traded Units have a SEHK stock code 03128 and a short name "HS AINDTOPETF". The ISIN for RMB counter and traded Units is HK0000159969 and the ISIN for HKD counter and traded Units is HK0000159977.

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Units traded in the RMB counter and that of HKD counter may be different and may not always maintain a close

relationship depending on factors such as market demand and supply and liquidity in each counter.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on HKEx's website http://www.hkex.com.hk/eng/prod/secprod/etf/dc.htm (this website has not been reviewed by the SFC).

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factor entitled "Dual Counter risks" in Part 1 of this Prospectus.

Exchange Listing and Trading (Secondary Market)

Dealings on the SEHK in Units began on 26 November 2013.

Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges. Investors' attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Redemptions

Units can be redeemed directly (through a Participating Dealer). Only cash redemption is available to the Participating Dealers in respect of the Sub-Fund.

Notwithstanding the Dual Counter, any cash proceeds received by a Participating Dealer in a cash Redemption Application shall be paid only in RMB. Both RMB traded Units and HKD traded Units may be redeemed by way of a Redemption Application (through a Participating Dealer). Where a Participating Dealer wishes to redeem HKD traded Units the redemption process is the same as for RMB traded Units. Investors' attention is drawn to the section entitled "Creations and Redemptions (Primary Market)" in Part 1 of this Prospectus for further information.

Distribution policy

The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of the capital. In the event that a Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such RMB distribution from RMB into HKD. Unitholders should check with their respective brokers concerning arrangements for distributions.

Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units).

Distribution payment rates in respect of Units will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend or distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or effectively out of capital may result in an immediate reduction of the Net Asset Value per Unit.

The composition of dividends payable on the Units (i.e. the amounts of dividends paid and the percentages of dividends paid out of (i) net distributable income and (ii) capital), if any, for a rolling 12 month period will be available from the Manager on request and will also be published on the Sub-Fund's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC). The Manager may amend the Sub-Fund's distribution policy with respect to the distribution out of capital or effectively out of capital of the Sub-Fund by giving not less than one month's prior notice to Unitholders.

Fees and expenses payable by a Sub-Fund

Manager's fee

The Manager is entitled to receive a management fee of up to 1.00% per year of the Net Asset Value of the Sub-Fund. The current management fee is 0.55% per year of the Net Asset Value of the Sub-Fund and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund.

Trustee's and Registrar's fees

Under the Trust Deed, the Trustee is entitled to receive a trustee fee of up to 1.00% per year of the Net Asset Value of the Sub-Fund.

Currently, the Trustee receives out of the assets of the Sub-Fund a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at 0.08% per year of the Net Asset Value of the Sub-Fund.

The Registrar is entitled to receive from the Participating Dealer a registrar fee of RMB120 per Participating Dealer per transaction for updating of the register record of the Sub-Fund and an administrative transaction fee of RMB12,000 per Participating Dealer per transaction for handling any creation or redemption of Units.

Fees and expenses payable by Participating Dealers and investors

(a)	**Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)**	**Amount**
	Transaction Fee and Service Agent's Fee	RMB12,000[4] per Application and HKD1,000[4] per book-entry deposit and withdrawal transaction
	Registrar fee	RMB120 per transaction[4]
	Application cancellation fee	RMB8,500[5] per Application
	Extension Fee	RMB8,500[6] per

[4] *The Transaction Fee of RMB12,000 is payable by a Participating Dealer to the Trustee for the benefit of the Trustee and/or Registrar. The Service Agent's fee of HKD1,000 is payable by a Participating Dealer to the Service Agent for each book-entry deposit or book-entry withdrawal transaction. The Registrar will charge a fee of RMB120 for each Creation Application and Redemption Application. A Participating Dealer may pass on to the relevant investor such Transaction Fee.*

[5] *An application cancellation fee is payable to the Trustee for the account of the Registrar in respect of either a withdrawn or failed Creation Application or Redemption Application.*

[6] *An Extension Fee is payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participating Dealer an extended settlement in respect of a Creation Application or Redemption Application.*

		Application
	Stamp duty	Nil
	All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption	As applicable
(b)	**Fees and expenses payable by investors**	**Amount**
	(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)	
	Fees and charges imposed by the Participating Dealer[7]	Such amounts as determined by the relevant Participating Dealer
	(ii) Fees payable by all investors in respect of dealings in the Units on SEHK (applicable After Listing)	
	Brokerage	Market rates
	SFC transaction levy	0.0027%[8]
	SEHK trading fee	0.005%[9]
	Stamp duty	Nil
	Inter-counter transfer	HKD5[10]

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As of the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General

The Index is a free float adjusted market capitalisation weighted index that is sponsored by the Index Provider, Hang Seng Indexes Company Limited (the "**Index Provider**"). It reflects the performance of industry leaders in each of the 12 industries under the Hang Seng Industry Classification System (the "HSICS"). The Index is a price return index and is denominated in RMB. The inception date of the Index was 21 September 2009 and the Index had a base level of 1,000 on 1 July 2005.

Hang Seng Indexes Company Limited has been appointed for the calculation and dissemination of the Index on a real time basis.

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7 *The Participating Dealer may increase or waive the level of its fees in its discretion. Information regarding these fees and charges is available upon request to the relevant Participating Dealer.*

8 *The SFC transaction levy of 0.0027% of the trading price of the Units is payable by each of the buyer and the seller.*

9 *The SEHK trading fee of 0.005% of the trading price of the Units is payable by each of the buyer and the seller.*

10 *HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer from one counter to another counter. Investors should check with their brokers regarding any additional fees.*

As of 15 October 2021, the Index had a free float adjusted market capitalisation of RMB 6,936.3 billion and 52 constituents.

Leaders in any industrial sector refer to those sizable companies that outperform their peers on the SSE and the SZSE in terms of revenue and profitability.

Different from other blue-chip indexes that usually select constituents by their market capitalisation, the Index compares each company with its industry peers by both market capitalisation and objective fundamental factors (namely net profit and revenue), so that the largest companies in terms of market capitalisation achieving the highest revenues and net profits are included. As a result, the Index offers a more diversified exposure to the PRC market, encompassing the market valuation, scope of business and profitability of the constituents.

Although the Index Provider and the Manager are Connected Persons, the Index Provider is operationally independent of the Manager. Please see "Reliance on the same group risk" in the section "Risk factors relating to the Sub-Fund" above.

Index Design

Universe

The universe of the Index includes A-Shares listed on the SSE and the SZSE.

Selection Criteria

Eligibility Screening

To be eligible for selection, a company in the universe must:

1. Rank in the top 90% of total market turnover over the past 12 month period;
2. Not be classified as ST/*ST stock or S stock (as defined in Notes 1) and 2) on page 20 of the Prospectus); and
3. Not have been suspended for over one month as of the end of any review period.

The top 300 companies in terms of past 12 month average A-Share market capitalisation that meet the above conditions form the "Eligibility List".

Selection

1. Companies in the Eligibility List are classified into 12 industries under the HSICS, namely:
   - Energy
   - Materials
   - Industrials
   - Consumer Discretionary
   - Consumer Staples
   - Healthcare
   - Telecommunications
   - Utilities
   - Financials
   - Properties Construction
   - Information Technology
   - Conglomerates

2. In each industry, stocks are ranked by each of the following:

   - Company-wide market capitalisation, in terms of past 12 month average market capitalisation

- Net profit, in terms of average net profit of past 2 fiscal years
- Revenue, in terms of average revenue of past 2 fiscal years

3. A score is calculated for each stock based on the following formula:

	Ranking in its industry	Weighting	
Score =	Ranking in terms of Company-wide Market Capitalisation	X 50%	+
	Ranking in terms of Net Profit	X 30%	+
	Ranking in terms of Revenue	X 20%	

4. The 5 highest-ranked stocks (being the lowest 5 scores) in each industry are included in the index. If there are less than 5 stocks in an industry, all stocks will be selected including mid-cap companies. All constituent selection is rule driven only.

5. If 2 stocks have the same score in an industry, the one with higher free float-adjusted market capitalisation will be selected.

The Index is reviewed annually.

Calculation Methodology

The Index adopts free float-adjusted market capitalisation weighted methodology with a 10% cap on each constituent weighting.

$$\text{Current Index} = \frac{\text{Current Aggregate Freefloat-adjusted Market Capitalisation of Constituents}}{\text{Yesterday's Aggregate Freefloat-adjusted Market Capitalisation of Constituents}} \times \text{Yesterday's Closing Index}$$

$$= \frac{\Sigma\,(P_t \times IS \times FAF \times CF)}{\Sigma\,(P_{t-1} \times IS \times FAF \times CF)} \times \text{Yesterday's Closing Index}$$

P_t : Current Price at Day t
P_{t-1} : Closing Price at Day t-1
IS : Number of Issued Shares
FAF : Free float-adjusted Factor, which is between 0 and 1
CF : Cap Factor, which is between 0 and 1

Number of issued shares ("IS") refers to the actual total number of A-Shares issued by each constituent. IS are updated quarterly.

The free float-adjusted factor ("FAF"), representing the proportion of A-Shares that is free floated as a percentage of the issued shares, is rounded up to the nearest 1% for FAFs below 10% and otherwise to the nearest 5% for Index calculation. FAFs are reviewed quarterly.

A cap factor ("CF") is calculated quarterly, such that no individual constituent in the index will have a weighting exceeding 10%.

Index Overview

	The Index

Launch Date	21 September 2009
Backdated to	1 July 2005
Base Date	1 July 2005
Base Value	1,000
Currency	RMB (CNY)
Number of Constituents	Maximum 60 (Maximum 5 in each industry)
Review Frequency	Annually
Rebalance Frequency	Quarterly
Vendor Codes:	
Bloomberg	HSCAIT
Thomson Reuters	HSCAIT

You can obtain the most updated list of the constituents of the Index, their respective weightings and additional information concerning the Index (including Index fact sheets, methodology, end of day Index levels and Index performance) from the website of the Index Provider at (www.hsi.com.hk) (this website has not been reviewed by the SFC). The Index (which is maintained by the Index Provider) is calculated and disseminated in RMB and is available in real time globally via information vendors Bloomberg (HSCAIT) and Thomson Reuters (.HSCAIT). The end of day Index is available on the website of the Index Provider.

Please note:

- The list of constituent stocks which comprises the Index is reviewed by the Index Provider on an annual basis. The composition of the Index may change and be substituted with other companies as determined by the Index Provider if any of the constituent companies were to delist its shares.

- The accuracy and completeness of the calculation of Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.

- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify the Index Provider and Hang Seng Data Services Limited ("HSDS") against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future unitholders or investors) as a result of any act or omission of the Index Provider and HSDS in respect of or in connection with the trading in the Sub-Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose (except in case of their willful misconduct, bad faith or dishonesty). The Manager will also indemnify the Index Provider and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the provisions of the licence agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the assets of the Sub-Fund in respect of any claims made against it including those in relation to the licence agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Sub-Fund.

Index licence agreement

The Manager has entered into a licence agreement with the Index Provider, Hang Seng Indexes Company Limited, as well as Hang Seng Data Services Limited. The term of the licence agreement commenced on 21 October 2013. Since the license agreement does not have an expiry date, it should remain in full force unless three months' prior written notice is given. The license agreement may otherwise be terminated in accordance with the provisions of the license agreement.

