**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUND NAMED BELOW. If you are in any doubt about this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.**

**If you have sold or transferred all your Units in the Hang Seng Stock Connect China A Low Carbon Index ETF, you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.**

**The Stock Exchange of Hong Kong Limited (the "SEHK"), the Hong Kong Exchanges and Clearing Limited (the "HKEX"), 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-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.**

**The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice 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 misleading. Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of Units may go up as well as down and past performance is not indicative of future performance. Investors should read the Sub-Fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.**

**Hang Seng Investment Funds Series IV**
**(the "Trust")**
*(a Hong Kong umbrella unit trust authorised under*
*Section 104 of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong)*

**Hang Seng Stock Connect China A Low Carbon Index ETF**
**(the "Sub-Fund")**
**(Listed Class Units: HKD Counter Stock Code: 03038 / RMB Counter Stock Code: 83038)**

# Announcement and Notice of Proposed Voluntary Cessation of Trading, Termination, Voluntary Deauthorisation and Delisting and Non-Applicability of Certain Provisions of the Code on Unit Trusts and Mutual Funds

THIS ANNOUNCEMENT AND NOTICE IS APPLICABLE ONLY TO UNITHOLDERS OF LISTED CLASS UNITS OF THE SUB-FUND. UNLESS OTHERWISE SPECIFIED REFERENCES TO "UNITS" IN THIS ANNOUNCEMENT AND NOTICE SHALL REFER TO THE "LISTED CLASS UNITS". INVESTORS OF UNLISTED CLASS UNITS OF THE SUB-FUND SHOULD REFER TO THE SEPARATE NOTICE ON UNLISTED CLASS UNITS.

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Prospectus of the Trust and the Sub-Fund dated 13 May 2026 (the "**Prospectus**").

**IMPORTANT: Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the proposed cessation of trading of units of the Sub-Fund (the "Units") on the SEHK, proposed termination and proposed deauthorisation of the Sub-Fund from the SFC, proposed delisting of the Sub-Fund from the SEHK and the non-applicability of certain provisions of the Code on Unit Trusts and Mutual Funds (the**

**"Code") for the period from 31 July 2026 (i.e. the Trading Cessation Date (as defined in section 2.4 below)) to the date of deauthorisation of the Sub-Fund (the "Deauthorisation Date"). In particular, investors should note that:**

- **taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Sub-Fund as well as the low trading volume of the Sub-Fund (see section 1 below), the Manager decided to exercise its power under Clause 33.6(A) of the amended and restated trust deed dated 16 March 2023, as supplemented and amended from time to time (the "Trust Deed") and proposed to seek termination of the Sub-Fund with effect from the Termination Date (as defined in section 2.4 below). The Manager is of the view that the proposed termination of the Sub-Fund would be in the best interests of the investors of the Sub-Fund;**

- **the Last Trading Day (as defined in section 2.4 below) of the Units will be 30 July 2026. Investors may continue to buy or sell their Units on the SEHK on any trading day up to (and including) the Last Trading Day;**

- **the Units will cease trading on the SEHK from the Trading Cessation Date, i.e. 31 July 2026;**

- **immediately after this Announcement and Notice has been published, a certain portion of the assets of the Sub-Fund will be set aside as Provision (as defined in section 4.4 below) to discharge (i) the Termination Costs (as defined in section 4.4 below) and (ii) any Future Costs (as defined in section 4.4 below). As a result, the Net Asset Value and Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 2 July 2026;**

- **subject to the Provision (as defined below), the Sub-Fund will bear the Termination Costs (i.e. all costs and expenses associated with the termination and deauthorisation of the Sub-Fund as well as the delisting of the Sub-Fund (including normal operating expenses such as transaction costs and any taxes relating to the realisation of assets of the Sub-Fund)), which are estimated to be approximately RMB 183,546.32, which is 1.98% of the Net Asset Value of the Listed Class Units of the Sub-Fund);**

- **as the establishment costs of the Sub-Fund have not been fully amortised, such unamortised establishment costs, which are estimated to be approximately RMB 497,874.90, which is 4.60% of the Net Asset Value of the Sub-Fund as at the date of this Announcement and Notice, will be borne by the Manager in full;**

- **the Manager will aim to realise all of the assets of the Sub-Fund from the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards, (i) there will be no further trading of Units on the SEHK and no further creation and redemption of Units; (ii) the Manager will start to realise all the assets of the Sub-Fund and the Sub-Fund will therefore cease to track the performance of its Index and will not be able to meet its investment objective of tracking the performance of such Index; (iii) the Sub-Fund will no longer be marketed or offered to the public; (iv) the Sub-Fund will mainly hold cash; and (v) the Sub-Fund will only be operated in a limited manner;**

- **the Manager, upon consultation with the Trustee and the auditor of the Sub-Fund (the "Auditor"), will declare an Distribution (as defined in section 2.2 below) to the investors who remain so as at 5 August 2026 (i.e. the Distribution Record Date). The amount of Distribution will equal to the Sub-Fund's then Net Asset Value in proportion to such investors' Units in the Sub-Fund as at the Distribution Record Date, which will exclude (i) any taxes payable; and (ii) any expenses payable. The Provision (as defined in section 4.4) will not be included in the Distribution. The Distribution is expected to be payable on or around 12 August 2026 (i.e. the Distribution Date);**

- **by the date when the Trustee and the Manager form an opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets and liabilities, the Trustee and the Manager will commence the completion of the termination of the Sub-Fund (i.e. the Termination Date). The Manager expects the Termination Date will be on or around 30 September 2026. The Manager will publish an announcement on or shortly before the Termination Date about the termination, deauthorisation and delisting of the Sub-Fund;**

- **from the Trading Cessation Date until the Termination Date, the Manager will maintain the Sub-Fund's authorisation by the SFC and the Sub-Fund's SEHK listed status. Subject to the SEHK's approval, delisting should take effect at or around the same time as the deauthorisation;**

- **the Manager expects that the deauthorisation and the delisting of the Sub-Fund will take place either on the Termination Date or shortly after the Termination Date; and**

- **investors should pay attention to the risk factors set out in section 5.1 below. Investors should exercise caution and consult their professional and financial advisers before dealing in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.**

**Stockbrokers and financial intermediaries are urged to:**

- **forward a copy of this Announcement and Notice to their clients holding any Units, and inform them of the contents of this Announcement and Notice as soon as possible;**
- **facilitate their clients who want to dispose of any Units on or before the Last Trading Day; and**
- **inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units.**
- **inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact on their clients in relation to such arrangements.**

**Following deauthorisation, any fund documentation for the Sub-Fund previously issued to investors, including the Prospectus and the Product Key Facts Statement (the "KFS"), should be retained for personal use only and not for public circulation.**

**If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (please refer to section 7 below).**

## 1. Proposed termination, cessation of trading and realisation of assets of the Sub-Fund

### 1.1. Proposed termination of the Sub-Fund

According to Clause 33.6(A) of the Trust Deed, the Sub-Fund may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee if after one year from the date of establishment of the Sub-Fund, the aggregate Net Asset Value of all the Units in the Sub-Fund outstanding shall be less than RMB150,000,000. The Trust Deed does not require investors' approval for terminating the Sub-Fund on the grounds set out in Clause 33.6(A). As at 27 May 2026, the total Net Asset Value of the Sub-Fund and the Net Asset Value per Unit in respect of the Listed Class Units of the Sub-Fund are RMB10,817,450.00 and RMB30.9456 respectively.

Having taken into account the relevant factors, including the interests of the investors of the Sub-Fund as a whole, the current relatively small Net Asset Value of the Sub-Fund and the low trading volume of the Sub-Fund, the Manager is of the view that the proposed termination of the Sub-Fund would be in the best interests of the investors of the Sub-Fund. Therefore, the Manager has decided to exercise its power under Clause 33.6(A) of the Trust Deed by giving notice in writing to the Trustee of its proposal to terminate the Sub-Fund on the date on which the Trustee and the Manager form an opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets and liabilities.

The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Sub-Fund pursuant to Clause 33.6(A) of the Trust Deed, and to voluntarily seek the deauthorisation and delisting of the Sub-Fund (the "**Proposal**"). The Trustee does not object to such Proposal and acknowledges the non-applicability of certain provisions of the Code as referred to in this Announcement and Notice.

As required under Clause 33.8 of the Trust Deed, no less than three months' notice is hereby given to the investors, notifying them of the proposed termination of the Sub-Fund. Also, as required under Chapters 11.1A and 11.2 of the Code, no less than one month's notice is hereby given to the investors, notifying them that the Sub-Fund will cease to track the performance of the Index, and cease trading on the SEHK, from the Trading Cessation Date.

### 1.2. Proposed cessation of trading of the Sub-Fund

The Manager will apply to the SEHK to have the Units cease trading on the SEHK with effect from 31 July 2026 (i.e. the Trading Cessation Date). The Manager will aim to realise all of the assets of the Sub-Fund effective from the Trading Cessation Date in exercise of its power to realise investments under Clause 9.6 of the Trust Deed.

The realisation of assets of the Sub-Fund will not incur any additional cost as compared to the costs associated with normal realisation of investments.

30 July 2026 will be the Last Trading Day when investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place, and no creation and redemption of Units through Participating Dealers will be allowed after such date. Creation and redemption of Units by Participating Dealers will continue to be permitted until the Last Trading Day. Creations of Units will be limited to the creation of Units by Participating Dealers for market making activities of market makers to provide liquidity of the trading of the Units on the SEHK. There will be no creation of Units for other purposes after this Announcement and Notice has been published.

Investors should note that they cannot create or redeem Units directly in the primary market. Only Participating Dealers may submit creation and redemption applications to the Manager. Participating Dealers may have their own application procedures for their clients and may set application cut-off times for their clients which are earlier than those set out in the Prospectus but in any event no later than the Last Trading Day. Investors are advised to check with the Participating Dealers as to the relevant timing deadlines and the client acceptance procedures and requirements.

### 1.3. Impact of the proposed realisation of the assets of the Sub-Fund

After the realisation of the assets of the Sub-Fund, the Sub-Fund will mainly hold cash (primarily consisting of the proceeds from the realisation of the assets of the Sub-Fund). It therefore follows that, from the Trading Cessation Date, the Sub-Fund will cease to track the Index, and will not be able to meet its investment objective of tracking the performance of the Index.

## 2. What will happen on or before the Last Trading Day and from the Trading Cessation Date?

### 2.1. Trading on the SEHK up to and including the Last Trading Day

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices. The Manager expects that the market makers of the Sub-Fund (the "**Market Makers**") will continue to perform their market making functions in accordance with the Trading Rules of the SEHK until the Trading Cessation Date.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units on the SEHK on investors, and a transaction levy (at 0.0027% of the trading price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the trading price of the Units) and a trading fee (at 0.00565% of the trading price of the Units) will be payable by the buyer and the seller of the Units. No charge to stamp duty will arise in Hong Kong in respect of sale or purchase of Units on the SEHK.

The trading price of Units may be below or above the Net Asset Value per Unit. Please see the relevant risk factor in section 5.1 below.