Index Disclaimer

The Index is published and compiled by the Index Provider, Hang Seng Indexes Company Limited pursuant to a licence from HSDS. The mark and name "Hang Seng China A Industry Top Index" is proprietary to HSDS. The Index Provider and HSDS have agreed to the use of, and reference to, the Index by the Manager, Hang Seng Investment Management Limited in connection with the Sub-Fund, **BUT NEITHER THE INDEX PROVIDER NOR HSDS WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE SUB-FUND OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF ANY OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF ANY OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF ANY OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO ANY OF THE INDEX IS GIVEN OR MAY BE IMPLIED**. The process and basis of computation and compilation of any of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by the Index Provider without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE INDEX PROVIDER OR HSDS (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO ANY OF THE INDEX BY THE MANAGER IN CONNECTION WITH THE SUB-FUND; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF THE INDEX PROVIDER IN THE COMPUTATION OF ANY OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF ANY OF THE INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE SUB-FUND OR ANY OTHER PERSON DEALING WITH THE SUB-FUND AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST THE INDEX PROVIDER AND/OR HSDS** in connection with the Sub-Fund in any manner whatsoever by any broker, holder or other person dealing with the Sub-Fund. Any broker, holder or other person dealing with the Sub-Fund does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on the Index Provider and HSDS. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and the Index Provider and/or HSDS and must not be construed to have created such relationship.

Appendix dated 8 November 2021

APPENDIX 2: HANG SENG HARVEST CSI 300 INDEX ETF

Key information

Set out below is a summary of key information in respect of this Sub-Fund which should be read together with the full text of this Appendix and this Prospectus.

Index	CSI 300 Index
Type of index	Net total return, i.e. the performance of the index constituents on the basis that dividends and distributions after tax are reinvested
Listing Date (SEHK)	23 October 2020
Exchange Listing	SEHK – Main Board
Stock Code	83130 – RMB counter 03130 – HKD counter
Short Stock Name	HS CSI300-R – RMB counter HS CSI300 – HKD counter
Trading Board Lot Size	100 Units – RMB counter 100 Units – HKD counter
Base Currency	Renminbi (RMB)
Trading Currency	Renminbi (RMB) – RMB counter Hong Kong dollars (HKD) – HKD counter
Distribution Policy	The Manager currently intends to make declaration of distribution on an annual basis (in September each year). There is no guarantee of regular distribution and, if distribution is made, the amount being distributed. The Manager may at its discretion pay dividend out of capital or effectively out of the capital^ of the Sub-Fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any such capital gains attributable to that original investment. Any such distributions may result in an immediate reduction in the Net Asset Value per Unit.

	Distribution on all Units (whether traded in HKD or RMB) will be in RMB only.[#]
Creation/Redemption Policy	Cash (RMB) only
Application Unit Size (only by or through Participating Dealers)	Minimum 100,000 Units (or multiples thereof) or such other number of Units determined by the Manager, approved by the Trustee and notified by the Manager to the Participating Dealers
Dealing Day	Each Business Day during the continuance of the Sub-Fund on which each of the SEHK, the SSE and the SZSE is open for normal trading for a full trading day, and/or such other day or days as the Manager may from time to time determine with the written approval of the Trustee.
Dealing Deadline	11:00 a.m. (Hong Kong time)
Management Fee	Sub-Fund: Up to 1%. Currently waived. Master ETF (as defined below): 0.50% per annum of the net asset value of the Master ETF. Aggregate fee charged in respect of the Sub-Fund: Up to 1%. Currently at 0.50% per annum of the net asset value of the Master ETF attributable to the Sub-Fund.
Investment Strategy	Feeder fund investing substantially in the Master ETF (as defined below). Please refer to the section on "What is the investment strategy?" below
Financial Year End	31 December
Market Makers (HKD counter)*	BNP Paribas Securities (Asia) Limited China Merchants Securities (HK) Co., Ltd. HSBC Securities Brokers (Asia) Limited Optiver Trading Hong Kong Ltd
Market Makers (RMB counter)*	BNP Paribas Securities (Asia) Limited China Merchants Securities (HK) Co., Ltd. HSBC Securities Brokers (Asia) Limited
Participating Dealers*	ABN AMRO Clearing Hong Kong Ltd China Merchants Securities (HK) Co., Limited GF Securities (Hong Kong) Brokerage Limited

	Hang Seng Securities Limited Merrill Lynch Far East Limited The Hongkong and Shanghai Banking Corporation Limited
Listing Agent	Hang Seng Investment Management Limited
Service Agent	HK Conversion Agency Services Limited
Website	www.hangsenginvestment.com (this website has not been reviewed by the SFC)

Both HKD traded Units and RMB traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders should check with their brokers for arrangements concerning distributions and consider the risk factor entitled "RMB distributions risk" in Part 1 of this Prospectus.

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

^ *The Manager may at its discretion pay distribution out of gross income while charging/paying all or part of the Sub-Fund's fees and expenses to/out of the capital of the Sub-Fund (resulting in an increase in distributable income for the payment of distribution by the Sub-Fund), and thereby effectively pay distributions out of the capital of the Sub-Fund.*

What is the investment objective?

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Index.

What is the investment strategy?

The Sub-Fund is a feeder fund and seeks to achieve its investment objective by investing substantially (at least 90% of its Net Asset Value) into Harvest CSI 300 ETF (the "**Master ETF**"). The Master ETF is not authorised by the SFC and will not be directly offered to the public in Hong Kong. The Sub-Fund will invest in the Master ETF via the primary market and/or the secondary market (i.e. through the SZSE on which the Master ETF is listed).

The Sub-Fund may also invest up to 10% of its Net Asset Value in (i) other Securities (which may include Securities and exchange traded funds listed on the SEHK or stock exchanges in the PRC and other SFC-authorised collective investment schemes) and/or (ii) financial derivative instruments for investment, market access/exposure replication (e.g. to maximise portfolio management efficiency and to minimise transaction costs and tracking error) or cash management purposes.

The Sub-Fund will invest in units of the Master ETF listed on the SZSE and/or other securities listed on stock exchanges in the PRC (subject to the limit set out above) through the Manager's RQFII status.

Investments in exchange traded funds (other than the Master ETF) by the Sub-Fund are considered and treated as listed securities for the purposes of and subject to the requirements in Chapters 7.1, 7.1A and 7.2 of the Code.

The Sub-Fund currently does not intend to engage in any securities lending, repurchase and reverse repurchase agreements (collectively, "**Securities Financing Transactions**"). One month's prior notice will be given to Unitholders in the event the Manager intends to engage in such transactions.

The Sub-Fund's net derivative exposure may be up to 50% of the its Net Asset Value.

The Master ETF

The Master ETF is an open-ended contract-type investment fund established pursuant to a fund contract taking effect from 7 May 2012 (and as amended from time to time) between Harvest Fund Management Co., Ltd. (the "**Master ETF Manager**") and Bank of China Limited (the "**Master ETF Custodian**"). The Master ETF is constituted under the laws of PRC and is regulated by the CSRC pursuant to Law of the People's Republic of China on Securities Investment Funds. The Master ETF has been listed on the SZSE (stock code: 159919) since 28 May 2012 and continues to be listed as at the date of this document.

The Investment objective of the Master ETF is to closely track the performance of the Index through a comprehensive passive index investment methodology while actively minimising any associated tracking and deviation and errors.

The Master ETF adopts a full replication approach by investing all or substantially all of its assets in the constituent stocks of the Index, broadly in proportion to the respective weightings of the constituent stocks in the Index. However, in exceptional circumstances (such as an inability to acquire sufficient stocks under special circumstances, e.g. for liquidity reasons, or a failure to acquire a specific stock due to restrictions under the applicable laws), the Master ETF may, for the purpose of tracking the Index, adopt other investment approaches to appropriately adjust the investment portfolio.

In accordance with the stipulated investment limit, at least 90% of the net asset value of the Master ETF shall be invested in the constituent stocks and stocks from the constituents reserve list of the Index (i.e. stocks that may become constituents of the Index). In addition, to achieve its investment objective, the Master ETF may invest a small portion of its assets in non-constituent stocks and other financial instruments as permitted by the CSRC. In particular, the Master ETF may invest in the stock index futures and other derivatives as permitted by the CSRC, such as options, warrants and other derivatives relevant to the Index, the constituent stocks or stocks from the constituents reserve list of the Index. The Master ETF invests in stock index futures in accordance with risk management principles. The Master ETF will select stock index futures contracts with high liquidity which are actively traded for investment. The Master ETF utilises the leverage function of stock index futures to minimise trading costs and tracking error in order to effectively track the Index.

The maximum proportion of the net asset value of the Master ETF that can be subject to Securities Financing Transactions is 30%. The risk control principles, specific restrictions, relevant fees, revenues and expenditures, information disclosures, valuation methods and other relevant matters in connection with the Master ETF's participation in the Securities Financing Transactions will be implemented in accordance with the CSRC requirements and other applicable laws. In the event that the maximum proportion exceeds 50% of the Master ETF's net asset value, investors will be notified as soon as reasonably practicable, and the Manager will put in place relevant safeguards as agreed with the SFC from time to time.

The base currency of the Master ETF is RMB.

The prospectus of the Master ETF is available at the Master ETF's website (in simplified Chinese only): http://www.jsfund.cn (this website has not been reviewed by the SFC)

The investment strategy of the Sub-Fund is subject to the investment restrictions set out in the Annex to this Appendix headed "Investment Restrictions of the Master ETF" below.

Termination of the Master ETF

The Master ETF is constituted by way of a fund contract which may be terminated under the following circumstances:

(a) if it is determined in a general meeting of unitholders of the Master ETF that the fund

contract shall be terminated;

(b) if the termination of the fund contract is ordered by the CSRC due to material breach of applicable PRC laws;

(c) if the appointment of the Master ETF Manager or the Master ETF Custodian is terminated and is not assumed by a new manager or a new custodian (as the case may be) within 6 months; and

(d) under other circumstances prescribed by applicable PRC laws or under the fund contract.

Management of the Master ETF

The Master ETF is managed by the Master ETF Manager. The Master ETF Manager is responsible for the investment management and the administration of the Master ETF. The Master ETF Manager is a Sino-foreign joint venture which was established on 25 March 1999 as one of the first fund management companies in PRC. It is registered in Shanghai, with headquarters in Beijing and branch offices in Shenzhen, Chengdu, Hangzhou, Qingdao, Nanjing, Fuzhou, Guangzhou, Beijing Huairou and Wuhan.

The Master ETF Custodian is appointed as the custodian of the assets of the Master ETF. The Master ETF Custodian has been approved by the CSRC to operate a fund custodian business. The Master ETF Custodian is a wholly state-owned commercial bank in the PRC and is listed on both the SEHK and SSE.

Reports and Accounts

The Sub-Fund's annual audited accounts shall include the investment portfolio of the Master ETF as at Sub-Fund's financial year-end date.

The first annual audited accounts of the Sub-Fund will be prepared for the period from its launch date up to and including 31 December 2021.