Relevant Investors (as defined in section 2.2 below) are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their holdings of Units during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

### 2.2. Distribution(s)

For investors who are still holding Units after the Last Trading Day, the Manager will, after consulting the Trustee and the Auditor, declare a distribution in RMB (the "**Distribution**") in respect of those investors who remain invested in the Sub-Fund as of the Distribution Record Date (the "**Relevant Investors**"). Such Distribution is expected to be made on or around 12 August 2026 (i.e. the Distribution Date).

Each Relevant Investor will be entitled to a Distribution of an amount equal to the Sub-Fund's then Net Asset Value in proportion to the Relevant Investor's Units in the Sub-Fund as at the Distribution Record Date. The Sub-Fund's then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the Sub-Fund as described in sections 1.2 and 1.3 above (which exclude (i) any taxes payable and (ii) any expenses payable). The Provision (as defined in section 4.4) will not be included in the Distribution.

The Distribution payable to each Relevant Investor is expected to be paid on or around 12 August 2026, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record

Date. The Manager will issue a further announcement at least five business days before the Distribution Date to inform the Relevant Investors of the exact day of payment of the Distribution, together with the amount of Distribution per Unit in respect of the Sub-Fund.

The Manager does not expect or anticipate there will be a further distribution after the Distribution. However, in the unlikely event there is a further distribution after the Distribution, the Manager will issue an announcement informing the Relevant Investors.

### 2.3. Between the Trading Cessation Date and Termination Date

Following the realisation of the assets and the Distribution, on the day on which the Manager and the Trustee are of the opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets and liabilities (i.e. the Termination Date), the Manager and the Trustee will commence the completion of termination of the Sub-Fund.

During the period from the Trading Cessation Date until the Termination Date, although the Sub-Fund will continue to be listed on the SEHK and will remain authorised by the SFC, the Units will no longer be marketed or offered to the public and will only be operated in a limited manner because from the Trading Cessation Date onwards, there will be no dealing in the Units in the primary market nor trading of Units in the secondary market and the Sub-Fund will have no investment activities. As such, pursuant to Chapter 8.6(t) of the Code and paragraph 13 of the Frequently Asked Questions on Exchange Traded Funds and Listed Funds issued by the SFC (the "**ETF FAQs**"), the Sub-Fund will continue to maintain its authorisation status with the SFC without strictly complying with Chapters 6.1, 8.6(u)(i), 8.6(u)(ii), 10.7 and 11.1B of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in section 3 below.

The deauthorisation and delisting of the Sub-Fund will take place either on the Termination Date or shortly after the Termination Date, subject to the SFC's and SEHK's respective approvals. The Manager expects the delisting should take effect at or around the same time as the deauthorisation.

The proposed termination, deauthorisation and delisting of the Sub-Fund will be subject to the payment of all outstanding fees and expenses (please refer to section 4 below), discharge of all outstanding liabilities of the Sub-Fund, as well as final approvals by the SFC and the SEHK respectively.

Following deauthorisation, the Sub-Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any fund documentation previously issued to investors, including the Prospectus and the KFS in respect of the Sub-Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Sub-Fund to the public in Hong Kong as this may be in breach of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "**SFO**").

### 2.4. Important dates

Subject to the SFC's and the SEHK's respective approvals for the proposed arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Sub-Fund will be as follows:

| | |
|---|---|
| Dispatch of this Announcement and Notice and setting aside the Provision (as defined in section 4.4) | After market close on 30 June 2026 (Tuesday) |
| No further request for creation of Units by investors in the primary market via Participating Dealers (other than by Participating Dealers for market making activities) after this Announcement and Notice has been published | 2 July 2026 (Thursday) |
| Last day on which requests for creation by Participating Dealers for market making activities and redemption of Units in the primary market by Participating Dealers may be accepted<br>Last day for dealings in the Units on the SEHK in the secondary market (i.e., investors may continue to buy or sell their Units on the SEHK on any trading day up to (and including) the Last Trading Day)<br>(the "**Last Trading Day**") | 30 July 2026 (Thursday) |

| | |
|---|---|
| No further requests for creation and redemption of Units in the primary market by Participating Dealers will be accepted<br>Cessation of trading in the Units on the SEHK in the secondary market<br>The date on which the Manager will start to realise all the investments of the Sub-Fund and the Sub-Fund will cease to track the performance of its Index<br>The date from which the Units shall no longer be marketed or offered to the public in Hong Kong<br>(the "**Trading Cessation Date**") | 31 July 2026 (Friday) |
| Last valuation of the Sub-Fund to be conducted upon realisation of all assets | 5 August 2026 (Wednesday) |
| Record date for determining the eligibility of entitlement for the Distribution, if any<br>(the "**Distribution Record Date**") | By close of business on 5 August 2026 (Wednesday) |
| Dispatch of announcement on Distribution Date and the amount of Distribution per Unit | On or around 5 August 2026 (Wednesday), at least five business days before the Distribution Date |
| Distribution, after the Manager having consulted the Trustee and the Auditor, will be paid to the investors who are still holding Units as at the Distribution Record Date<br>(the "**Distribution Date**") | On or around 12 August 2026 (Wednesday) |
| Termination of the Sub-Fund when the Manager and the Trustee form an opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets and liabilities<br>(the "**Termination Date**") | Expected to be 30 September 2026 (Wednesday) |
| Deauthorisation and delisting of the Sub-Fund<br>The date of deauthorisation and delisting will be the date which the SFC and SEHK approve the deauthorisation and delisting respectively. The Manager expects that the deauthorisation and delisting will take place either on the Termination Date or shortly after the Termination Date. | On or shortly after the Termination Date |

The Manager will issue the following on the Manager's website www.hangsenginvestment.com (this website has not been reviewed by the SFC) and the HKEX's website:

(i) (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;

(ii) (on or around 5 August 2026) an announcement to inform the Relevant Investors of the Distribution Date and the amount of Distribution per Unit; and

(iii) (on or shortly before the Termination Date) an announcement informing investors about the Termination Date, Deauthorisation Date and the date for delisting of the Sub-Fund,

in accordance with the applicable regulatory requirements.

If there is any change to the dates mentioned set out in the table above, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

## 3. Non-applicability of certain provisions of the Code

### 3.1. Background

As set out in section 2.4 above, while the Units will cease trading on the SEHK effective from the Trading Cessation Date, because of certain outstanding contingent or actual assets and liabilities in relation to the Sub-Fund, the Sub-Fund will remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Sub-Fund will remain authorised by the SFC and maintain its SEHK listed status, until the completion of the proposed termination, deauthorisation and delisting of the Sub-Fund.

Pursuant to Chapter 8.6(t) of the Code and paragraph 13 of the ETF FAQs, the Sub-Fund may not strictly comply with certain provisions of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in this section 3.

### 3.2. Publication of the suspension of dealing

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager will continue to manage the Sub-Fund without strict compliance with Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Manager's website www.hangsenginvestment.com (this website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units have ceased trading on the SEHK from 31 July 2026 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Sub-Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the date of delisting, investors may continue to access further announcements in relation to the Sub-Fund via the Manager's website www.hangsenginvestment.com (this website has not been reviewed by the SFC) and the HKEX's website during such period.

### 3.3. Provision of real time or near-real time indicative Net Asset Value per Unit and last Net Asset Value

Under Chapters 8.6(u)(i) and (ii) of the Code, the Manager is required to provide real time or near-real time indicative Net Asset Value per Unit of the Sub-Fund (updated at least every 15 seconds during trading hours) and last Net Asset Value per Unit and last Net Asset Value of the Sub-Fund (updated on a daily basis) on the Manager's website or such other channels as the SFC considers appropriate.

The Manager will continue to manage the Sub-Fund without strict compliance with Chapters 8.6(u)(i) and (ii) of the Code from the Trading Cessation Date to the Deauthorisation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

(A) the Manager shall ensure that the Net Asset Value per Unit as of 30 July 2026 (i.e. the Last Trading Day), which will be the latest Net Asset Value per Unit, will be published on the Manager's website www.hangsenginvestment.com (this website has not been reviewed by the SFC); and

(B) the Manager shall update the latest available Net Asset Value per Unit on the Manager's website www.hangsenginvestment.com (this website has not been reviewed by the SFC) as soon as practicable should there be any other change to the Net Asset Value of the Sub-Fund, including but not limited to changes arising from (i) the payment of Distribution (please see further in section 2.2 above); (ii) any deduction of transaction costs or taxes relating to the realisation of the assets of the Sub-Fund; and (iii) any change in market value of the scrip dividend receivable by the Sub-Fund (if any) of the underlying investments.

### 3.4. Updating of the Prospectus and KFS

Under Chapters 6.1 and 11.1B of the Code, the Prospectus and the KFS in respect of the Sub-Fund must be up-to-date and must be updated to incorporate any relevant changes to the Sub-Fund.

The Manager will continue to manage the Sub-Fund without updating the Prospectus and the KFS in respect of the Sub-Fund as required under Chapters 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

(A) the Manager shall promptly notify investors of any changes to the Sub-Fund or to the Prospectus or the KFS by means of publishing further announcement(s) on the Manager's website

www.hangseninvestment.com (this website has not been reviewed by the SFC) and the HKEX's website (each, a "**Relevant Future Announcement**");

(B) the Manager shall ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice together with the Prospectus, the KFS and any other Relevant Future Announcement(s); and

(C) the Manager shall issue an updated Prospectus on the Deauthorisation Date to remove all references to the Sub-Fund.

### 3.5. Other related matter

The Manager confirms that, save for the particular provisions of the Code set out in sections 3.2 to 3.4 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and other applicable laws and regulations in respect of the Sub-Fund.

## 4. Costs

### 4.1. Trading on the SEHK

As indicated in section 2.1 above, stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on the SEHK on or before the Last Trading Day.

### 4.2. Creation and redemption by Participating Dealers

All creations and redemptions of Units by the Participating Dealers will be subject to the fees and costs as set out in the Prospectus. The Participating Dealers may pass on to the relevant investors such fees and costs. The Participating Dealers may also impose fees and charges in handling any creation and redemption request which would also increase the cost of creation and redemption. Investors are advised to check with the Participating Dealers as to the relevant fees, costs and charges.

### 4.3. Ongoing charges

The ongoing charges over a year for the Sub-Fund as a percentage of the Net Asset Value is 0.60%*.

** The ongoing charges figure is based on ongoing expenses for the year ended 31 December 2025 expressed as a percentage of the Sub-Fund's average Net Asset Value for the same period. It includes the set-up costs (amortised portion for the relevant period) of the Sub-Fund, fees of the Manager and the Trustee. The ongoing charges figure shown above is calculated in accordance with the guidance under the relevant SFC circular, and excludes the following costs and expenses associated with the termination of the Sub-Fund (which are to be borne by the Sub-Fund): (i) transaction costs and (ii) any taxes relating to the realisation of assets of the Sub-Fund.*

### 4.4. Cost of termination, deauthorisation and delisting

Subject to the Provision (as defined below), the Sub-Fund will bear all costs and expenses associated with the termination and deauthorisation of the Sub-Fund as well as the delisting of the Sub-Fund (including normal operating expenses such as transaction costs and any taxes relating to the realisation of assets of the Sub-Fund which will be paid out of the Sub-Fund) from the date of this Announcement and Notice up to and including the date of deauthorisation and delisting of the Sub-Fund ("**Termination Costs**"), which are estimated to be approximately RMB 183,546.32 in respect of Listed Class Units of the Sub-Fund, which is 1.98% of the Net Asset Value of the Listed Class Units of the Sub-Fund. For the avoidance of doubt, costs and expenses associated with the delisting of the Sub-Fund will be borne by the Listed Class Units of the Sub-Fund only.

The Trustee will continue to charge the Trustee's fee up to and including the Termination Date.

*Provision of costs and expenses*

On the date on which this Announcement and Notice is published, a certain portion of the assets of the Sub-Fund, amounting to approximately RMB 332,901.49, which is 3.59% of the Net Asset Value of the Listed Class Units of the Sub-Fund (the "**Provision**"), will be set aside in respect of the Listed Class Units. For the avoidance of doubt, the provision in respect of the Sub-Fund is set aside at the level of the Sub-Fund, which

will be apportioned between the Listed Class Units and Unlisted Class Units according to the respective Net Asset Value of the relevant class. The ongoing charges figure for the Sub-Fund aforementioned will no longer be applicable and the Provision (in terms of percentage of the Net Asset Value of the Listed Class Units of the Sub-Fund) represents the costs and expenses chargeable to the Listed Class Units of the Sub-Fund from the date of this Announcement and Notice until the Termination Date. This Provision is to discharge (i) the Termination Costs, (ii) any future costs, charges, expenses, claims and demands (including but not limited to any auditor's fees, regulatory maintenance costs and the fees payable to any service provider to the Sub-Fund, including the Trustee) that the Trustee and the Manager may incur or make, during the period from the time after this Announcement and Notice has been published up to the Termination Date, in connection with or arising out of the ongoing charges and normal operating expenses of the Listed Class Units of the Sub-Fund, and the termination process together with the delisting and deauthorisation (the "**Future Costs**"). For avoidance of doubt, the Future Costs do not include transaction costs and any taxes relating to the realisation of assets of the Sub-Fund.

The Trustee has confirmed that it has no objection to the amount of and the basis for setting aside the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit will be reduced before the commencement of the trading on the SEHK on 2 July 2026. For illustrative purposes only, please refer to the table below:**

| | **Before setting aside the Provision** | | **After setting aside the Provision** | |
|---|---|---|---|---|
| | **Net Asset Value (RMB)** | **Net Asset Value per Unit (RMB)** | **Net Asset Value (RMB)** | **Net Asset Value per Unit (RMB)** |
| Hang Seng Stock Connect China A Low Carbon Index ETF | 9,283,687.77 | 30.9456 | 8,950,786.28 | 29.8360 |

Where the Provision is insufficient to cover any Termination Costs and Future Costs, any shortfall will be borne by the Manager and no further provision will be made.

Where the Provision is in excess of the actual amount of the Termination Costs and the Future Costs (when materialised), such excess will be refunded to the Relevant Investors by way of distribution in proportion to each Relevant Investor's Units as at the Distribution Record Date.

### 4.5. Unamortised establishment costs

As at the date of this Announcement and Notice, the Sub-Fund has unamortised establishment costs of approximately RMB 497,874.90, which is 4.60% of the Net Asset Value of the Sub-Fund. Such unamortised establishment costs as at the date of this Announcement and Notice will be borne by the Manager in full. Save for the aforesaid unamortised establishment costs, the Sub-Fund does not have any contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

**IMPORTANT NOTE: Investors should pay attention to the risk factors as set out in section 5.1 below and consult their professional and financial advisers before disposing of their Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not in any circumstances be entitled to any portion of the Distribution in respect of any Units so disposed. Investors should therefore exercise caution and consult their professional and financial advisers before dealing in their Units or otherwise deciding on any course of actions to be taken in relation to their Units.**

## 5. Other matters

### 5.1. Risk factors relating to the proposed cessation of trading, termination, deauthorisation and delisting

In consequence of this Announcement and Notice and the proposed cessation of trading of the Units on the SEHK, proposed termination, deauthorisation and delisting of the Sub-Fund from the SEHK, investors should note and consider the following risks:

***Liquidity risk*** – Trading of Units on the SEHK from the date of this Announcement and Notice may become less liquid.

***Units trading at a discount or premium and Market Makers' inefficiency risk*** – The Units may trade at a discount or premium of its Net Asset Value. Although the Manager expects that, up to (and including) the Last Trading Day, the Market Makers will continue to perform their market making functions in respect of the Sub-Fund in accordance with the Trading Rules of the SEHK, Units may trade at a discount compared to their Net Asset Value in extreme market situations. This is because many investors may want to sell their Units after the Proposal has been announced but there may not be many investors in the market who are willing to purchase such Units. On the other hand, it is also possible that the Units may trade at a premium, and consequently the divergence between the supply of and demand for the Units may be larger than usual. In particular, should there be a large demand for Units before the Trading Cessation Date, the Market Makers may not be able to effectively perform their market making activities to provide liquidity of the trading of Units on the SEHK in these extreme market situations. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

***Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk*** – The setting aside of the Provision (immediately after this Announcement and Notice has been published) may have an impact on the Net Asset Value per Unit. The reduction of Net Asset Value per Unit may cause the Sub-Fund's return to deviate from the performance of the Index so the Sub-Fund may not be able to properly track the performance of the Index during the period from the date of this Announcement and Notice to the Last Trading Day and thus triggering tracking error.

***Net Asset Value downward adjustment risk*** – Changes in economic environment, consumption pattern and investors' expectations may have significant impact on the value of the investments and there may be significant drop in value of the investments. In addition, the Net Asset Value of the Sub-Fund will be reduced as some of the Sub-Fund's assets will be set aside as Provision on the date on which this Announcement and Notice is published. Such market movements and the setting aside of the Provision may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

***Failure to track the Index risk*** – All assets of the Sub-Fund, to the extent possible, will be liquidated with effect from the Trading Cessation Date. Thereafter, the Sub-Fund's assets will mainly be cash. The Sub-Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Sub-Fund will cease to track the performance of its Index, and will not be able to meet its investment objective of tracking the performance of such Index.

***Delay in distribution risk*** – The Manager will aim to realise all of the assets of the Sub-Fund and proceed with the Distribution as soon as practicable. However, the Manager may not be able to realise all the assets of the Sub-Fund in a timely manner during certain periods of time, for example, when the official clearing and settlement depositary of the relevant market is closed. In this case, the payment of Distribution to the Relevant Investors may be delayed.

Investor's attention is also drawn to the risk factors disclosed in the Prospectus.

**5.2. Tax implications**

*Hong Kong tax*

As the Sub-Fund is a collective investment scheme authorised under Section 104 of the SFO, profits of the Sub-Fund derived from realisation of its assets are exempted from Hong Kong profits tax. Notwithstanding that profits of the Sub-Fund derived from realisation of its assets are exempted from Hong Kong profits tax, the Sub-Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution to the extent of distribution of profits and/or capital of the Sub-Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Sub-Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Sub-Fund are revenue assets of the investors.

Please note that tax implications of your unitholding as a consequence of the termination of the Sub-Fund vary depending on the law and regulations of your country of residence, citizenship or domicile. Please consult your tax advisor if you require further advice.

*PRC tax*

*Corporate Income Tax ("**CIT**")*

With the "Circular on tax collection policies concerning the Pilot Programme of the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) ("Circular 81") and "Circular on tax collection policies concerning the Pilot Programme of the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127) ("Circular 127") promulgated by the Ministry of Finance of the PRC, the State Taxation Administration of the PRC and the China Securities Regulatory Commission on 31 October 2014 and 5 November 2016 respectively, gains derived by investors in the Hong Kong market from the transfer of investments in A-Shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange via the Stock Connect are temporarily exempt from CIT.

*Value-Added Tax ("**VAT**")*

Under the current PRC Value-Added Tax Law and its implementation rules, gains derived from the trading of PRC securities will be subject to VAT, unless exemption is available. If VAT is applicable, there may also be other surtaxes. Pursuant to the "Ministry of Finance of the PRC and STA Announcement [2026] No. 10, Announcement on Transitional Matters for Value-Added Tax Preferential Policies Following the Implementation of the Value-Added Tax Law", gains derived by investors in the Hong Kong market from transfer of investments in A-Shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange via the Stock Connect are exempt from VAT from 1 January 2026 onwards.

As disclosed in the Sub-Fund's offering documents, the Manager has not made any provision in relation to all or part of the actual tax levied by the relevant PRC tax authorities in the past.

Investor's attention is drawn to the sub-section headed "PRC withholding taxation risk" in the section entitled "Risks associated with the PRC" in the section on "RISK FACTORS" of the Prospectus.

Investors should consult their professional tax advisers for tax advice.

### 5.3. Connected party transaction

To the Manager's knowledge and belief and having made all reasonable enquiries, as at 30 April 2026, no Connected Person of the Manager and/or the Trustee is a party to any transaction in relation to the Sub-Fund, nor holds any interest in the Sub-Fund.

## 6. Documents available for inspection

Investors may inspect a copy of the following documents free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the office of the Manager, 83 Des Voeux Road Central, Hong Kong and copies may be purchased at that address on payment of a reasonable fee:

(i) the Trust Deed;
(ii) the audited annual financial reports and interim unaudited financial reports of the Sub-Fund;
(iii) the Prospectus; and
(iv) the KFS of the Sub-Fund.

## 7. Enquiries

If you have any queries concerning this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager at (852) 2198 5890 during office hours.

The Manager accepts full responsibility for the accuracy of the contents of this Announcement and Notice, 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 misleading.

**Hang Seng Investment Management Limited**
as Manager of the Sub-Fund
**30 June 2026**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUND NAMED BELOW. If you are in any doubt about this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.**

**If you have sold or transferred all your Units in the Hang Seng Stock Connect China A Low Carbon Index ETF, you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.**

**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-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.**

**The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice 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 misleading. Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of Units may go up as well as down and past performance is not indicative of future performance. Investors should read the Sub-Fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.**

**Hang Seng Investment Funds Series IV**
**(the "Trust")**
*(a Hong Kong umbrella unit trust authorised under*
*Section 104 of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong)*

**Hang Seng Stock Connect China A Low Carbon Index ETF**
**(the "Sub-Fund")**
**(Unlisted Classes Units)**

# Announcement and Notice of Termination, Voluntary Deauthorisation and Non-Applicability of Certain Provisions of the Code on Unit Trusts and Mutual Funds

THIS ANNOUNCEMENT AND NOTICE IS APPLICABLE ONLY TO UNITHOLDERS OF UNLISTED CLASSES UNITS OF THE SUB-FUND. UNLESS OTHERWISE SPECIFIED REFERENCES TO "UNITS" IN THIS ANNOUNCEMENT AND NOTICE SHALL REFER TO THE "UNLISTED CLASSES UNITS". INVESTORS OF LISTED CLASS UNITS OF THE SUB-FUND SHOULD REFER TO THE SEPARATE NOTICE ON LISTED CLASS UNITS.

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Prospectus of the Trust and the Sub-Fund dated 13 May 2026 (the "**Prospectus**").