Eligibility requirements and authorisation conditions

The Sub-Fund is required to comply with the applicable requirements in the Code and the Overarching Principles section of the Handbook and all other applicable regulatory requirements and guidelines as may be issued by the SFC from time to time. To be eligible and authorised as a feeder ETF, the Sub-Fund must also be a Hong Kong domiciled ETF authorised by the SFC and managed by a management company which is licensed or registered for Type 9 regulated activity and has a good compliance record.

To be eligible as a master fund and for the Sub-Fund to invest substantially all of its assets in the Master ETF, the Master ETF shall meet the following key requirements as set out in the SFC's Circular on Streamlined Requirements for Eligible Exchange Traded Funds Adopting a Master-Feeder Structure dated 16 December 2019, as amended from time to time (the "**Circular**") (or such other requirements as imposed by the SFC from time to time):

(a) the Master ETF must be a scheme regulated in an SFC recognised jurisdiction managed by a management company in an SFC acceptable inspection regime or a scheme eligible under a mutual recognition of funds arrangement;

(b) the Master ETF, together with its management company and trustee/custodian, must have a good compliance record with the rules and regulations of its home jurisdiction and (in the case of Master ETF) the listing venue;

(c) the Master ETF must have a fund size of not less than USD 1 billion and a track record of more than 5 years at the time of the Sub-Fund's listing on the Stock Exchange of Hong Kong;

(d) the Master ETF must adopt physical replication of the underlying index through either a full replication or a representative sampling strategy; and

(e) the Master ETF's engagement in Securities Financing Transactions should not exceed 50% of its total net asset value unless there are comparable safeguards and disclosure.

The Manager shall report to the SFC as soon as practicable if the Master ETF ceases to comply with the requirements set out in the Circular, and shall take appropriate remedial action to promptly rectify the situation. The Manager will also inform Unitholders of any material change to, or event that has a significant adverse impact on, the Master ETF in a timely manner.

The Sub-Fund is authorised on the following conditions, unless otherwise approved by the SFC: (1) the Master ETF remains approved by/registered with the CSRC and maintains a primary listing on a principal Mainland China stock exchange, including the SZSE, (2) the Master ETF Manager, the Master ETF Custodian and the underlying index of the Master ETF, or such other entities or indices (as the case may be) acceptable to the SFC, shall remain as the manager, the custodian and the underlying index of the Master ETF respectively, and (3) the Master ETF and the Sub-Fund shall meet the requirements in the Circular.

Investment Restriction Waiver

The Manager has requested of the SFC, and the SFC has granted, a waiver in respect of the Sub-Fund from:

(a) the requirement under Chapter 7.12(a) of the Code that the Master ETF must be authorised by the SFC; and

(b) the requirement under Chapter 7.12(b)(ii) of the Code that, for the purposes of complying with the investment restrictions, the Sub-Fund and the Master ETF will be deemed as a single entity.

The purpose of the waivers are to enable the Sub-Fund to invest into the Master ETF (which is not authorised by the SFC) as a feeder fund.

Risk factors relating to the Sub-Fund

The Sub-Fund is subject to the following risk factors as presented under "Risk Factors" in Part 1 of this Prospectus: "Risks associated with the RQFII regime", "Risks associated with A-shares listed on the ChiNext Board of SZSE", "Risks associated with the RMB currency", "Risks associated with the PRC", "Risks associated with investment in a Sub-Fund", "Risks associated with market trading", "Risks associated with the Indices" and "Risks associated with regulation". In addition, the risk factors set forth below are, in the opinion of the Manager, also considered to be relevant and presently applicable to the Sub-Fund.

Risks related to master/feeder fund structure

Investors should note that the Sub-Fund invests substantially in the Master ETF managed by the Master ETF Manager. The Manager has no ability to control the manner in which the Master ETF Manager will make investments in accordance with the Master ETF's investment objective and strategy (which may change from time to time).

As the Sub-Fund is a feeder fund investing substantially in the Master ETF, the Sub-Fund's performance and its ability to meet its investment objective are largely dependent on the Master

ETF. There can be no assurance that the Master ETF's investment objectives and strategies will be successfully achieved or that the Sub-Fund or the Mater ETF will yield attractive returns. Past performance of the Master ETF is not necessarily a guide to future performance of the Master ETF or the Sub-Fund. These factors may have an adverse impact on the Sub-Fund and its investors.

The Sub-Fund may invest in the Master ETF through the primary market and/or the secondary market (i.e. through SZSE on which the Master ETF is listed). Investment via the primary market may not always be available or efficient, as it is subject to, among other things, minimum basket size, transaction costs, and basket composition requirements for creations and redemptions. On the other hand, units of the Master ETF in the secondary market may be suspended from trading or may not always be sufficiently liquid. All of these factors may adversely affect the Sub-Fund's ability to invest in the Master ETF in order to achieve the Sub-Fund's investment objective.

As the Master ETF is not available for direct investment in Hong Kong through SEHK, the Sub-Fund relies on the RQFII status granted to the Manager to invest in the Master ETF. Any event affecting the Sub-Fund's ability to trade through RQFII will have an adverse impact on the Sub-Fund's ability to invest in the Master ETF in order to achieve the Sub-Fund's investment objective.

By investing in the Master ETF, the Sub-Fund will bear a proportion of the fees and charges of the Master ETF. Such fees and charges of the Master ETF will be deducted from the net asset value of the Master ETF and reflected in the net asset value per unit of the Master ETF. For the avoidance of doubt, as Unitholders do not have any direct interest in the units of the Master ETF, Unitholders will not be able to exercise any voting rights in respect of the Master ETF.

The Sub-Fund's performance may deviate from the performance of the Master ETF due to the Sub-Fund's ancillary investments in instruments other than units of the Master ETF as well as the Sub-Fund's own fees and expenses. While the Sub-Fund seeks to minimise tracking difference and tracking error from the Master ETF and the Index, there is no guarantee that the Sub-Fund will succeed by the use of ancillary investments (i.e. investments other than units of the Master ETF) due to various factors, including timing differences and delays in adjusting the Sub-Fund's investments.

The introduction of the regulatory framework regarding exchange traded funds ("**ETFs**") in Hong Kong, such as the Sub-Fund, to invest as a feeder fund into a master ETF that is not authorised by the SFC, is a recent development in Hong Kong. There may be future policy changes for the ETF market in Hong Kong which may affect the demand for Units in the Sub-Fund and the competitiveness of the Sub-Fund in the market.

The Master ETF is not authorised by the SFC and is structured as an open-ended contract-type investment fund (which is different to the structure of the Sub-Fund). The Master ETF is regulated by the CSRC and is subject to the applicable PRC laws and regulations. Future changes in the applicable PRC laws and regulations may have an impact on the Master ETF. The management and operation of the Master ETF is also dependent on the Master ETF Manager and its service providers.

Possible early termination of the Master ETF risk

In the event of the termination of the Master ETF, or if the Master ETF no longer complies with the SFC's requirements imposed on the Master ETF, the Manager will consider alternative ways to achieve the investment objective of the Sub-Fund (subject to the SFC's prior approval, if required), including but not limited to replacing the Master ETF with an alternative ETF which the Manager considers as equivalent to the Master ETF or changing the investment strategy of the Sub-Fund to invest directly in the underlying Securities of the Index. If the Manager is unable to implement such changes, the Sub-Fund may be terminated early.

Financial Derivative Instruments

Each of the Sub-Fund and the Master ETF may invest in FDIs. The risks associated with the use of FDIs are different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Generally, a derivative is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indices. A fund investing in FDIs may utilise both exchange-traded and over-the-counter derivatives. Compared to equity Securities, FDIs can be more sensitive to changes in market prices of the underlying assets and thus market prices of FDIs may fall in value as rapidly as they may rise.

Investors investing in the Master ETF and the Sub-Fund are exposed to a higher degree of fluctuation in value than a fund which does not invest in FDIs. Transactions in over-the-counter FDIs may involve additional risk such as the risk that a counterparty defaults as there is no regulated market for such FDIs. Investing in FDIs also involves other types of risks including, but not limited to, the risk of adopting different valuation methodologies and imperfect correlation between the FDI and its underlying Securities, rates and indices. Risks associated with FDIs also include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI by the Master ETF or the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Master ETF or the Sub-Fund. There is no assurance that any derivative strategy used by Master ETF or the Sub-Fund will succeed.

Reliance on the same group risk

The Trustee (also acting as the Registrar) and the Manager (also acting as the Listing Agent) are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers may also from time to time be members of the Group. Whilst these are separate legal entities and operationally independent, in the event of a financial catastrophe or the insolvency of any member of the Group, there may be adverse implications for the business of the Group as a whole or other members of the Group which could affect the provision of services to the Sub-Fund. In such event the Net Asset Value of the Sub-Fund may be adversely affected and its operation disrupted.

It should be noted that the Trustee and the Manager are presently members of the Group, and one or more of the Participating Dealers and/or Market Makers may from time to time be members of the Group. As such, although all transactions will be at arm's length, conflicts of interest in respect of the Sub-Fund may arise from time to time amongst any of them whilst they belong to the Group. The Manager and each of its Connected Persons will have regard to its obligations to the Sub-Fund and Unitholders and will endeavour to ensure such conflicts are resolved fairly. The attention of investors is drawn to the section headed "Conflicts of Interest and Soft Dollars" in Part 1 of this Prospectus.

Dividends payable out of capital risk

The Manager may, at its discretion, pay dividends out of capital. The Manager may also, at its discretion, pay dividends out of gross income while all or part of the fees and expenses of a Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividends out of the capital. Payment of dividends out of capital or effectively out of the capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the capital or effectively out of the capital of a Sub-Fund may result in an immediate reduction of the Net Asset Value per Unit.

Risk factors relating to the Master ETF and its investments

The Master ETF is subject to the risks described under the risk factors headed "Risks associated with investment in a Sub-Fund", "Risks associated with market trading", "Risks associated with

the Indices" and "Risks associated with regulation" under "Risk Factors" in Part 1 of this Prospectus, as applicable in the context of a PRC exchange traded fund regulated by the CSRC.

The risk factors headed "Risks associated with A-shares listed on the ChiNext Board of SZSE", "Risks associated with the PRC", "Risks associated with investment in a Sub-Fund", and "Risks associated with the Indices" as presented under "Risk Factors" in Part 1 of this Prospectus, as well as the additional risk factors set out below are considered to be applicable to the Master ETF, and, as the Sub-Fund invests substantially into the Master ETF as a feeder fund, are therefore also relevant to the Sub-Fund.

Concentration risk

The Sub-Fund and the Master ETF are each subject to concentration risk as a result of tracking the performance of a single geographical location (the PRC). It is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the PRC.

Securities Financing Transactions

Although the Sub-Fund currently does not intend to engage in any Securities Financing Transactions, the Master ETF may enter into Securities Financing Transactions which are subject to legal risk, operational risks, liquidity risk of the counterparty and custody risk of the collateral. A counterparty may fail to return assets lent out to or placed with such counterparty in a timely manner and the value of the collateral may fall below the value of relevant assets, due to, for example, inaccurate pricing of collateral or market movements. In the event of such counterparty failure, the Master ETF may as a result suffer from a loss or delay in recovering the relevant assets or in enforcing such collateral.

The Offering

Dealings in the Units on the SEHK commenced on 23 October 2020.

The current Dealing Deadline is 11 a.m. (Hong Kong time) on the relevant Dealing Day, such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK, the SSE or the SZSE are reduced, or such other time prior to the calculation of Net Asset Value of the Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee.

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for cash (RMB) creation and redemption of Units in the primary market.

All Creation Applications shall be in RMB only, notwithstanding a Dual Counter being adopted for the Sub-Fund.

The attention of investors is drawn to the section entitled "The Offering" in Part 1 of this Prospectus.

Dual Counter

The Manager has arranged for the Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. Despite the Dual Counter arrangement, the creation of new Units and redemption of Units through Participating Dealers in the primary market are settled in RMB only.

The Sub-Fund offers two trading counters on the SEHK (i.e. RMB counter and HKD counter) to investors for secondary trading purposes. Units traded in RMB counter will be settled in RMB and Units traded in HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Units traded on both counters are of the same class and all Unitholders of both counters are treated equally. The two counters will have different stock codes, different stock short names and different ISIN numbers as follows: RMB counter and traded Units have a SEHK stock code 83130 and a short name "HS CSI300-R" whilst the HKD counter and traded Units have a SEHK stock code 03130 and a short name "HS CSI300". The ISIN for RMB counter and traded Units is HK0000638731 and the ISIN for HKD counter and traded Units is HK0000638723.

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Units traded in the RMB counter and that of HKD counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on HKEx's website http://www.hkex.com.hk/eng/prod/secprod/etf/dc.htm (this website has not been reviewed by the SFC).

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factor entitled "Dual Counter risks" in Part 1 of this Prospectus.

Exchange Listing and Trading (Secondary Market)

Dealings on the SEHK in Units began on 23 October 2020.

Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges. Investors' attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Redemptions

Units can be redeemed directly (through a Participating Dealer). Only cash redemption is available to the Participating Dealers in respect of the Sub-Fund.

Notwithstanding the Dual Counter, any cash proceeds received by a Participating Dealer in a cash Redemption Application shall be paid only in RMB. Both RMB traded Units and HKD traded Units may be redeemed by way of a Redemption Application (through a Participating Dealer). Where a Participating Dealer wishes to redeem HKD traded Units the redemption process is the same as for RMB traded Units. Investors' attention is drawn to the section entitled "Creations and Redemptions (Primary Market)" in Part 1 of this Prospectus for further information.

Distribution policy

The Manager currently intends to make declaration of distribution on an annual basis (in September each year). There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.

The Manager may at its discretion pay dividend out of capital or effectively out of the capital^ of the Sub-Fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any such capital gains attributable to that original investment.

^The Manager may at its discretion pay distribution out of gross income while charging/paying all or part of the Sub-Fund's fees and expenses to/out of the capital of the Sub-Fund (resulting in an increase in distributable income for the payment of distribution by the Sub-Fund), and thereby effectively pay distributions out of the capital of the Sub-Fund.

In the event that a Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such RMB distribution from RMB into HKD. Unitholders should check with their respective brokers concerning arrangements for distributions.

Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units).

Distribution payment rates in respect of Units will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend or distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or effectively out of capital may result in an immediate reduction of the Net Asset Value per Unit.

The composition of dividends payable on the Units (i.e. the amounts of dividends paid and the percentages of dividends paid out of (i) net distributable income and (ii) capital), if any, for a rolling 12 month period will be available from the Manager on request and will also be published on the Sub-Fund's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC). The Manager may amend the Sub-Fund's distribution policy with respect to the distribution out of capital or effectively out of capital of the Sub-Fund by giving not less than one month's prior notice to Unitholders.

Fees and expenses payable by a Sub-Fund

Manager's fee

The Manager is entitled to receive a management fee of up to 1.00% per year of the Net Asset Value of the Sub-Fund.

Currently, the Manager has waived the management fee in respect of the Sub-Fund. The management fee payable by the Master ETF (to the Master ETF Manager) is 0.50% per year of the net asset value of the Master ETF and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears which will be reflect in the net asset value per unit of the Master ETF. Accordingly, the current aggregate management fee in respect of the Sub-Fund and the Master ETF is 0.50% per year of the net asset value of the Master ETF attributable to the Sub-Fund.

Trustee's and Registrar's fees

Under the Trust Deed, the Trustee is entitled to receive a trustee fee of up to 1.00% per year of the Net Asset Value of the Sub-Fund.

Currently, the Trustee receives out of the assets of the Sub-Fund a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at 0.045% per year of the Net Asset Value of the Sub-Fund, subject to a minimum monthly fee of RMB 7,875.

The Master ETF Custodian receives out of the assets of the Master ETF a fee at 0.10% per year of the net asset value of the Master ETF, accrued daily and calculated as at each Dealing Day and payable monthly in arrears which will be reflect in the net asset value per unit of the Master ETF.

Accordingly, the current aggregate trustee/custodian fee in respect of the Sub-Fund and the Master ETF is 0.145% per year of the Net Asset Value of the Sub-Fund, subject to a minimum monthly fee of RMB 7,875 plus 0.10% per year of the net asset value of the Master ETF attributable to the Sub-Fund.

The Registrar is entitled to receive an administrative transaction fee of RMB850 per Participating Dealer per transaction for handling any creation or redemption of Units.

Fees payable by the Master ETF

By investing into the Master ETF, the Sub-Fund will bear indirectly a proportionate share of the fees payable to the Master ETF Manager and Master ETF Custodian and other fees, charges and expenses payable by the Master ETF, which will be reflected in the net asset value per unit of the Master ETF.

Fees and expenses payable by Participating Dealers and investors

(a)	**Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)**	**Amount**
	Transaction Fee and Service Agent's Fee	RMB850[1] per Application and HKD1,000[1] per book-entry deposit and withdrawal transaction
	Application cancellation fee	RMB8,500[2] per Application
	Extension Fee	RMB8,500[3] per Application
	Stamp duty	Nil
	All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption	As applicable
(b)	**Fees and expenses payable by investors**	**Amount**
	(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)	
	Fees and charges imposed by the Participating Dealer[4]	Such amounts as determined by the relevant Participating Dealer

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1 *The Transaction Fee of RMB850 is payable by a Participating Dealer to the Trustee for the benefit of the Trustee and/or Registrar. The Service Agent's fee of HKD1,000 is payable by a Participating Dealer to the Service Agent for each book-entry deposit or book-entry withdrawal transaction. A Participating Dealer may pass on to the relevant investor such Transaction Fee.*

2 *An application cancellation fee is payable to the Trustee for the account of the Registrar in respect of either a withdrawn or failed Creation Application or Redemption Application.*

3 *An Extension Fee is payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participating Dealer an extended settlement in respect of a Creation Application or Redemption Application.*

4 *The Participating Dealer may increase or waive the level of its fees in its discretion. Information regarding these fees and charges is available upon request to the relevant Participating Dealer.*

(ii) Fees payable by all investors in respect of dealings in the Units on SEHK (applicable After Listing)

Brokerage	Market rates
SFC transaction levy	0.0027%[5]
SEHK trading fee	0.005%[6]
Stamp duty	Nil
Inter-counter transfer	HKD5[7]

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As of the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General

The Index is a free float adjusted, category-weighted index which measures the performance of A-Shares traded on the SSE or the SZSE. The Index consists of the 300 stocks with the largest market capitalisation and good liquidity from the entire universe of listed A-Shares companies in the PRC mainland. The Index is calculated and disseminated in RMB on a real-time basis and is maintained by China Securities Index Co., Ltd. The Index is quoted in RMB.

The Sub-Fund aims to provide investment results that, before fees and expenses, closely correspond to the performance of the net total return of the Index. A net total return index calculates the performance of the Index constituents on the basis that dividends and distributions after tax are reinvested.

The Index was launched in February 2013 and had a base level of 1,000 on 31 December 2004.

As of 15 October 2021, the Index had a total free-float market capitalisation of RMB 20.15 trillion and 300 constituents.

Index Calculation

The Index is calculated and disseminated in RMB on a real-time basis and is maintained by the Index Provider, a joint-venture established on 25 August 2005 between the SSE and the SZSE, which specialises in the management of securities indices and the provision of related services.

Index Provider

The Index is compiled and managed by China Securities Index Co., Ltd. ("**CSI**" or the "**Index Provider**").

The Manager (and each of its Connected Persons) is independent of the Index Provider.

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5 *The SFC transaction levy of 0.0027% of the trading price of the Units is payable by each of the buyer and the seller.*

6 *The SEHK trading fee of 0.005% of the trading price of the Units is payable by each of the buyer and the seller.*

7 *HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer from one counter to another counter. Investors should check with their brokers regarding any additional fees.*

Index Methodology

The Index is weighted by adjusted capital stock and calculated using the Paasche weighted composite price index formula. The adjusted capital stock is obtained using the classification and rounding off method, as shown in the following table:

Negotiable Market Cap Ratio (%)	≤15	(15 , 20]	(20 , 30]	(30 , 40]	(40 , 50]	(50 , 60]	(60 , 70)	(70 , 80)	>80
Inclusion Factor (%)	nearest higher percentage point	20	30	40	50	60	70	80	100

Examples: If the free-float proportion of a certain stock is 7%, which is less than 15%, the free-float proportion of the capital stock will be used as the weight. If the free-float proportion of a certain stock is 35%, which falls in the (30, 40] range, the weight will be 40% of the total capital stock.

Note: The term “free-float proportion” means the proportion of capital stock remaining after excluding the following non-negotiable shares from the total capital stock: (1) shares held on a long-term basis by the company’s founders, family members and senior management; (2) state-owned shares; (3) shares held by strategic investors; and (4) restricted employee shares.

Calculation formula

$$\text{current index} = \frac{\text{adjusted market cap of constituents during reporting period}}{\text{divisor}} \times 1000$$

Where: adjusted market cap = ∑ (market price x adjusted number of shares of the constituent’s capital stock)

Index Maintenance

The Index is maintained using the “divisor adjustment methodology”. In the event of a change in the list of constituents or in a constituent’s equity structure, or a change in the adjusted market capitalization of a constituent stock due to non-trading factors, the old divisor is adjusted by means of the divisor adjustment methodology, so as to maintain the continuity of the Index. The adjustment formula is as follows:

$$\frac{\text{adjusted market cap before divisor adjustment}}{\text{old divisor}} = \frac{\text{adjusted market cap after divisor adjustment}}{\text{new divisor}}$$

Where: "adjusted market cap after divisor adjustment" = adjusted market cap before divisor adjustment + increase (decrease) in adjusted market capitalization. The new divisor (i.e. the adjusted divisor, also known as the new base period) is obtained from this formula and used to calculate the Index.

Circumstances under which maintenance of the Index is required include the following:

(a) Corporate events that may affect the price of constituents

(i) Ex-Dividend: The Index is adjusted based on the reference ex-dividend price before the ex-dividend date.

(ii) Ex-Right: If the bonus issue, rights issues, stock split and stock consolidation occurs, the Index shall be adjusted the day before the issuance. Calculation of adjusted market cap is based on new shares and prices.

Adjusted market cap after divisor adjustment = Ex-right price × adjusted number of shares + adjusted market cap before divisor adjustment (excluding stocks adjusted for bonus issue, rights issues, stock split and stock consolidation).