## 1. Proposed termination of the Sub-Fund

According to Clause 33.6(A) of the Trust Deed, the Sub-Fund may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee if after one year from the date of establishment of the Sub-Fund, the aggregate Net Asset Value of all the Units in the Sub-Fund outstanding shall be less than RMB150,000,000. The Trust Deed does not require investors' approval for terminating the Sub-Fund on the grounds set out in Clause 33.6(A). As at 27 May 2026, the total Net Asset Value of the Sub-Fund is

RMB10,817,450.00, and the Net Asset Value per Unit in respect of the Unlisted Classes Units of the Sub-Fund is as follows.

| Unlisted Class | Net Asset Value per Unit |
|---|---|
| Class A (HKD hedged) – Accumulation Units | HKD13.38 |
| Class A (RMB) – Accumulation Units | RMB12.89 |

Having taken into account the relevant factors, including the interests of the investors of the Sub-Fund as a whole and the current relatively small Net Asset Value of the Sub-Fund, the Manager is of the view that the proposed termination of the Sub-Fund would be in the best interests of the investors of the Sub-Fund. Therefore, the Manager has decided to exercise its power under Clause 33.6(A) of the Trust Deed by giving notice in writing to the Trustee of its proposal to terminate the Sub-Fund on the date on which the Trustee and the Manager form an opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets and liabilities.

The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Sub-Fund pursuant to Clause 33.6(A) of the Trust Deed, and to voluntarily seek the deauthorisation of the Sub-Fund (the "**Proposal**"). The Trustee does not object to such Proposal and acknowledges the non-applicability of certain provisions of the Code as referred to in this Announcement and Notice.

As required under Clause 33.8 of the Trust Deed, no less than three months' notice is hereby given to the investors, notifying them of the proposed termination of the Sub-Fund. Also, as required under Chapters 11.1A and 11.2 of the Code, no less than one month's notice is hereby given to the investors notifying them that the Sub-Fund will cease to track the performance of the Index after the Last Redemption Day.

The Manager will also seek approval of delisting of Listed Class Units of the Sub-Fund. As the relevant procedures do not impact investors of the Unlisted Classes Units, such details are not included in this Announcement.

## 2. What will happen before and after the Last Redemption Day?

### 2.1. Actions to be taken by you

In respect of your existing holdings in the Sub-Fund, you may apply for redemption of Units on any Dealing Day of the Sub-Fund[1] on or before the Last Redemption Day (i.e. 30 July 2026). As set out in the offering documents of the Sub-Fund, for redemptions to be dealt with on a Dealing Day of the Sub-Fund, a request for redemption of Units must be received by the Manager prior to 1:00 p.m. (Hong Kong time) or such other time, prior to the calculation of the Net Asset Value of the Sub-Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee. For the avoidance of doubt, there is no redemption charge for redemption of Units of the Sub-Fund.

You may also apply for switching of Units of the Sub-Fund into Units of the same class of a SFC-authorised fund[2] in the Trust or Units of the same class of a SFC-authorised fund[2] in other investment series, which are managed by the Manager and available for subscription by retail investors, free of switching fee on or before the Last Redemption Day (i.e. 30 July 2026) with effect from the date of this document. In order for switching to take effect on a particular Dealing Day of the Fund or the relevant fund[#] (as applicable), the switching application must be received by us not later than the cut-off time for receipt of switching application for that Dealing Day which shall be the cut-off time for receipt of applications for the Sub-Fund (i.e. 1:00 pm (Hong Kong time)) or that for the fund to be switched into (please refer to the offering documents of the fund to be switched into for the relevant cut-off time of that fund), whichever is earlier. Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day of the Sub-Fund or the relevant fund (as applicable) provided that such an application is received before the cut-off time on the Last Redemption Day.

The Authorised Distributor(s) of the Sub-Fund/relevant funds may set a cut-off time for receipt of applications for redemption and/or switching of Units earlier than those set out above or in the offering documents of the Sub-Fund/relevant funds. Although the Manager will not impose any charges/fees in respect of redemption

[1] Please refer to the offering documents of the Sub-Fund for the definition of "Dealing Day" of the Sub-Fund.
[2] 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.
[#] Please refer to the offering documents of the relevant fund for the definition of "Dealing Day" for that fund.

of Units of the Sub-Fund and switching of Units of the Sub-Fund into Units of the same class of a SFC-authorised fund[2] in the Trust or Units of the same class of a SFC-authorised fund[2] in other investment series which are managed by the Manager, the Authorised Distributor(s) of the Sub-Fund/relevant funds may impose such charges/fees on redemption and/or switching. You should check with the relevant Authorised Distributor(s) for details, such as the cut-off time and the relevant charges/fees set in respect of applications through its different channels (e.g. branches, phone banking and e-banking).

You may also elect to take no action and remain in the Sub-Fund until the Termination Date upon which the Sub-Fund will be terminated in accordance with the relevant provisions of the Trust Deed. Please refer to sections 2.2 to 2.5 below for further details.

**2.2. Impact of the proposed realisation of the assets of the Sub-Fund**

The Manager will aim to realise all of the assets of the Sub-Fund after the Last Redemption Day in exercise of its power to realise investments under Clause 9.6 of the Trust Deed.

The realisation of assets of the Sub-Fund will not incur any additional cost as compared to the costs associated with normal realisation of investments.

After the realisation of the assets of the Sub-Fund, the Sub-Fund will mainly hold cash (primarily consisting of the proceeds from the realisation of the assets of the Sub-Fund). It therefore follows that, after the Last Redemption Day, the Sub-Fund will cease to track the Index, and will not be able to meet its investment objective of tracking the performance of the Index.

**2.3. Distribution(s)**

For investors who are still holding Units after the Last Redemption Day, Units of the Sub-Fund will be automatically redeemed on 5 August 2026 (Wednesday). There will be no redemption charge or other charges for such automatic redemption. The Manager will, after consulting the Trustee and the Auditor, declare a distribution in the relevant class currency (the "**Distribution**") in respect of those investors who remain invested in the Sub-Fund as of the Distribution Record Date (the "**Relevant Investors**"). Such Distribution is expected to be made on or around 12 August 2026 (i.e. the Distribution Date).

Each Relevant Investor will be entitled to a Distribution of an amount equal to the Sub-Fund's then Net Asset Value in proportion to the Relevant Investor's Units in the Sub-Fund as at the Distribution Record Date. The Sub-Fund's then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the Sub-Fund as described in section 2.2 above (which exclude (i) any taxes payable and (ii) any expenses payable). The Provision (as defined in section 4.2) will not be included in the Distribution.

The Manager will issue a further announcement at least five business days before the Distribution Date to inform the Relevant Investors of the exact day of payment of the Distribution, together with the amount of Distribution per Unit in respect of the Sub-Fund.

The Manager does not expect or anticipate there will be a further distribution after the Distribution. However, in the unlikely event there is a further distribution after the Distribution, the Manager will issue an announcement informing the Relevant Investors. Upon redemption and completion of distribution(s), Unitholders shall have no residual interest in the Sub-Fund and all rights of such Unitholders shall be extinguished.

**2.4. After the Last Redemption Date and until the Termination Date**

Following the realisation of the assets and the Distribution, on the day on which the Manager and the Trustee are of the opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets and liabilities (i.e. the Termination Date), the Manager and the Trustee will commence the completion of termination of the Sub-Fund.

From the date of this Announcement and Notice and until the Termination Date, although the Sub-Fund will continue to be authorised by the SFC, the Units will no longer be marketed or offered to the public and subscriptions by new investors into the Units will not be accepted. The Sub-Fund will only be operated in a limited manner because after the Last Redemption Day, there will be no dealing in the Units and the Sub-Fund will have no investment activities. As such, pursuant to Chapter 8.6(t) of the Code and paragraph 13 of the Frequently Asked Questions on Exchange Traded Funds and Listed Funds issued by the SFC (the "**ETF FAQs**"), the Sub-Fund will continue to maintain its authorisation status with the SFC without strictly complying with Chapters 6.1, 8.6(u)(ii), 10.7 and 11.1B of the Code for the period after the Last Redemption Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in section 3 below.

The deauthorisation of the Sub-Fund will take place either on the Termination Date or shortly after the Termination Date, subject to the SFC's approval.

The proposed termination and deauthorisation of the Sub-Fund will be subject to the payment of all outstanding fees and expenses (please refer to section 4 below), discharge of all outstanding liabilities of the Sub-Fund, as well as final approval by the SFC.

Following deauthorisation, the Sub-Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any fund documentation previously issued to investors, including the Prospectus and the KFS in respect of the Sub-Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Sub-Fund to the public in Hong Kong as this may be in breach of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "**SFO**").

### 2.5. Important dates

Subject to the SFC's approvals for the proposed arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Sub-Fund will be as follows:

| | |
|---|---|
| Dispatch of this Announcement and Notice and setting aside the Provision (as defined in section 4.2)<br>The date from which the Units shall no longer be marketed or offered to the public in Hong Kong and subscriptions by new investors into the Units will not be accepted | After market close on 30 June 2026 (Tuesday) |
| Last day for redemption of the Units by investors<br>(the "**Last Redemption Day**") | 30 July 2026 (Thursday) |
| Last valuation of the Sub-Fund to be conducted upon realisation of all assets<br>Redemption of Units of the Sub-Fund held by Relevant Investors | 5 August 2026 (Wednesday) |
| Record date for determining the eligibility of entitlement for the Distribution, if any<br>(the "**Distribution Record Date**") | By close of business on 5 August 2026 (Wednesday) |
| Dispatch of announcement on Distribution Date and the amount of Distribution per Unit | On or around 5 August 2026 (Wednesday), at least five business days before the Distribution Date |
| Distribution of redemption proceeds, after the Manager having consulted the Trustee and the Auditor, will be paid to the investors who are still holding Units as at the Distribution Record Date<br>(the "**Distribution Date**") | On or around 12 August 2026 (Wednesday) |
| Termination of the Sub-Fund when the Manager and the Trustee form an opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets and liabilities<br>(the "**Termination Date**") | Expected to be 30 September 2026 (Wednesday) |
| Deauthorisation of the Sub-Fund<br>The date of deauthorisation will be the date which the SFC approve the deauthorisation. The Manager expects that the deauthorisation will take place either on the Termination Date or shortly after the Termination Date. | On or shortly after the Termination Date |

The Manager will issue the following on the Manager's website www.hangseninvestment.com (this website has not been reviewed by the SFC):

(i) (on a weekly basis from the date of this Announcement and Notice to the Last Redemption Day) reminder announcements informing and reminding investors of the Last Redemption Day and the Distribution Record Date;

(ii) (on or around 5 August 2026) an announcement to inform the Relevant Investors of the Distribution Date and the amount of Distribution per Unit; and

(iii) (on or shortly before the Termination Date) an announcement informing investors about the Termination Date and Deauthorisation Date of the Sub-Fund,

in accordance with the applicable regulatory requirements.

If there is any change to the dates mentioned set out in the table above, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

## 3. Non-applicability of certain provisions of the Code

### 3.1. Background

As set out in section 2.4 above, while dealing of the Units will cease after the Last Redemption Date, because of certain outstanding contingent or actual assets and liabilities in relation to the Sub-Fund, the Sub-Fund will remain in existence after the Last Redemption Date until the Termination Date. During such period, the Sub-Fund will remain authorised by the SFC, until the completion of the proposed termination and deauthorisation of the Sub-Fund.

Pursuant to Chapter 8.6(t) of the Code and paragraph 13 of the ETF FAQs, the Sub-Fund may not strictly comply with certain provisions of the Code for the period after the Last Redemption Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in this section 3.