(b) Other corporate events that affect the Index constituents

(i) In the event that the aggregated change in the total shares of constituents due to other corporate actions (e.g. secondary offering, debt-to-equity swap and exercise of warrants) reaches or exceeds 5%, the Index is subject to temporary adjustment and shall be adjusted before the capital change in the Index constituents.

Adjusted market cap after divisor adjustment = closing price × adjusted number of shares after the change

(ii) If the accumulated change in the total shares of constituents is less than 5%, the Index is subject to regular adjustment and shall be adjusted before the effective date of regular adjustment.

(c) Constituents adjustment

Index shall be adjusted before the effective date of regular adjustment or temporary adjustment.

Index Advisory Committee

CSI has established an index advisory committee (the "**Index Advisory Committee**"), which is responsible for the evaluation, consulting and examination of CSI index methodologies.

Index Universe

The selection universe of the Index (the "**Index Universe**") includes all the A-Shares (each a "**Stock**") listed on the SSE (the Main Board) or the SZSE (the Main Board and ChiNext (the board mainly for hi-tech companies)) satisfying the following conditions:

(a)

(i) a Stock listed on the Main Board of the SSE or the Main Board of the SZSE (the "**Non-ChiNext Stock**") must have a listing history of more than three months unless the daily average total market value of the Stock since its initial listing is ranked within the top 30 of all Non-ChiNext Stocks; or

(ii) a Stock listed on the ChiNext of the SZSE must have a listing history of more than three years; and

(b) The Stock is not designated for special treatment or potential delisting by any of the CSRC, the SSE or the SZSE as a result of continuous financial losses.

Selection Criteria

Index constituents are selected as follows and the candidate constituents should have good performance without serious financial problems or laws and regulations breaking events and with no large price volatility that shows strong evidence of manipulated. CSI:

(a) calculates the A-Shares daily average trading value and A-Shares daily average total market value during the most recent year for stocks in the Index Universe, or in case of a new issue, during the fourth trading day that it was a public company;

(b) ranks the Stocks in the universe by A-Shares daily average trading value of the most recent year in descending order and delete the bottom ranked 50% stocks; and

(c) ranks the remaining stocks by A-Shares daily average market value of the most recent year in descending order, those who rank top 300 are selected as Index constituents.

Index Periodical Review

The constituents of the Index (each an "**Index Constituent**") are reviewed every 6 months by the Index Advisory Committee, which usually meets in the end of May and November every year. The Index Constituents are adjusted according to the periodical review and any changes to the composition of the Index are implemented on the next trading day after market close of the second Friday of June and December each year.

The number of constituents adjusted at each periodical review will not exceed 10% and CSI has adopted buffer zone rules in order to minimize the Index turnover. Existing Index Constituents ranked in the top 60% by average daily trading value in the Index Universe will be included in the next stage to be ranked by daily average trading value. New candidate stocks ranked top 240 will be given priority to add into the Index and old constituents ranked top 360 will be given priority to remain in the Index.

Index Adjustments

Necessary adjustments are made by CSI when some corporate events happen so as to maintain the representativeness and investability of the Index. Such events include without limitation the bankruptcy, restructuring, merger, acquisition and spin-off, of an Index Constituent issuer and the delisting, temporary suspension from trading and re-issuance, of an Index Constituent.

In general, CSI will publicise Index Constituent adjustments lists as soon as practicable after the adjustments are decided and before their implementation.

Index Constituents

You can obtain the most updated list of the constituents of the Index, their respective weightings, Index methodology, additional information and other important news of the Index from the website of China Securities Index Co., Ltd at http://www.csindex.com.cn (the contents of which has not been reviewed by the SFC).

Index licence agreement

The licence of the Index commenced on 30 September 2020 and should continue for 3 years (initial term). After the expiration of the initial term, the licence will be automatically renewed for successive terms of 2 years unless either party gives at least 90 days' notice of termination prior to the end of the then current term to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

All rights in the CSI 300 Index ("**Index**") vest in China Securities Index Company ("**CSI**"). "CSI 300®" is a trademark of CSI. CSI does not make any warranties, express or implied, regarding the accuracy or completeness of any data related to the Index. CSI is not liable to any person for any error of the Index (whether due to negligence or otherwise), nor shall it be under any obligation to advise any person of any error therein. The ETF based on the Index is in no way sponsored, endorsed, sold or promoted by CSI and CSI shall not have any liability with respect thereto.

Appendix dated 8 November 2021

ANNEX TO APPENDIX 2

INVESTMENT RESTRICTIONS OF THE MASTER ETF

The Master ETF is subject to the following investment restrictions:

(a) At least 90% of the net asset value of the Master ETF shall be invested in the constituent stocks and stocks from the constituents reserve list of the Index;

(b) Where the Master ETF assets shall involve in the creation of the issuance of stocks, the amount declared by the Master ETF shall not exceed the total asset value of the Master ETF, the amount of stocks declared by the Master ETF shall not exceed the total amount of stocks to be issued by the companies which are to issue the stocks;

(c) Where investing in warrants, the total value of warrants purchased by the Master ETF on any dealing day shall not exceed 0.5% of the net asset value of the Master ETF on the previous dealing day; the market value of all warrants held by the Master ETF shall not exceed 3% of the net asset value of the Master ETF; the amount of the same type of warrant held by all the funds managed by the Master ETF Manager shall not exceed 10% of the total number of said warrants. Where the applicable PRC laws or CSRC provide otherwise, the provisions there shall prevail;

(d) Where participating in stock index futures trading, the Master ETF shall comply with the applicable PRC laws, which are summarised as follow:

At the end of any dealing day: (i) the value of buy stock index futures contracts that the Master ETF holds shall not exceed 10% of the net asset value of the Master ETF; (ii) the sum of the value of the buy futures contracts and the market value of the marketable securities held by the Master ETF shall not exceed 100% of the net asset value of the Master ETF. For this purpose, marketable securities mean stocks, bonds (excluding treasury bonds with maturities of less than one year), warrants, asset-backed securities, sell-back financial assets bought (excluding pledged repo), etc.; (iii) the value of the sell futures contracts held by the Master ETF shall not exceed 20% of the total market value of the stock held by the Master ETF; (iv) the sum (through netting calculation) of the market value of stocks and the value of buy and sell stock index futures contracts held by the Master ETF shall comply with the relevant provisions in the fund contract regarding stock investment proportion; (v) the amount of stock index futures contracts traded (excluding position closing) by the Master ETF shall not exceed 20% of the net asset value of the Master ETF on the previous dealing day; (vi) the Master ETF shall keep cash no less than the margin after the margin required for the stock index futures contracts is deducted;

(e) Where the Master ETF involves in the bond buyback in the national interbank market, the margin of capital shall not exceed 40% of the net asset value of the Master ETF;

(f) With respect to all the asset-backed securities of the same originator, in which investment is made by the Master ETF: (i) the proportion shall not exceed 10% of the net asset value of the Master ETF; (ii) the market capitalisation of all the asset-backed securities held by the Master ETF shall not exceed 20% of the net asset value of the Master ETF; (iii) the proportion of the same asset-backed securities (i.e., asset-backed securities with the same credit rating) held by the Master ETF shall not exceed 10% of the size of that asset-backed securities; (iv) with respect to all the asset-backed securities of the same originator, in which investment is made by funds managed by the Master ETF Manager, the proportion shall not exceed 10% of the aggregate size of all the asset-backed securities of that originator;

(g) The investment of the Master ETF shall be made in an asset-backed securities of which credit rating is leveled BBB or above. During the period of holding an asset-backed securities by the Master ETF, if the credit is decreased or no longer up to the investment standard, the asset-backed securities shall be entirely sold out within 3 months from the date of release of the credit rating report;

(h) The total market value of the Master ETF's active investments in liquidity restricted assets shall not exceed 15% of the Master ETF's net asset value; if the Master ETF is not able to meet the proportional restrictions set forth in this paragraph due to factors unrelated to the Master ETF Manager, such as securities market fluctuations, listed company stock suspensions, changes in fund size, etc., the Master ETF Manager shall not actively increase investment in liquidity restricted assets;

(i) Where the Master ETF conducts reverse repurchase transactions with privately offered asset management products and other entities recognized by the CSRC as counterparties, the qualification requirements for accepting collateral shall be consistent with the investment scope set forth in the fund contract; and

(j) Other restrictions provided by applicable PRC laws and the fund contract.

Where the applicable PRC laws or relevant provisions of the CSRC are amended or changed, which cause the amendment or removal on the restrictions of the Master ETF's investment proportions, the Master ETF Manager may adjust the investment restrictions accordingly, upon performing relevant procedures according to Laws.

The Master ETF Manager shall make the proportions of Master ETF's investment portfolio(s) consistent with the provisions in the fund contract within 3 months from the effectiveness of the fund contract. With the exception of investment restrictions (g), (h) and (i), where the investment of the Master ETF fails to meet the proportions provided under the fund contract because of such factors as fluctuation of securities market, amalgamation of listed companies, variation of Master ETF's scale, adjustment of the constituent stocks of the Index and liquidity restrictions on the constituent stocks of the Index other than the Master ETF Manager, the Master ETF Manager shall adjust such proportions within ten dealing days. If any laws, administrative regulations or regulatory bodies states otherwise, such provisions shall prevail.

Where the applicable PRC laws or relevant provisions of the CSRC are amended or changed, which cause the amendment or removal on the prohibited activities of the Master ETF and the restrictions of the Master ETF's investment proportions, the Master ETF Manager may adjust such prohibited activities accordingly, upon performing relevant procedures according to the applicable PRC laws.

APPENDIX 3: HANG SENG CHINA NEW ECONOMY INDEX ETF

Key information

Set out below is a summary of key information in respect of this Sub-Fund which should be read together with the full text of this Appendix and this Prospectus.

Index	Hang Seng China New Economy Index
Type of index	Net total return, i.e. the performance of the index constituents on the basis that dividends and distributions after tax are reinvested
Initial Issue Date	10 November 2021 (the Business Day immediately before the Listing Date)
Listing Date (SEHK)	Expected to be 11 November 2021, but may be postponed by the Manager to a date no later than 16 November 2021
Issue Price during the Initial Offer Period	Approximately one-five hundredth (1/500th) of the closing level of the Index by the end of the Initial Offer Period expressed in the base currency of the Sub-Fund rounded to four decimal places (0.00005 or above being rounded up), or such other amount from time to time determined by the Manager and approved by the Trustee.
Exchange Listing	SEHK – Main Board
Stock Code	03176
Short Stock Name	HS CHNEWECON
Trading Board Lot Size	100 Units
Base Currency	Hong Kong dollar (HKD)
Trading Currency	Hong Kong dollar (HKD)
Distribution Policy	The Manager does not intend to have the Sub-Fund make regular distributions or dividends. However, the Manager may pay special dividends on making an announcement prior to any dividend in respect of the relevant distribution amount (in HKD only). The Manager may at its discretion pay dividend out of capital or effectively out of the capital^ of the Sub-Fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any such capital gains attributable to that original investment. Any such distributions may result in an immediate

	reduction in the Net Asset Value per Unit.
Creation/Redemption Policy	Cash (in HKD only) or a combination of cash (in HKD only) and in-kind
Application Unit Size (only by or through Participating Dealers)	Minimum 500,000 Units (or multiples thereof) or such other number of Units determined by the Manager, approved by the Trustee and notified by the Manager to the Participating Dealers
Dealing Day	Each Business Day on which (i) each of the SEHK, the SSE, the SZSE, the New York Stock Exchange, the NYSE American Stock Exchange and the NASDAQ Stock Exchange is open for normal trading for a full trading day and (ii) the SEHK is open for Northbound trading through the Stock Connect, and/or such other day or days as the Manager may from time to time determine with the written approval of the Trustee.
Dealing Deadline	During the Initial Offer Period: 1:00 p.m. (Hong Kong time) 2 Business Days prior to the Listing Date After Listing: 1:00 p.m. (Hong Kong time)
Management Fee	Currently 0.25% per year of the Net Asset Value
Investment Strategy	Primarily full replication. Please refer to the section on "What is the investment strategy?" below
Financial Year End	31 December
Initial Market Makers*	BNP Paribas Securities (Asia) Limited Flow Traders Hong Kong Limited
Initial Participating Dealers*	ABN AMRO Clearing Hong Kong Limited BNP Paribas Securities Services Haitong International Securities Company Limited Mirae Asset Securities (HK) Limited The Hongkong and Shanghai Banking Corporation Limited
Listing Agent	Hang Seng Investment Management Limited
Service Agent	HK Conversion Agency Services Limited
Website	www.hangsenginvestment.com (this website has not

	been reviewed by the SFC)

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

^ *The Manager may at its discretion pay distribution out of gross income while charging/paying all or part of the Sub-Fund's fees and expenses to/out of the capital of the Sub-Fund (resulting in an increase in distributable income for the payment of distribution by the Sub-Fund), and thereby effectively pay distributions out of the capital of the Sub-Fund.*

What is the investment objective?

The investment objective of the Sub-Fund is to match as closely as practicable, before fees and expenses, the HKD denominated total return performance (net of withholding tax) of the Index through investing primarily in the constituent securities of the Index.

What is the investment strategy?

In seeking to achieve the Sub-Fund's investment objective, the Manager will primarily adopt a full replication strategy by which the assets of the Sub-Fund will comprise the constituent securities with reference to their respective weightings in the Index. The constituent securities of the Index may include (i) H-shares, Red-chips and P-chips listed in Hong Kong, (ii) A-Shares listed in mainland China, and (iii) companies incorporated in or headquartered in mainland China and listed in the U.S. in the form of common stocks or American Depositary Receipts ("**ADRs**").

In order to maximise portfolio management efficiency, minimise transaction cost and tracking error, exposure to the Index may also be obtained through representative sampling strategies from which the return to the Sub-Fund will substantially reflect the performance of the Index. When representative strategies are used, the weighting of a particular constituent security in the Sub-Fund may exceed its weighting in the Index and such excess is subject to a maximum limit of up to 4% of the Net Asset Value of the Sub-Fund in respect of any constituent security.

Such strategies are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index. The Manager may adopt the full replication strategy or representative sampling strategies without notice.

In relation to the investment in mainland China-listed A-Shares, the Sub-Fund will invest through Stock Connect (as explained in the sections "What is Stock Connect?" and "The A-Share Market" in Part 1 of this Prospectus).

The Sub-Fund will not use financial derivative instruments for any purposes. The Sub-Fund currently does not intend to engage in any securities lending, repurchase and reverse repurchase agreements (collectively, "**Securities Financing Transactions**"). One month's prior notice will be given to Unitholders in the event the Manager intends to engage in such transactions.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Schedule 1 of this Prospectus.

Reports and Accounts

The first annual financial report and the first semi-annual financial report for the Sub-Fund will be for the periods ending 31 December 2022 and 30 June 2022 respectively.

Risk factors relating to the Sub-Fund

The Sub-Fund is subject to the following risk factors as presented under "Risk Factors" in Part 1 of this Prospectus: "Risks associated with the Stock Connect", "Risks associated with A-Shares listed on the ChiNext Board of SZSE", "Risks associated with A-Shares listed on the Science and Technology Innovation Board ("STAR Board") of SSE", "Risks associated with the RMB currency", "Risks associated with the PRC", "Risks associated with investment in a Sub-Fund",

"Risks associated with market trading", "Risks associated with the Indices" and "Risks associated with regulation". In addition, the risk factors set forth below are, in the opinion of the Manager, also considered to be relevant and presently applicable to the Sub-Fund.

Concentration risk

The Sub-Fund is subject to concentration risk as a result of tracking the performance of a single geographical location (the PRC). It is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the PRC.

Reliance on the same group risk

Both the Manager and the Index Provider are presently subsidiaries of Hang Seng Bank Limited (the "**Hang Seng Bank Group**"). Nonetheless, the Manager does not consider this will be a risk for the following reasons:

(e) The Index Provider's operations and the Manager's investment management operations are under the responsibility of different staff and management teams. There are no common directors between the Index Provider and the Manager.

(f) The Hang Seng Bank Group has internal policies and procedures in place which ensure that effective "Chinese Walls" are created and maintained between different legal entities of the Hang Seng Bank Group and their operations and which impose strict obligations of confidentiality on such legal entities' staff. Information is disclosed between different operations within the same legal entity and between different legal entities of the Hang Seng Bank Group on a "need to know" basis only.

(g) The Hang Seng Bank Group has procedures in place restricting access to important systems to authorised personnel. All of the Hang Seng Bank Group's staff are required to comply with the Hang Seng Bank Group's internal policies and procedures and the IT security standards of the Hang Seng Bank Group.

(h) As indicated in the section on "Index and Disclaimer" below, the Index has clear and well documented methodology and rules by which the Index is calculated.

Apart from the above, each of the Trustee (also acting as the Registrar), the Manager (also acting as the Listing Agent) and the Index Provider are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers may also from time to time be members of the Group. Whilst these are separate legal entities and operationally independent, in the event of a financial catastrophe or the insolvency of any member of the Group, there may be adverse implications for the business of the Group as a whole or other members of the Group which could affect the provision of services to the Sub-Fund. In such event the Net Asset Value and liquidity of the Sub-Fund may be adversely affected and its operation disrupted.

It should be noted that the Trustee, the Manager and the Index Provider are presently all members of the Group, and one or more of the Participating Dealers and/or Market Makers may from time to time be members of the Group. As such, although all transactions will be at arm's length, conflicts of interest in respect of the Sub-Fund may arise from time to time amongst any of them whilst they belong to the Group. In particular, the Manager and the Trustee may be in dispute with the present Index Provider if it terminates the licence to use the Index. The Manager and each of its Connected Persons will have regard to its obligations to the Sub-Fund and Unitholders and will vigorously manage any such conflict in the best interest of investors. The attention of investors is drawn to the section headed "Conflicts of Interest and Soft Dollars" in Part 1 of this Prospectus.

Risks relating to Investments in "New Economy" companies

As the Sub-Fund invests primarily in securities of companies classified under the industries that are perceived as "New Economy" under the Hang Seng Industry Classification System, an

investment in the Sub-Fund may be more vulnerable to price fluctuations of securities of companies in these industries and other factors that particularly affect these industries as compared to an investment in a fund having a more diverse portfolio of investments. Concentration of the Sub-Fund's investments in "New Economy" companies may involve significant volatility and risks greater than those generally associated with more diversified funds. "New Economy" industries may be challenged by dynamic market conditions, new competing products and services, and rapid improvements in existing products and services. As such, valuations of companies from "New Economy" industries may be subject to significant instability and fluctuations in valuations. In addition, the valuation of securities associated with "New Economy" industries may be higher than those of more traditional industries, and the Sub-Fund may suffer a loss when there is a revaluation of these securities.

Risk associated with investments in companies with weighted voting rights

The Sub-Fund may invest in, or the constituents of the Index may include, companies (such as innovative companies) which have a weighted voting rights (WVR) structure (or the so-called dual-class shares structure) under which some key individuals including the founders and key management hold specific classes of shares that are attached with higher voting power than ordinary shares and are disproportionate to the shareholding, or other governance right or arrangement of the beneficiary's economic interest in the equity securities of the issuer. This leads to issues relating to shareholder rights and corporate governance as well as investor protection, which may have a negative impact on the Sub-Fund where the Sub-Fund invests in the ordinary shares of such companies.

Risks associated with biotech companies

Biotech companies invest heavily in research and development which may not necessarily lead to commercially successful products. The costs associated with and time needed for developing new products can be significant, and the results are unpredictable. Any failure in research and development may have a material adverse impact on a biotech company's ongoing prospect.

Biotech companies can be significantly affected by technological change and newly developed products may be susceptible to product obsolescence due to intense competition from new products and less costly generic products.

Moreover, the process for obtaining regulatory approval (for example, product approval) is long, time consuming and costly and there can be no assurance that the necessary approvals will be obtained or maintained. These companies are also subject to increased governmental regulations which may delay or inhibit the release of new products.

A biotech company's valuation can also be greatly affected if one of its products is proven or alleged to be unsafe, ineffective or unprofitable. Many biotech companies are dependent upon their ability to use and enforce intellectual property rights and patents. Any impairment of such rights may have adverse financial consequences.

A biotech company may incur net current liabilities. A net current liabilities position may expose a biotech company to the risk of shortfalls in liquidity. This in turn would require a biotech company to seek adequate financing such as external debt, which may not be available on favourable or commercially reasonable terms. Any difficulty or failure of a biotech company to meet its liquidity needs as and when needed may have a material adverse effect on its business, financial condition, results of operations and prospects.

The stocks of a biotech company especially those of smaller, less-seasoned companies, tend to be less liquid and their price may be more volatile than the overall market.

The biotech companies invested by the Sub-Fund may be pre-revenue companies with limited track record or operating history, unlike other listed companies with longer track record or operating history. Pre-revenue companies refer to companies which have yet to generate any

sales revenue typically because they do not have any products on the market yet. Pre-revenue companies are subject to a higher degree of risk generally and they have a higher risk of failure when compared to other companies. Valuations of pre-revenue companies are also subject to a high risk of being inaccurate. The Sub-Fund's investments in these companies will accordingly be subject to higher investment risks.

A biotech company may not be able to generate any profits during the development stage of its products or at all. The ability of a biotech company to become and remain profitable depends on its ability to generate revenue. Even if a biotech company is able to generate revenue in a short run, it may not become profitable on a sustainable basis or at all.

All these may have impact on the business and/or profitability of the biotech companies in which the Sub-Fund invests and therefore may adversely affect the Net Asset Value of the Sub-Fund.

Risks associated with pharmaceutical and medical devices companies

Pharmaceutical and medical devices companies are heavily dependent on patent protection. The expiration of patents may adversely affect the profitability of the companies. Many new products are subject to regulatory approval, the process of which can be long and costly and approved products are susceptible to obsolescence. Certain pharmaceutical and medical devices companies may allocate greater than usual financial resources to research and product development and experience above-average price movements associated with the perceived prospects of success of the research and development programs. Pharmaceutical and medical devices companies are also subject to heavy competitive forces that may make it difficult to raise prices. All these may have impact on the business and/or profitability of pharmaceutical and medical devices companies in which the Sub-Fund invests and therefore may adversely affect the Net Asset Value of the Sub-Fund.