### 3.2. Publication of the suspension of dealing

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager will continue to manage the Sub-Fund without strict compliance with Chapter 10.7 of the Code (for the period after the Last Redemption Date until the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Manager's website www.hangseninvestment.com (this website has not been reviewed by the SFC) after the Last Redemption Date until the Deauthorisation Date to notify investors that the Units have ceased dealing after the Last Redemption Date, and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

Investors may continue to access further announcements in relation to the Sub-Fund via the Manager's website www.hangseninvestment.com (this website has not been reviewed by the SFC) during such period.

### 3.3. Provision of last Net Asset Value

Under Chapter 8.6(u)(ii) of the Code, the Manager is required to provide last Net Asset Value per Unit and last Net Asset Value of the Sub-Fund (updated on a daily basis) on the Manager's website or such other channels as the SFC considers appropriate.

The Manager will continue to manage the Sub-Fund without strict compliance with Chapter 8.6(u)(ii) of the Code after the Last Redemption Date until the Deauthorisation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

(A) the Manager shall ensure that the Net Asset Value per Unit as of 30 July 2026 (i.e. the Last Redemption Day), which will be the latest Net Asset Value per Unit, will be published on the Manager's website www.hangseninvestment.com (this website has not been reviewed by the SFC); and

(B) the Manager shall update the latest available Net Asset Value per Unit on the Manager's website www.hangsenginvestment.com (this website has not been reviewed by the SFC) as soon as practicable should there be any other change to the Net Asset Value of the Sub-Fund, including but not limited to changes arising from (i) the payment of Distribution (please see further in section 2.3 above); (ii) any deduction of transaction costs or taxes relating to the realisation of the assets of the Sub-Fund; and (iii) any change in market value of the scrip dividend receivable by the Sub-Fund (if any) of the underlying investments.

### 3.4. Updating of the Prospectus and KFS

Under Chapters 6.1 and 11.1B of the Code, the Prospectus and the KFS in respect of the Sub-Fund must be up-to-date and must be updated to incorporate any relevant changes to the Sub-Fund.

The Manager will continue to manage the Sub-Fund without updating the Prospectus and the KFS in respect of the Sub-Fund as required under Chapters 6.1 and 11.1B of the Code after the Last Redemption Date until the Deauthorisation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

(A) the Manager shall promptly notify investors of any changes to the Sub-Fund or to the Prospectus or the KFS by means of publishing further announcement(s) on the Manager's website www.hangsenginvestment.com (this website has not been reviewed by the SFC) (each, a "**Relevant Future Announcement**");

(B) the Manager shall ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice together with the Prospectus, the KFS and any other Relevant Future Announcement(s); and

(C) the Manager shall issue an updated Prospectus on the Deauthorisation Date to remove all references to the Sub-Fund.

### 3.5. Other related matter

The Manager confirms that, save for the particular provisions of the Code set out in sections 3.2 to 3.4 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations in respect of the Sub-Fund.

## 4. Costs

### 4.1. Ongoing charges

The ongoing charges over a year for Class A (HKD hedged) – Accumulation Units and Class A (RMB) – Accumulation Units as a percentage of the Net Asset Value is 0.97%*.

** The ongoing charges figure is based on ongoing expenses for the year ended 31 December 2025 expressed as a percentage of the Sub-Fund's average Net Asset Value for the same period. It includes the set-up costs (amortised portion for the relevant period) of the Sub-Fund, fees of the Manager and the Trustee. The ongoing charges figure shown above is calculated in accordance with the guidance under the relevant SFC circular, and excludes the following costs and expenses associated with the termination of the Sub-Fund (which are to be borne by the Sub-Fund): (i) transaction costs and (ii) any taxes relating to the realisation of assets of the Sub-Fund.*

### 4.2. Cost of termination and deauthorisation

Subject to the Provision (as defined below), the Sub-Fund will bear all costs and expenses associated with the termination and deauthorisation of the Sub-Fund as well as the delisting of the Sub-Fund (including normal operating expenses such as transaction costs and any taxes relating to the realisation of assets of the Sub-Fund which will be paid out of the Sub-Fund) from the date of this Announcement and Notice up to and including the date of deauthorisation of the Sub-Fund ("**Termination Costs**"), which are estimated to be approximately RMB 30,323.77 in respect of Unlisted Classes Units of the Sub-Fund, which is 1.98% of the Net Asset Value of the Unlisted Classes Units of the Sub-Fund. For the avoidance of doubt, costs and expenses associated with the delisting of the Sub-Fund will be borne by the Listed Class Units of the Sub-Fund only.

The Trustee will continue to charge the Trustee's fee up to and including the Termination Date.

*Provision of costs and expenses*

On the date on which this Announcement and Notice is published, a certain portion of the assets of the Sub-Fund, amounting to approximately RMB 50,493.06, which is 3.29% of the Net Asset Value of the Unlisted Classes Units of the Sub-Fund (the "**Provision**"), will be set aside in respect of the Unlisted Classes Units. For the avoidance of doubt, the provision in respect of the Sub-Fund is set aside at the level of the Sub-Fund, which will be apportioned between the Listed Class Units and Unlisted Classes Units according to the respective Net Asset Value of the relevant class. The ongoing charges figure for the Sub-Fund aforementioned will no longer be applicable and the Provision (in terms of percentage of the Net Asset Value of the Unlisted Classes Units of the Sub-Fund) represents the costs and expenses chargeable to the Unlisted Classes Units of the Sub-Fund from the date of this Announcement and Notice until the Termination Date. This Provision is to discharge (i) the Termination Costs, (ii) any future costs, charges, expenses, claims and demands (including but not limited to any auditor's fees, regulatory maintenance costs and the fees payable to any service provider to the Sub-Fund, including the Trustee) that the Trustee and the Manager may incur or make, during the period from the time after this Announcement and Notice has been published up to the Termination Date, in connection with or arising out of the ongoing charges and normal operating expenses of the Unlisted Classes Units of the Sub-Fund, and the termination process together with the deauthorisation (the "**Future Costs**"). For avoidance of doubt, the Future Costs do not include transaction costs and any taxes relating to the realisation of assets of the Sub-Fund.

The Trustee has confirmed that it has no objection to the amount of and the basis for setting aside the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit will be reduced before the commencement of dealing on 2 July 2026. For illustrative purposes only, please refer to the table below:**

| | **Before setting aside the Provision** | | **After setting aside the Provision** | |
|---|---|---|---|---|
| | **Net Asset Value** | **Net Asset Value per Unit** | **Net Asset Value** | **Net Asset Value per Unit** |
| Class A (HKD hedged) – Accumulation Units | HKD 925,068.42 | HKD 13.38 | HKD 894,614.20 | HKD 12.94 |
| Class A (RMB) – Accumulation Units | RMB 733,011.90 | RMB 12.89 | RMB 708,880.38 | RMB 12.46 |

Where the Provision is insufficient to cover any Termination Costs and Future Costs, any shortfall will be borne by the Manager and no further provision will be made.

Where the Provision is in excess of the actual amount of the Termination Costs and the Future Costs (when materialised), such excess will be refunded to the Relevant Investors by way of distribution in proportion to each Relevant Investor's Units as at the Distribution Record Date.

### 4.3. Unamortised establishment costs

As at the date of this Announcement and Notice, the Sub-Fund has unamortised establishment costs of approximately RMB 497,874.90, which is 4.60% of the Net Asset Value of the Sub-Fund. Such unamortised establishment costs as at the date of this Announcement and Notice will be borne by the Manager in full. Save for the aforesaid unamortised establishment costs, the Sub-Fund does not have any contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

**IMPORTANT NOTE: Investors should pay attention to the risk factors as set out in section 4.4 below and consult their professional and financial advisers before disposing of their Units. If an investor disposes of its Units at any time on or before the Last Redemption Day, such investor will not in any circumstances be entitled to any portion of the Distribution in respect of any Units so disposed. Investors should therefore exercise caution and consult their professional and financial advisers before dealing in their Units or otherwise deciding on any course of actions to be taken in relation to their Units.**

### 4.4. Risk factors relating to the proposed termination and deauthorisation

In consequence of this Announcement and Notice and the proposed termination and deauthorisation of the Sub-Fund, investors should note and consider the following risks:

***Tracking errors during the period from the date of this Announcement and Notice to the Last Redemption Day risk*** – The setting aside of the Provision (immediately after this Announcement and Notice has been published) may have an impact on the Net Asset Value per Unit. The reduction of Net Asset Value per Unit may cause the Sub-Fund's return to deviate from the performance of the Index so the Sub-Fund may not be able to properly track the performance of the Index during the period from the date of this Announcement and Notice to the Last Redemption Day and thus triggering tracking error.

***Net Asset Value downward adjustment risk*** – Changes in economic environment, consumption pattern and investors' expectations may have significant impact on the value of the investments and there may be significant drop in value of the investments. In addition, the Net Asset Value of the Sub-Fund will be reduced as some of the Sub-Fund's assets will be set aside as Provision on the date on which this Announcement and Notice is published. Such market movements and the setting aside of the Provision may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Redemption Day.

***Failure to track the Index risk*** – All assets of the Sub-Fund, to the extent possible, will be liquidated after the Last Redemption Day. Thereafter, the Sub-Fund's assets will mainly be cash. The Sub-Fund will only be operated in a limited manner. It therefore follows that, after the Last Redemption Day, the Sub-Fund will cease to track the performance of its Index, and will not be able to meet its investment objective of tracking the performance of such Index.

***Delay in distribution risk*** – The Manager will aim to realise all of the assets of the Sub-Fund and proceed with the Distribution as soon as practicable. However, the Manager may not be able to realise all the assets of the Sub-Fund in a timely manner during certain periods of time, for example, when the official clearing and settlement depositary of the relevant market is closed. In this case, the payment of Distribution to the Relevant Investors may be delayed.

Investor's attention is also drawn to the risk factors disclosed in the Prospectus.

**4.5. Tax implications**

*Hong Kong tax*

As the Sub-Fund is a collective investment scheme authorised under Section 104 of the SFO, profits of the Sub-Fund derived from realisation of its assets are exempted from Hong Kong profits tax. Notwithstanding that profits of the Sub-Fund derived from realisation of its assets are exempted from Hong Kong profits tax, the Sub-Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution to the extent of distribution of profits and/or capital of the Sub-Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Sub-Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Sub-Fund are revenue assets of the investors.

Please note that tax implications of your unitholding as a consequence of the termination of the Sub-Fund vary depending on the law and regulations of your country of residence, citizenship or domicile. Please consult your tax advisor if you require further advice.

*PRC tax*

*Corporate Income Tax ("**CIT**")*

With the "Circular on tax collection policies concerning the Pilot Programme of the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) ("Circular 81") and "Circular on tax collection policies concerning the Pilot Programme of the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127) ("Circular 127") promulgated by the Ministry of Finance of the PRC, the State Taxation Administration of the PRC and the China Securities Regulatory Commission on 31 October 2014 and 5 November 2016 respectively, gains derived by investors in the Hong Kong market from the transfer of investments in A-Shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange via the Stock Connect are temporarily exempt from CIT.