Trading hours differences risk

As the exchanges on which the Index constituents are listed, including the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NYSE American Stock Exchange and the NASDAQ Stock Exchange, may be open when Units in the Sub-Fund are not priced, the value of the Securities in the Sub-Fund's portfolio may change on days when investors will not be able to purchase or sell the Sub-Fund's Units. Furthermore, the market price of underlying Securities listed on the above exchanges which are established outside Hong Kong may not be available during part or all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Sub-Fund deviating away from the Net Asset Value. Securities listed on certain exchanges on which the Sub-Fund invests may be subject to trading bands which restrict increases and decreases in the trading price. Units listed on the SEHK are not. The prices quoted by the SEHK market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Index level and as a result, the level of premium or discount of the Unit price of the Sub-Fund to its Net Asset Value may be higher.

U.S. market risks/ADRs associated risks

The Sub-Fund's investments may from time to time be concentrated in companies listed on the U.S. Stock Exchanges. The value of the Sub-Fund may be more volatile than that of a fund invested in a more diverse portfolio of listed investments. The value of the Sub-Fund may therefore be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the U.S. market. The Sub-Fund's investments in U.S. listed companies may be subject to US taxes and this may have a negative impact on the Sub-Fund's performance.

Investments in the U.S. listed companies aforesaid may be made via direct investments into the stocks listed in that market and/or by investments in ADR traded on the U.S. Stock Exchanges in

order to benefit from increased liquidity in a particular U.S. listed security and other advantages. Currently, it is expected that the Sub-Fund's investments in the U.S. listed companies aforesaid are to be made mainly through investments in ADRs.

ADRs are issued by depositary banks, and they represent shares of foreign companies held by that bank and entitle the holder to dividends and capital gains that are paid out on the underlying shares. Investments in ADRs may be subject to counterparty risk, in which a significant or even total loss might be suffered in the event of the liquidation of the depositary bank. They are also subject to exchange rates fluctuations in the currency of the foreign company's country relative to the U.S. dollar. There are fees related to ADRs, for example fees charged by banks for the custody of underlying assets of ADRs, which may impact the performance of the ADRs. Also, holders of ADRs are not direct shareholders of the underlying company and generally do not have voting and other shareholder rights as shareholders do. The Sub-Fund may also be subject to liquidity risk as ADRs are often less liquid than the corresponding underlying stocks. In addition, there is a risk that the ADRs of Mainland Chinese companies may be delisted as a result of regulatory actions by the local government and/or stock exchange. In such an event, the value of such ADRs may be adversely affected as such ADRs could become difficult to trade and to value, and certain investors may not be allowed to invest in such ADRs. This may in turn have an adverse impact on the Net Asset Value of the Sub-Fund.

Currency and exchange rate control Risk

The assets of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. In addition, the currency of some assets may not be freely convertible. The performance of the Sub-Fund may be adversely affected by changes in exchange rates between the currencies in which the assets of the Sub-Fund are held and the base currency of the Sub-Fund or by changes in exchange rate controls.

Any changes in exchange rate control regulations may cause difficulties in the repatriation of funds. Dealings in the Sub-Fund may be suspended if the Sub-Fund is unable to repatriate funds for the purpose of making payments on the redemption of Units.

Dividends payable out of capital risk

The Manager may, at its discretion, pay dividends out of capital. The Manager may also, at its discretion, pay dividends out of gross income while all or part of the fees and expenses of a Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividends out of the capital. Payment of dividends out of capital or effectively out of the capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the capital or effectively out of the capital of a Sub-Fund may result in an immediate reduction of the Net Asset Value per Unit.

The Offering

Initial Offer Period

During the Initial Offer Period,

(a) Participating Dealers (acting for themselves or for their clients) may apply for Units (to be available for trading on the Listing Date) by means of (i) a cash Creation Application (in HKD only) or (ii) a combination of cash (in HKD only) and in-kind Creation Application on each Dealing Day for themselves and/or their clients by transferring cash and/or Securities in accordance with the Operating Guidelines; and

(b) the Manager may facilitate special creations of Units by HS Funds by means of (i) a cash Special Creation Application (in HKD only) or (ii) a combination of cash (in HKD only) and

in-kind Special Creation Application on each Dealing Day.

The latest time for making a Creation Application or a Special Creation Application for Units during the Initial Offer Period is 1:00 p.m. (Hong Kong time) 2 Business Days prior to the Listing Date or such other time as the Manager (with the approval of the Trustee) may determine on any day when the trading hours of the SEHK, the SSE or the SZSE are reduced.

The Issue Price which is the subject of a Creation Application or a Special Creation Application during the Initial Offer Period will be approximately one-five hundredth (1/500th) of the closing level of the Index by the end of the Initial Offer Period expressed in the base currency of the Sub-Fund rounded to four decimal places (0.00005 or above being rounded up), or such other amount from time to time determined by the Manager and approved by the Trustee.

After Listing

Dealings in the Units on the SEHK are expected to commence on 11 November 2021 but may be postponed by the Manager to a date no later than 16 November 2021.

The current Dealing Deadline for making a Creation Application, a Redemption Application, a Special Creation Application or a Special Redemption Application is 1:00 p.m. (Hong Kong time) on the relevant Dealing Day, such other time as the Manager (with the approval of the Trustee) may determine on any day when the trading hours of SEHK, the SSE or the SZSE are reduced, or such other time prior to the calculation of Net Asset Value of the Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee.

All investors may buy and sell Units in the secondary market on the SEHK. Applications for creation of Units may be made by way of a Creation Application or a Special Creation Application, either in (i) cash (in HKD only) or (ii) a combination of cash (in HKD only) and in-kind.

Settlement for subscribing Units is due at the time specified in the Operating Guidelines or the Special Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines or the Special Operating Guidelines (as the case may be).

The attention of investors is drawn to the section entitled “The Offering” in Part 1 of this Prospectus.

Summary of timetable

The following table summarises all key events and the Manager’s expected timetable:

Initial Offer Period commences • Participating Dealers may submit Creation Applications for themselves or for their clients in a minimum number of 500,000 Units (or multiples thereof) • HS Funds may submit Special Creation Applications through the Manager	• 9:00 a.m. (Hong Kong time) on 8 November 2021 or such other date or time as the Manager may determine
The date that is 2 Business Days prior to the Listing Date • Latest time for Creation Applications by Participating Dealers and Special Creation Applications for Units to be	• 1:00 p.m. (Hong Kong time) on 9 November 2021 or such other date or time as the Manager may determine

available for trading on the Listing Date	
After Listing (period commences on the Listing Date) • All investors may start trading Units on the SEHK through any designated brokers • Participating Dealers may apply for creation and redemption (for themselves or for their clients) in a minimum number of 500,000 Units (or multiples thereof) continually • HS Funds may apply for special creation and redemption through the Manager continually	• Commence at 9:30 a.m. (Hong Kong time) on 11 November 2021, but may be postponed by the Manager to a date no later than 16 November 2021 • Until 1:00 p.m. (Hong Kong time) on each Dealing Day or such other time as the Manager (with the approval of the Trustee) may determine on any day when the trading hours of the SEHK, the SSE or the SZSE are reduced

Exchange Listing and Trading (Secondary Market)

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units traded in HKD.

Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges. Investors' attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Dealings on the SEHK in Units traded in HKD are expected to begin on 11 November 2021. Units will trade on the SEHK in board lots of 100 Units.

Participating Dealers and HS Funds should note that they will not be able to sell or otherwise deal in the Units on the SEHK until dealings begin on the SEHK.

Redemptions

Units can be redeemed directly through a Participating Dealer by way of a Redemption Application or by a HS Fund through the Manager by way of a Special Redemption Application.

Redemption proceeds may be paid, in respect of a Redemption Application or a Special Redemption Application, in (i) cash (in HKD only) or (ii) a combination of cash (in HKD only) and in-kind. Any accepted Redemption Application or Special Redemption Application will be effected by the payment of cash and/or transfer of Securities in accordance with the Operating Guidelines or Special Operating Guidelines (as the case may be) and the Trust Deed.

Investors' attention is drawn to the section entitled "Creations and Redemptions (Primary Market)" in Part 1 of this Prospectus for further information.

Distribution policy

The Manager does not intend to pay or make regular distributions or dividends. However, the Manager may pay special dividends upon making an announcement in respect of the relevant distribution amount (in HKD only). Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions. There can be no assurance of the payment of distributions or the rate (if any).

The Manager may at its discretion pay dividend out of capital or effectively out of the capital^ of the Sub-Fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any such capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or effectively out of capital may result in an immediate reduction of the Net Asset Value per Unit.

^The Manager may at its discretion pay distribution out of gross income while charging/paying all or part of the Sub-Fund's fees and expenses to/out of the capital of the Sub-Fund (resulting in an increase in distributable income for the payment of distribution by the Sub-Fund), and thereby effectively pay distributions out of the capital of the Sub-Fund.

Each Unitholder will receive distributions (if any) in HKD.

Distribution payment (if any) frequency and rates in respect of Units will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend or distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

The composition of dividends payable on the Units (i.e. the amounts of dividends paid and the percentages of dividends paid out of (i) net distributable income and (ii) capital), if any, for a rolling 12 month period will be available from the Manager on request and will also be published on the Sub-Fund's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC). The Manager may amend the Sub-Fund's distribution policy with respect to the distribution out of capital or effectively out of capital of the Sub-Fund by giving not less than one month's prior notice to Unitholders.

Fees and expenses payable by the Sub-Fund

Manager's fee

The Manager is entitled to receive a management fee of up to 1.00% per year of the Net Asset Value of the Sub-Fund. The current management fee is 0.25% per year of the Net Asset Value of the Sub-Fund and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund.

The Manager may pay a distribution fee to any distributor or sub-distributors of the Trust out of the management fees it receives from the Sub-Fund. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

Trustee's and Registrar's fees

The Trustee is entitled to receive a trustee fee of up to 1.00% per year of the Net Asset Value of the Sub-Fund. Currently, the Trustee receives out of the assets of the Sub-Fund a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at 0.06% per year of the Net Asset Value of the Sub-Fund, subject to a minimum monthly fee of HKD20,000.

The Registrar is entitled to receive from the Participating Dealer a registrar fee of HKD100 per Participating Dealer per transaction for updating of the register record of the Sub-Fund and an administrative transaction fee of HKD15,000 per Participating Dealer per transaction for handling any creation or redemption of Units.

Fees and expenses payable by Participating Dealers and investors

(a)	**Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)**	**Amount**
	Transaction Fee and Service Agent's Fee	HKD15,000[8] per Application and HKD1,000[1] per book-entry deposit and withdrawal transaction
	Registrar fee	HKD100 per transaction[1]
	Application cancellation fee	HKD9,500[9] per Application
	Extension Fee	HKD9,500[10] per Application
	Partial Delivery Request Fee	HKD9,500 [11] per Application
	Stamp duty	Nil
	All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption	As applicable
(b)	**Fees and expenses payable by investors**	**Amount**
	(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)	
	Fees and charges imposed by the Participating Dealer[12]	Such amounts as determined by the relevant Participating Dealer
	(ii) Fees payable by all investors in respect of dealings in the Units on SEHK (applicable After Listing)	
	Brokerage	Market rates
	SFC transaction levy	0.0027%[13]
	SEHK trading fee	0.005%[14]
	Stamp duty	Nil

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8 *The Transaction Fee of HKD15,000 is payable by a Participating Dealer to the Trustee for the benefit of the Trustee and/or Registrar. The Service Agent's fee of HKD1,000 is payable by a Participating Dealer to the Service Agent for each book-entry deposit or book-entry withdrawal transaction. The Registrar will charge a fee of HKD100 for each Creation Application and Redemption Application. A Participating Dealer may pass on to the relevant investor such Transaction Fee.*

9 *An application cancellation fee is payable to the Trustee for the account of the Registrar in respect of either a withdrawn or failed Creation Application or Redemption Application.*

10 *An Extension Fee is payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participating Dealer an extended settlement in respect of a Creation Application or Redemption Application.*

11 *A Partial Delivery Request Fee is payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participating Dealer a partial delivery in respect of a Creation Application.*

12 *The Participating Dealer may increase or waive the level of its fees in its discretion. Information regarding these fees and charges is available upon request to the relevant Participating Dealer.*

13 *The SFC transaction levy of 0.0027% of the trading price of the Units is payable by each of the buyer and the seller.*

14 *The SEHK trading fee of 0.005% of the trading price of the Units is payable by each of the buyer and the seller.*

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As of the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General

The Index was launched on 3 September 2018 and had a base level of 3,000 on 31 December 2014. The Index is a free float-adjusted market capitalisation weighted index with a 10% cap on individual companies. The Index measures the performance of sizeable and liquid Chinese companies listed in Hong Kong, Mainland and U.S. which are classified under the industries that are perceived as "New Economy" under the Hang Seng Industry Classification System (please refer to the "Sector Requirement" below for details).

The Sub-Fund aims to match as closely as practicable, before fees and expenses, the HKD denominated total return performance (net of withholding tax) of the Index through investing primarily in the constituent securities of the Index. A net total return index calculates the performance of the Index constituents on the basis that dividends and distributions after tax are reinvested. The Index is calculated and disseminated in HKD on an end of day basis

As of 15 October 2021, the Index had a freefloat-adjusted Index market capitalisation of HKD 15,581 billion and 112 constituent securities.

Although the Index Provider and the Manager are Connected Persons, the Index Provider is operationally independent of the Manager. Please see "Reliance on the same group risk" in the section "Risk factors relating to the Sub-Fund" above.

Index Design

Universe

The Index consists of 100 constituent companies and the universe of the Index includes:

(a) H-share, Red-chip and P-chip constituents in Hang Seng Composite Index (the "**HSCI**") that are eligible for Southbound trading under the Stock Connect;

(b) A-Shares eligible for Northbound trading under the Stock Connect;

(c) U.S.-listed China companies incorporated in or headquartered in mainland China (in the form of common stocks or ADRs).

As the universe of the Index includes certain constituents of the HSCI, the companies listed under Chapter 18A of the SEHK's Main Board Listing Rules classified as "Biotechnology", "Pharmaceuticals" and "Medical Devices" in the Hang Seng Industry Classification System that are selected as constituents of the HSCI (if any) may be included in the universe of the Index.

Selection Criteria

Eligibility Screening

To be eligible for selection, a company in the universe must fulfill below requirements:

Turnover Requirement

The requirement of the average daily turnover in the past six months is as follows:

Share Classes	Turnover Requirement
H-shares/Red-chips/P-chips	HKD20 million
A-Shares	CNY20 million
U.S. listed	USD3 million

If a company has more than one class of listed shares, it is considered to have fulfilled the turnover requirement if any one of its share classes meets the turnover requirement as stated above.

Sector Requirement

Eligible securities should be classified in one of the following sub-sectors in the Hang Seng Industry Classification System which are as follow:

Industry	Sector	Sub-sector
Industrials	Industrial Engineering	Industrial Components & Equipment
		Electronic Components
		Environmental Engineering
		New Energy Materials
		Aerospace & Defence
Consumer Discretionary (i.e. companies in the business of non-essential consumer goods and services)	Automobiles	Automobiles
		Auto Parts
	Household Goods & Electronics	Home Appliances
		Consumer Electronics
	Travel & Leisure	Travel & Tourism
	Media & Entertainment	Advertising & Marketing
		Broadcasting
		Movies & Entertainment
		Publishing
	Support Services	Education
	Specialty Retail	Automotive Retailers
		Apparel Retailers
		Home Improvement Retailers
		Diversified Retailers
		Other Retailers
Healthcare	Pharmaceuticals & Biotechnology	Pharmaceuticals
		Biotechnology
	Healthcare Equipment & Services	Medical Devices
		Medical & Aesthetic Services
Telecommunications	Telecommunications	Satellite & Wireless Communication
		Telecommunication Services
Utilities	Utilities	Electricity*
		Water
		Alternative/ Renewable Energy
Information Technology	IT Hardware	Telecommunication Equipment
		Computers & Peripherals
	Software & Services	System Applications & IT Consulting
		E-Commerce & Internet Services
		Software
	Semiconductors	Semiconductors

**Only include companies that perform major business by producing solar, water, wind, nuclear and geothermal electricity.*

Securities of the following industries will also be eligible for selection if they fulfil the corresponding criteria:

Industry	**Criteria**
Consumer Discretionary	Retail companies that perform major business operations by using internet platform
Consumer Staples (i.e. companies in the business of essential consumer goods and services and daily necessities)	
Financials	Financial companies that perform major business operations by using internet platform

Sector requirement is reviewed annually.

Constituent Selection

The total market value of all classes of shares (including unlisted portion, but excluding B-shares) of eligible companies will be used for ranking. The 100 companies with the highest rank based on total market value will be selected as constituents.

The total market value of a company refers to the average of the past 12 month-ends of any review period. For those companies with a listing history of less than 12 months, the total market value refers to the average of the past month-ends since the company made its listing debut.

If a company has more than one class of listed shares, the classes of shares (excluding B shares) that fulfill the turnover requirement will be included.

If a company has its shares listed in the form of Depositary Receipts in addition to its primary or secondary listing, with the assumption that they are fungible and convertible, only the most liquid one will be included in the Index.

Special Treatment for "AR" Companies

An "AR" Company is defined as a Red-chip that is listed on the SEHK but that also has an A-share listing on a Mainland stock market, which can be in the form of two companies and is therefore different from "AH" Company. An "AH" Company is one company issuing two classes of shares, while an "AR" Company can be in the form of two different companies where one is the holding company of the other.

For "AR" Company, the following rules on its selection as constituent will be applied:

(a) In Index reviews, the two stocks will be ranked separately by their respective full market value;

(b) Either the "A"-class company or the "R"-class company can be selected as a constituent, and the inclusion of one company would not lead to the automatic selection of the other company;

(c) If both "A" and "R"-class companies are selected as constituents, they will only take one constituent space in the index.

The constituents of the Index are reviewed semi-annually.

Calculation Methodology

The Index adopts free float-adjusted market capitalisation weighted methodology with a 10% cap on individual companies.

$$\text{Current Index} = \frac{\text{Current Aggregate Freefloat-adjusted Market Capitalisation of Constituents}}{\text{Yesterday's Aggregate Freefloat-adjusted Market Capitalisation of Constituents}} \times \text{Yesterday's Closing Index}$$

$$= \frac{\sum_{i=1}^{n}\sum_{j=1}^{m}\left(P_{i,t}^{j} \times \frac{1}{FX_t^j} \times IS_i^j \times FAF_i^j \times CF_i\right)}{\sum_{i=1}^{n}\sum_{j=1}^{m}\left(P_{i,t-1}^{j} \times \frac{1}{FX_{t-1}^j} \times IS_i^j \times FAF_i^j \times CF_i\right)} \times Yesterday's\ Closing\ Index$$

$P^j_{i,t}$	=	*Price of j-class shares of Company i at time t*
		(j-class: ASshares, HK-listed shares & U.S.-listed shares)
IS_i^j	=	*Total issued j-class shares of Company i*
FAF_i^j	=	*Freefloat-adjusted factor of j-class shares of Company i*
CF_i	=	*Capping Factor on Company i*
FX_t^j	=	*Foreign Exchange Rate of a traded currency of j-class shares vs. CNY at time t*

Number of issued shares ("**IS**") refers to the actual total number of HK-shares/A-Shares/US-shares issued by each constituent. IS are updated quarterly.

The free float-adjusted factor ("**FAF**"), representing the proportion of HK-shares/A-Shares/US-shares that is free floated as a percentage of the issued shares, is rounded up to the nearest 1% for FAFs below 10% and otherwise to the nearest 5% for Index calculation. FAFs are reviewed quarterly.

A cap factor is calculated quarterly, such that no individual constituent in the Index will have a weighting exceeding 10%.

The number of shares and the FAF of secondary-listed companies from mainland China will be assessed in the following way:

- A company's market capitalisation will be based solely on the Hong Kong-registered portion of its shares ("**HK Shares**").

Market capitalisation = HK Shares x Closing price

- On top of the existing non-freefloat share classes, any of the HK Shares that are held by a depositary or its custodian as underlying for overseas depositary receipts will also be considered as non-freefloat shares and deducted from the total number of HK Shares for FAF calculation.

Freefloat-adjusted market capitalisation = HK Shares x Share price x FAF

Index Overview and Constituents

	Hang Seng China New Economy Index
Launch Date	3 September 2018
Backdated to	31 December 2014
Base Date	31 December 2014
Base Value	3,000

Number of Constituents	100
Review Frequency	Semi-annually
Rebalance Frequency	Quarterly
Vendor Codes:	
Bloomberg	HSCNETHN
Thomson Reuters	.HSCNETHN

You can obtain the most updated list of the constituents of the Index (and their weightings) and additional information concerning the Index (including Index fact sheets, methodology, end of day Index levels and Index performance) from the website of the Index Provider at www.hsi.com.hk (the contents of which has not been reviewed by the SFC).

Please note:

- The list of constituent securities which comprises the Index is reviewed by the Index Provider on a semi-annual basis. The composition of the Index may change and be substituted with other companies as determined by the Index Provider if any of the constituent companies were to delist its shares.

- The accuracy and completeness of the calculation of Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.

- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify the Index Provider and Hang Seng Data Services Limited ("HSDS") against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future unitholders or investors) as a result of any act or omission of the Index Provider and HSDS in respect of or in connection with the trading in the Sub-Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose (except in case of their willful misconduct, bad faith or dishonesty). The Manager will also indemnify the Index Provider and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the provisions of the licence agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the assets of the Sub-Fund in respect of any claims made against it including those in relation to the licence agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Sub-Fund.

Index Licence Agreement

The Manager has entered into a licence agreement with the Index Provider, Hang Seng Indexes Company Limited, as well as Hang Seng Data Services Limited. The term of the licence agreement commenced on 12 October 2021. Since the license agreement does not have an expiry date, it should remain in full force unless three months' prior written notice is given. The license agreement may otherwise be terminated in accordance with the provisions of the license agreement.

Index Disclaimer

The Hang Seng China New Economy Index (the "**Index**") is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name "Hang Seng China New Economy Index" is proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by Hang Seng Investment Management Limited in connection with the Sub-Fund, **BUT NEITHER HANG SENG INDEXES COMPANY**

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Appendix dated 8 November 2021