*Value-Added Tax ("**VAT**")*

Under the current PRC Value-Added Tax Law and its implementation rules, gains derived from the trading of PRC securities will be subject to VAT, unless exemption is available. If VAT is applicable, there may also be other surtaxes. Pursuant to the "Ministry of Finance of the PRC and STA Announcement [2026] No. 10, Announcement on Transitional Matters for Value-Added Tax Preferential Policies Following the Implementation of the Value-Added Tax Law", gains derived by investors in the Hong Kong market from transfer of investments in A-Shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange via the Stock Connect are exempt from VAT from 1 January 2026 onwards.

As disclosed in the Sub-Fund's offering documents, the Manager has not made any provision in relation to all or part of the actual tax levied by the relevant PRC tax authorities in the past.

Investor's attention is drawn to the sub-section headed "PRC withholding taxation risk" in the section entitled "Risks associated with the PRC" in the section on "RISK FACTORS" of the Prospectus.

Investors should consult their professional tax advisers for tax advice.

### 4.6. Connected party transaction

To the Manager's knowledge and belief and having made all reasonable enquiries, as at 30 April 2026, no Connected Person of the Manager and/or the Trustee is a party to any transaction in relation to the Sub-Fund, nor holds any interest in the Sub-Fund.

## 5. Documents available for inspection

Investors may inspect a copy of the following documents free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the office of the Manager, 83 Des Voeux Road Central, Hong Kong and copies may be purchased at that address on payment of a reasonable fee:

(i) the Trust Deed;
(ii) the audited annual financial reports and interim unaudited financial reports of the Sub-Fund;
(iii) the Prospectus; and
(iv) the KFS of the Sub-Fund.

## 6. Enquiries

If you have any queries concerning this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager at (852) 2198 5890 during office hours.

The Manager accepts full responsibility for the accuracy of the contents of this Announcement and Notice, 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 misleading.

**Hang Seng Investment Management Limited**
as Manager of the Sub-Fund
**30 June 2026**

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.

Investors should note that this document relates to Sub-Funds which may offer (i) both listed (exchange-traded) class of Units and unlisted (not exchange-traded) class of Units or (ii) listed (exchange-traded) class of Units only.

# *Hang Seng Investment Funds Series IV*

# PROSPECTUS

***Manager***

## Hang Seng Investment Management Limited

**21 September 2026**

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 Hang Seng Investment 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, as amended and restated by an amended and restated trust deed dated 16 March 2023, and as further amended from time to time (the "Trust Deed") in each case entered into 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").

Where specified in the relevant Appendix, a Sub-Fund may issue (i) both listed (exchange-traded) class of Units ("Listed Class Units") and unlisted (not exchange-traded) class of Units ("Unlisted Class Units") or (ii) Listed Class Units only. For a Sub-Fund which issues both Listed Class Units and Unlisted Class Units, a separate set of the Product Key Facts Statement will be available for each of the Listed Class Units and Unlisted Class Units.

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, other than Hang Seng JPMorgan US Equity Premium Income Active ETF, Hang Seng HSCEI Covered Call Active ETF and Hang Seng TECH Covered Call Active ETF, which fall within Chapter 8.10 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, the Listed Class Units of Hang Seng Stock Connect China A Low Carbon Index ETF, the Listed Class Units of Hang Seng S&P 500 Index ETF, the Listed Class Units of Hang Seng Japan TOPIX 100 Index ETF, the Listed Class Units of Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF, the Listed Class Units of Hang Seng CMS Bloomberg US Treasury 7-10 Year ETF, the Listed Class Units of Hang Seng JPMorgan US Equity Premium Income Active ETF, the Listed Class Units of Hang Seng HSCEI Covered Call Active ETF, the Listed Class Units of Hang Seng TECH Covered Call Active ETF and the Listed Class Units of Hang Seng FTSE Hong Kong Equity 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 the CCASS on the second CCASS Settlement Day after any trading. All activities under the CCASS are subject to the General Rules of HKSCC and HKSCC 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 Listed Class Units of Hang Seng AI Advancement ETF. Subject to compliance with the admission requirements of HKSCC, the Listed Class Units of Hang Seng AI Advancement 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 Listed Class Units of Hang Seng AI Advancement 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 the CCASS on the second CCASS Settlement Day after the trading day. All activities under the CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Each of Hang Seng Stock Connect China A Low Carbon Index ETF, Hang Seng S&P 500 Index ETF, Hang Seng Japan TOPIX 100 Index ETF, Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF, Hang Seng CMS Bloomberg US Treasury 7-10 Year Index ETF, Hang Seng JPMorgan US Equity Premium Income Active ETF,

Hang Seng HSCEI Covered Call Active ETF, Hang Seng TECH Covered Call Active ETF, Hang Seng FTSE Hong Kong Equity ETF and Hang Seng AI Advancement ETF currently also offers Unlisted Class Units.

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:
   i. who is deemed a resident of the U.S. under any U.S. law or regulation; or
   ii. who is a U.S. Citizen or Green Card Holder who has not formally renounced their U.S. citizenship (including a person with dual or multiple nationality) even though they may reside outside of the U.S.

2. An entity:
   i. that is a corporation, partnership, limited liability company, collective investment vehicle, investment company, pooled account, or other business, investment, or legal 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 the income of which is subject to U.S. income tax regardless of source; 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 in whole or in part for investment decisions related to the trust is a US Person; or
   iii. that is an estate of a deceased person:
      a. where, regardless of the deceased person resided while alive where an executor or administrator is a US Person or the estate is governed by U.S. Law; or
      b. who was a resident of the U.S. at the time of death or the income of which is subject to U.S. income tax regardless of source.

3. An employee benefit plan or pension plan:
   i. established and administered in accordance with the laws of the U.S; or
   ii. established for employees of a legal entity that is a US Person or has its principal place of business in U.S.

4. A discretionary or non-discretionary or similar account (including a joint account) where:
   i. one or more beneficial owners is a US Person or held for the benefit of one or more US Persons; or
   ii. the discretionary or similar account is held by a dealer or fiduciary organised in the U.S.

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).

(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*
**LEE Wah Lun, Rannie**
**LEE Jonathon Glyn**
**CHEUNG Ka Wai, Kathy**
**WONG King Fung**
**USTA Husne Ozge**
**SO Ho Ching Paul**

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

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

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

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

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

*Legal Counsel to the Manager*
**Deacons**
5th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

*Investment Sub-Manager (in respect of Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF and Hang Seng CMS Bloomberg US Treasury 7-10 Year Index ETF only)*
**CMS Asset Management (HK) Co., Limited**
48/F One Exchange Square
8 Connaught Place
Central
Hong Kong

*Listing Agent****
**Altus Capital Limited**
21 Wing Wo Street
Central
Hong Kong

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

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

*USD 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 Market Makers and Participating Dealers.*

** *In respect of each Sub-Fund of the Trust except Hang Seng JPMorgan US Equity Premium Income Active ETF and Hang Seng AI Advancement ETF.*

*** *In respect of Hang Seng JPMorgan US Equity Premium Income Active ETF and Hang Seng AI Advancement ETF only.*

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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.

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, the SZSE or the BJE traded in RMB and available for investment by domestic investors, QFI and through Stock Connect.

"After Listing" means, in respect of a Listed Class, the period which commences on the Listing Date and continues until the relevant Sub-Fund is terminated.

"AFRC" means the Accounting and Financial Reporting Council in Hong Kong.

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

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

"Application Unit" means, in respect of a Listed Class, such number of Listed Class Units or whole multiple thereof as specified in this Prospectus or such other number of Listed Class Units determined by the Manager, approved by the Trustee and notified by the Manager to the Participating Dealers.

"Authorised Distributor" means, in respect of an Unlisted Class, a distributor appointed by the Manager to market, promote, sell and/or distribute Unlisted Class Units in one or more Sub-Fund(s), and to receive applications for subscription, redemption and/or switching of Unlisted Class Units.

"Authorised Feeder Fund" means a Sub-Fund authorised as a feeder fund by the SFC.

"BJE" means Beijing Stock Exchange or its successors.

"Business Day" means (a) a day on which (i) the SEHK is open for normal trading; (ii) relevant stock exchanges, market access programmes, and other markets in which a Sub-Fund is materially invested, or through which trading is conducted, are open for normal trading; and (iii) the relevant Index (if any) is compiled and published, unless otherwise determined by the Manager and the Trustee; or (b) any other day or days as the Manager and Trustee may agree from time to time.

"Cancellation Compensation" means, in respect of a Listed Class, 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 HKSCC.

"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, in respect of a Listed Class, an application by a Participating Dealer for the creation and issue of Listed Class 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 Business Day, or such day as otherwise specifically provided in the Appendix for a Sub-Fund, or any other day or days as the Manager may from time to time determine with the approval of the Trustee, for processing dealing applications in a Sub-Fund.

"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, in respect of a Listed Class, 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 Listed Class 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.

"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.

“Eligible Investor(s)” means any collective investment scheme(s) (including without limitation a feeder fund investing solely in a Sub-Fund) or discretionary account(s) managed by the Manager or, in the Manager's sole discretion, any MPF Scheme and ORSO Scheme, subject to the relevant Sub-Fund being approved by the Mandatory Provident Fund Schemes Authority as an eligible investment under the mandatory provident fund regime.

“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.

“ETF” means exchange traded fund.

“Extension Fee” means, in respect of a Listed Class, 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.

“HKFE” means the Hong Kong Futures Exchange Limited.

“HKMA” means the Hong Kong Monetary Authority.

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

“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, in respect of an Index Tracking Sub-Fund, the index or benchmark, if any, against which the relevant Index Tracking Sub-Fund may be benchmarked or may otherwise be referenced as set out in the relevant Appendix.

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

"Index Tracking Sub-Fund" means a Sub-Fund with a principal objective to track, replicate or correspond to a financial index or benchmark, with an aim of providing or achieving investment results or returns that closely match or correspond to the performance of the Index that it tracks.

"Initial Issue Date" means, in respect of a Listed Class, the date of the first issue of Units of that Listed Class, 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, in respect of a Listed Class, the price at which Units in that Listed Class may be issued and in respect of an Unlisted Class, the price at which Units of that Unlisted Class may be subscribed for, determined in accordance with the Trust Deed.

"JPY" means Japanese Yen, the lawful currency of Japan.

"Listed Class" means a class of Units of a Sub-Fund which is listed on either the SEHK or any other Recognised Stock Exchange.

"Listed Class Unit" means a Unit of a Listed Class.

"Listing Date" means, in respect of each Listed Class, the date on which the Units of that Listed Class 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.

"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 HKFE or such other futures exchange from time to

time determined by the Manager.

"Market Maker" means, in respect of a Listed Class, a broker or dealer permitted by the SEHK to act as such by making a market for the Units of that Listed Class in the secondary market on the SEHK.

"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.

"MPF Scheme" means any mandatory provident fund scheme or its constituent fund or approved pooled investment fund approved by the Mandatory Provident Fund Schemes Authority; or any person who, in relation to any mandatory provident fund scheme, is an approved trustee or service provider, or who is an investment manager of any such mandatory provident fund scheme, constituent fund or approved pooled investment fund.

"Multi Counter" means, in respect of a Listed Class, the facility by which the Listed Class Units of a Sub-Fund traded in RMB, HKD and/or USD (as the case may be) are each assigned separate stock codes on the SEHK and are accepted for deposit, clearing and settlement in the CCASS in more than one eligible currency (RMB, USD and/or HKD) as described in the relevant Appendix of this Prospectus. Where the Listed Class Units of a Sub-Fund are traded in two eligible currencies, the facility is also referred to as a "Dual Counter".

"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 Listed Class, 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.

"ORSO Scheme" means any voluntary occupational retirement scheme operating in or from Hong Kong which is administered by the Mandatory Provident Fund Schemes Authority; or any person who, in relation to any occupational retirement schemes, is an approved trustee or service provider, who is an investment manager of any such occupational retirement scheme.

"Participant" means a person admitted for the time being by HKSCC as a participant of the CCASS.

"Participating Dealer" means, in respect of a Listed Class, any licensed broker or dealer and who is (or who has appointed and agent or delegate who is) a Participant and who has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.

"Participation Agreement" means, in respect of a Listed Class, 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 of that Listed Class and the redemption and cancellation of Units of that Listed Class, as amended and supplemented from time to time.

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

"PRC" means the People's Republic of China.

"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.

"Preliminary Charge" means in respect of an Unlisted Class, the preliminary charge (if any) payable on the issue of Units of that Unlisted Class and as specified in the relevant Appendix.

"Product Key Facts Statement" means a summary, for prospective investors, of the key issues of a product as required by the SFC.

"QFI" means a qualified foreign investor approved pursuant to the relevant PRC regulations (as amended from time to time), including the qualified foreign institutional investor ("QFII") and/or the RMB qualified foreign institutional investor ("RQFII"), which are merged into the one program because of PRC regulatory developments.

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

"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, in respect of a Listed Class, an application by a Participating Dealer for the redemption of Units of that Listed Class in Application Unit size in accordance with the Operating Guidelines and the Trust Deed.

"Redemption Charge" means, in respect of an Unlisted Class, the redemption charge (if any) payable on the redemption of Units of that Unlisted Class and as specified in the relevant Appendix.

"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.

"REIT" means a real estate investment trust.

"reverse repurchase transactions" means transactions whereby a Sub-Fund purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an agreed price in the future.

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

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

"sale and repurchase transactions" means transactions whereby a Sub-Fund sells its securities to a counterparty of reverse repurchase transactions and agrees to buy such securities back at an agreed price with a financing cost in the future.

"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.

"securities financing transactions" means securities lending transactions, sale and repurchase transactions and reverse repurchase transactions collectively.

"securities lending transactions" means transactions whereby a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee.

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

"Service Agent" means, in respect of a Listed Class, 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, in respect of a Listed Class, 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, in respect of a Listed Class, 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 HKSCC.

"Settlement Day" means, in respect of a Listed Class 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 Listed Class Units by an Eligible Investor.

"Special Operating Guidelines" means the guidelines for creation and redemption of Listed Class Units 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 Listed Class Units by an Eligible Investor.

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

"SDO" means Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

"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.

"Switching Fee" means, in respect of an Unlisted Class, the switching fee (if any) payable on the switching of any Unit.

"SZSE" means the Shenzhen Stock Exchange.

"Transaction Fee" means, in respect of a Listed Class, 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 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, and as amended and restated by an amended and restated trust deed dated 16 March 2023 (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.

"Unlisted Class" means a class of Units of a Sub-Fund which is neither listed on the SEHK nor any other Recognised Stock Exchange.

“Unlisted Class Unit” means a Unit of an Unlisted Class.

“US” or “U.S.” means the United States of America.

“USD” or “US dollars” means the currency of the US.

“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, other than Hang Seng JPMorgan US Equity Premium Income Active ETF, Hang Seng HSCEI Covered Call Active ETF and Hang Seng TECH Covered Call Active ETF, which fall within Chapter 8.10 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 ETF listed on the SEHK (with Listed Class Units only or with both Listed Class Units and Unlisted Class Units).

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, the Listed Class Units in a Sub-Fund may be available for trading on the SEHK using a Multi Counter. Each Sub-Fund will have its own Appendix.

Each Sub-Fund may issue Listed Class Units and/or Unlisted Class Units. In respect of a Sub-Fund which offers both Listed Class Units and Unlisted Class Units, please refer to the table set out in the relevant Appendix which sets out the key similarities and differences between the Listed Class Units and Unlisted Class Units. Currently, Hang Seng China A Industry Top Index ETF offers Listed Class Units only, whereas each of Hang Seng Stock Connect China A Low Carbon Index ETF, Hang Seng S&P 500 Index ETF, Hang Seng Japan TOPIX 100 Index ETF, Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF, Hang Seng CMS Bloomberg US Treasury 7-10 Year Index ETF, Hang Seng JPMorgan US Equity Premium Income Active ETF, Hang Seng HSCEI Covered Call Active ETF, Hang Seng TECH Covered Call Active ETF, Hang Seng FTSE Hong Kong Equity ETF and Hang Seng AI Advancement ETF offers both Listed Class Units and Unlisted Class Units.

## INVESTMENT OBJECTIVE AND STRATEGY

### Investment Objective

A Sub-Fund may be an Index Tracking Sub-Fund or an actively managed Sub-Fund, both of which may issue Listed Class Units and/or Unlisted Class Units.

The investment objective of each Index Tracking 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.

The investment objective of each actively managed Sub-Fund is set out in the relevant Appendix.

### Investment Strategy

The investment strategy of each Sub-Fund is stated in the relevant Appendix.

*Index Tracking Sub-Funds*

Each Index Tracking Sub-Fund will adopt either a full replication or a representative sampling strategy.

*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. The composition of the Index may change when a Security ceases to be a constituent of the Index or when it is delisted. 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 a 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.

*Other Strategies*

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

*Actively managed Sub-Funds*

An actively managed Sub-Fund (i.e. a listed open-ended fund (active ETF) or an unlisted open-ended fund) does not track an index. The Manager will actively manage the relevant Sub-Fund based on its investment strategy in seeking to achieve the investment objective of the Sub-Fund, as described in the relevant Appendix.

*Investment in ETFs*

For a Sub-Fund which may invest in ETF(s), whenever local regulations permit and in the best interest of the Unitholders, the Sub-Fund will invest in ETF(s) managed by the Manager or its associate, unless an appropriate ETF is not available.

**What is the QFI regime?**

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

On 25 September 2020, the CSRC, the PBOC and the SAFE jointly 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 the CSRC issued the Provisions on Issues Concerning the Implementation of the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investor and RMB Qualified Foreign Institutional Investor (關於實施《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》有關問題的規定) (collectively, the "New QFI Measures"), which, took effect from 1 November 2020, consolidated the previous QFII and RQFII programs into one.

The QFI regime is currently governed by (i) the New QFI Measures; (ii) the Provisions on Fund Administration of Domestic Securities and Futures Investment by Foreign Institutional Investors (the "Funds Administration Provisions") 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); and (iii) any other applicable regulations promulgated by the relevant authorities (collectively, the "QFI Regulations").

The Manager has obtained QFI status from the CSRC, which may freely choose the timing and currency in which investment capital will be remitted into mainland China to make investment under the QFI 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 QFI 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 QFI holder) and the Sub-Fund. An RMB special deposit account for remitted funds in offshore RMB and/or foreign exchange special account(s) and its corresponding RMB special deposit account(s) for remitted funds in foreign currencies (collectively, the "special cash account(s)") may also be established and maintained with the PRC Custodian in the joint names of the Manager (as the QFI 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 QFI holder) and 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 QFI 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 QFI 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 QFI holder) and any PRC Broker, and from the assets of other clients of the Manager (as QFI 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 confirm that, a PRC law legal opinion in respect of the Initial Sub-Fund has been obtained (as disclosed above) and that there are no material adverse changes to the relevant operational conditions.

Repatriations conducted by the Manager as QFI on behalf of each relevant Sub-Fund are not subject to any lock-up periods or prior approval.

There are specific risks associated with the QFI regime and investors' attention is drawn to the risk factors under "Risks associated with the QFI 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 A-Shares and ETFs listed on the SSE market (the "SSE Securities") and the SZSE market (the "SZSE Securities")[1].

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

*Trading day*

Under the existing Northbound arrangements for the Stock Connect, the Stock Connect operates on days when both the mainland China and Hong Kong markets are open for trading. However, the difference between Stock Connect trading days and Mainland China market trading days still exists. Therefore, it is possible that there are occasions when it is a normal trading day for the mainland China markets but Hong Kong investors (such as a Sub-Fund) cannot carry out any trading. Due to the differences in trading days, the Sub-Fund may be subject to a risk of price fluctuations during the time when the Stock Connect is not trading as a result.

*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 RMB52 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 the CCASS.

*Corporate actions and shareholders' meetings*

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and

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[1] Please refer to https://www.hkex.com.hk/-/media/HKEX-Market/Mutual-Market/Stock-Connect/Getting-Started/Information-Booklet-and-FAQ/FAQ/FAQ_En.pdf for further details on eligible securities.

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 Participants informed of all such corporate actions that require 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 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).

*Coverage of Investor Compensation Fund*

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. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance. For defaults occurring on or after 1 January 2020, the Investor Compensation Fund also covers investors' losses in relation to securities traded on a stock market operated by the SSE or the SZSE and in respect of which an order for sale or purchase is permitted to be routed through the Northbound trading of Stock Connect. On the other hand, since the Trust is carrying out Northbound trading through securities brokers in Hong Kong but not mainland China brokers, they are not

protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the mainland China. Therefore, the Trust is exposed to the risks of default of the broker(s) it engages in its trading through the programme. This may have an adverse impact on the Trust.

**Are there any special RMB payment or account procedures?**

Investors may, unless otherwise agreed by the relevant Participating Dealer, apply for Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class Units on the secondary market, they should contact their brokers and they are reminded to confirm with their brokers in respect of Listed Class 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 Listed Class 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 the CCASS.

Investors intending to purchase Listed Class 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 Listed Class Units traded in either HKD or RMB can be effected.

Investors should ensure they have sufficient RMB to settle trades of Listed Class 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 Listed Class Units on the SEHK include the SEHK trading

fee, SFC transaction levy and AFRC transaction levy. All these secondary trading related fees and charges will be collected in HKD and, in respect of Listed Class Units traded in RMB, calculated based on an exchange rate as determined by the HKMA 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 Listed Class 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?*

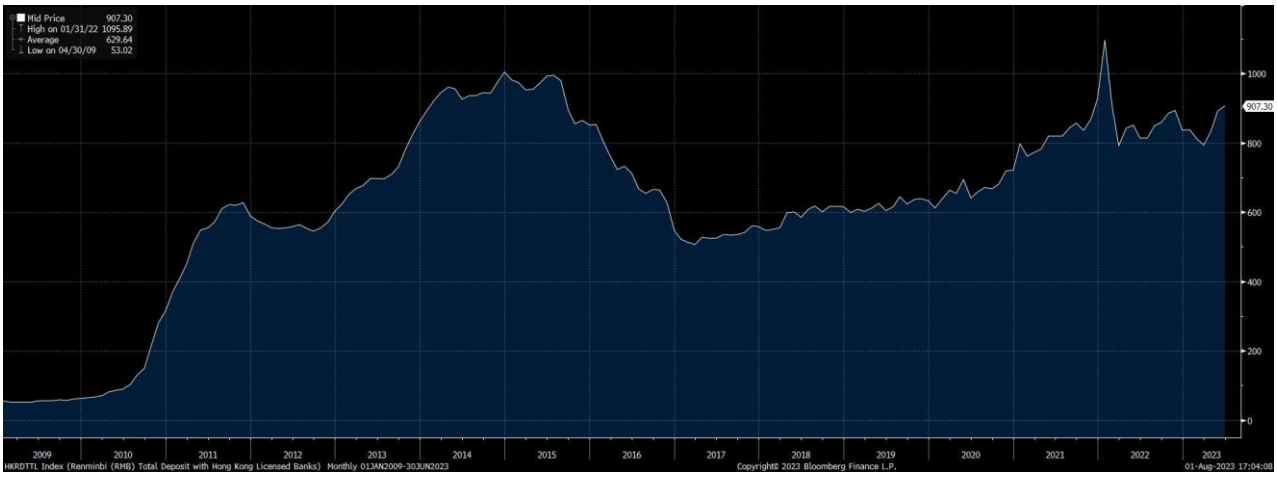
RMB is the lawful currency of the PRC. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system based 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 2023, there are 141 authorised institutions in Hong Kong engaging in RMB business, with RMB deposits amounting to about RMB907 billion, as compared to just RMB63 billion in 2009.

Chart 1. RMB deposits in Hong Kong




*Data source: Bloomberg as of 30 June 2023.*

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 2022, RMB9,342 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 2023.*

*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 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 and developing since 1990 with 3 exchanges, namely the SSE, the SZSE and the BJE.

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 QFI 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 ETFs) and warrants are available for trading on the SSE. As of 1 August 2023, there are 2,272 companies listed on the SSE, 1,722 of which are listed on the SSE main board with total market capitalisation of RMB 44.27 trillion, and 550 of which are listed on the STAR Board with total market capitalisation of RMB6.42 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 QFI or through the Stock Connect only and B-Shares available to both domestic and foreign investors. As of 1 August 2023, there are 2,810 companies listed on the SZSE, 1,513 of which are listed on the SZSE main board with total market capitalisation of RMB22.10 trillion and 1,297 of which are listed on the ChiNext (the board mainly for "hi-tech" companies) with total market capitalisation of RMB12.18 trillion. The SZSE's products cover equities, mutual funds and bonds. The product lines include A-Shares, B-Shares, indices, mutual funds (including ETFs 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 BJE was established on 3 September 2021 with current access to A-Shares limited to domestic investors as well as QFI. As of 1 August 2023, there are 210 A-Share listed companies in BJE with total market capitalisation of RMB 0.272 trillion.

The A-Shares market has grown significantly in the past 20 years, with the latest total market capitalisation reaching RMB 78.55 trillion comprising 4,567 A-Shares listed companies by 1 August 2023 according to the data from HKEx.

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

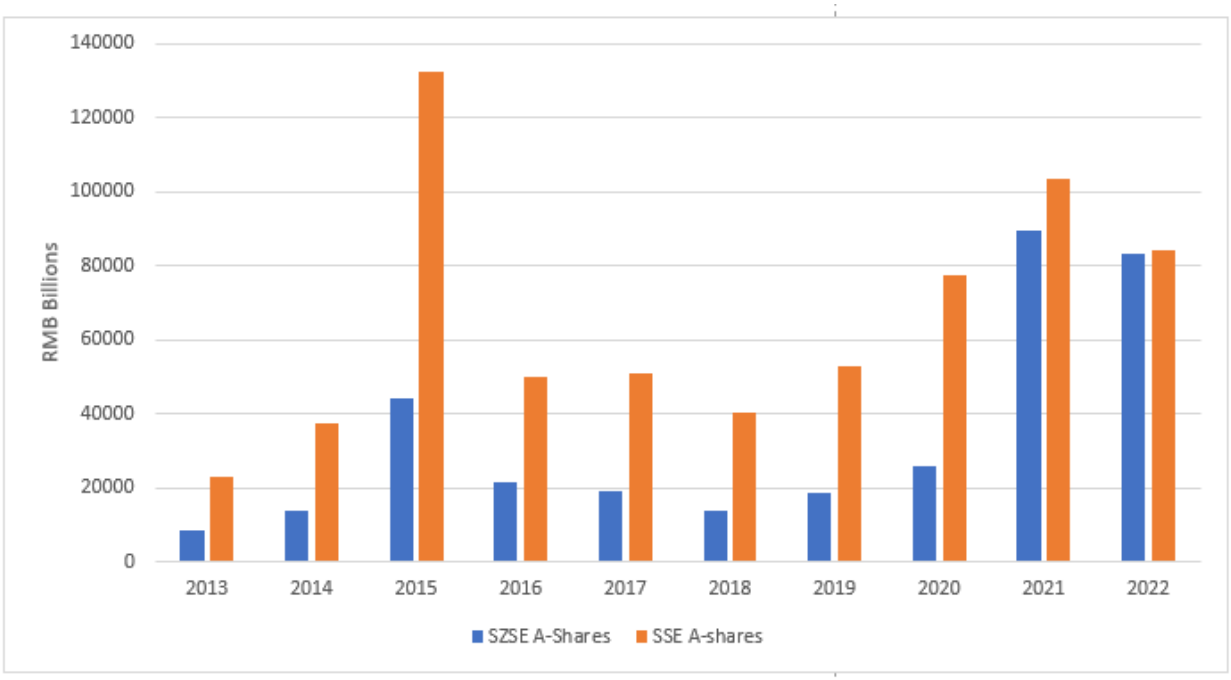
volume.

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 31 July 2023.*

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




*Data source: SSE & SZSE, as of 31 January 2023.*

*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<br>morning session: 0930-1130<br>afternoon session: 1300-1500<br>(1457-1500 is closing auction for the SZSE) | pre-open order input: 0900-0915<br>pre-order matching: 0915-0920<br>order matching: 0920-0928<br>morning session: 0930-1200<br>afternoon session: 1300-1600<br>closing auction session: 1600 to a random closing between 1608 and 1610 |
| **Settlement** | T+1 | T+2 |
| **Reporting requirements** | Annual report:<br>• Full annual report must be disclosed within 4 months after the reporting period.<br><br>Interim report:<br>• Full report must be disclosed within 2 months after the reporting period.<br><br>Quarterly report:<br>• 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:<br>• Earnings must be disclosed within 3 months after the reporting period;<br>• Full annual report must be disclosed within 4 months after the reporting period.<br><br>Interim report:<br>• Earnings must be disclosed within 2 months after the reporting period;<br>• 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 AND REDEMPTION OF LISTED CLASS UNITS

*This section headed "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" contains disclosure relating to the Listed Class Units only. For information relating to the offer, redemption and switching of the Unlisted Class Units, please refer to the section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS".*

### Initial Offer Period

*Creations through Participating Dealers*

During the Initial Offer Period, Participating Dealers (acting for themselves or for their clients) may apply for Listed Class 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 Listed Class Units specified in the relevant Appendix. During the Initial Offer Period the Participating Dealers (acting for themselves or for their clients) can apply for Listed Class Units on each Dealing Day at the Issue Price.

*Special creations through Eligible Investors*

During the Initial Offer Period, where specified in the relevant Appendix, the Manager may accept special creations of Listed Class Units by Eligible Investors at the Issue Price and based on terms that may be agreed by the Manager and the Trustee. The procedure for special creations of Listed Class Units by Eligible Investors is equivalent to the terms governing Creation Applications made through a Participating Dealer in all material respects save for the Application Unit size and (where applicable) the Dealing Deadline. 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.

*Purchase and Sale of Listed Class Units and Creation and Redemption of Listed Class Units*

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

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

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

Where specified in an Appendix, for Eligible Investors, special creations and redemptions for Listed Class Units in the relevant Sub-Fund are available.

*Buying and selling of Listed Class Units on the SEHK*

After Listing, investors can buy and sell Listed Class Units in Trading Board Lot Size (as described 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 Listed Class Units in the secondary market. As a result, the market price of the Listed Class Units in the secondary market may be higher or lower than Net Asset Value per Listed Class Unit.

Please refer to the section on "EXCHANGE LISTING AND TRADING (SECONDARY MARKET)" for further information in respect of buying and selling of Listed Class Units on the SEHK.

*Creations and redemptions through Participating Dealers*

Listed Class 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 Listed Class Units is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day or for redeeming of Listed Class 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 Multi Counter (if applicable) for Listed Class 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 Listed Class 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 Listed Class Units. The beneficial interests in Listed Class 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 Participants if the client is buying from the secondary market.

*Special creations and redemptions through Eligible Investors*

Where specified in the relevant Appendix, the Manager may accept special creations and redemptions of Listed Class Units by Eligible Investors based on terms that may be agreed by the Manager and the Trustee. The procedure for special creations and redemptions of Listed Class Units by Eligible Investors is equivalent to the terms governing Creation Applications and Redemption Applications made through a Participating Dealer in all material respects save for the Application Unit size and (where applicable) the Dealing Deadline. 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 Eligible Investors 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 Eligible Investors is as specified in the relevant Appendix.

*Switching between Unlisted Class and Listed Class Units*

Investors should note that switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

**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 Listed Class 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 Eligible Investors may apply for Listed Class 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 Listed Class 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 Listed Class 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 Listed Class Units on their behalf.

*After Listing*

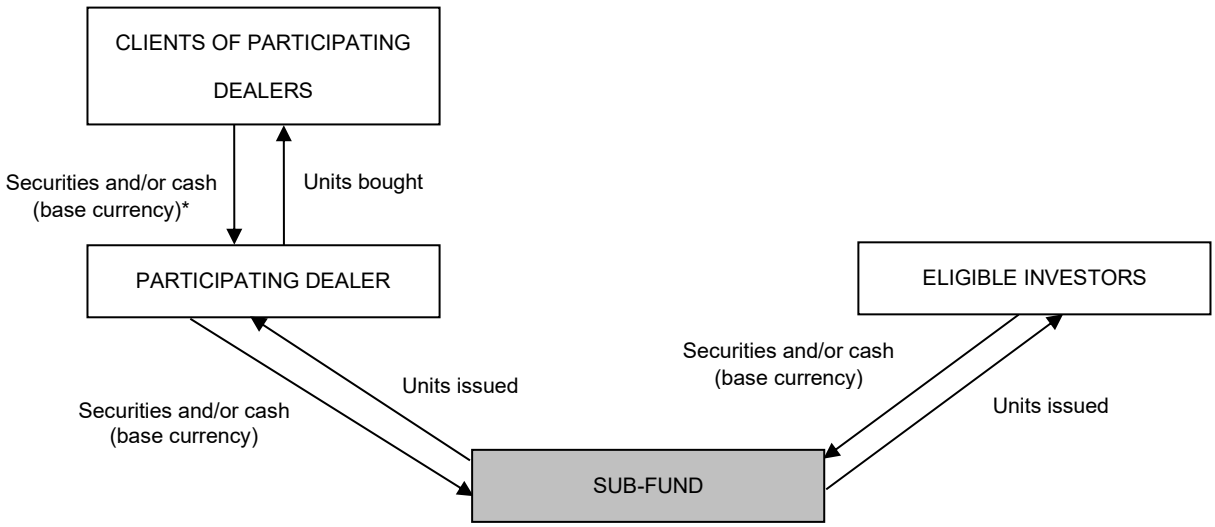
"After Listing" commences on the Listing Date and continues until the relevant Sub-Fund is terminated.

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

**Diagrammatic illustration of investment in the Listed Class Units of the Sub-Funds**

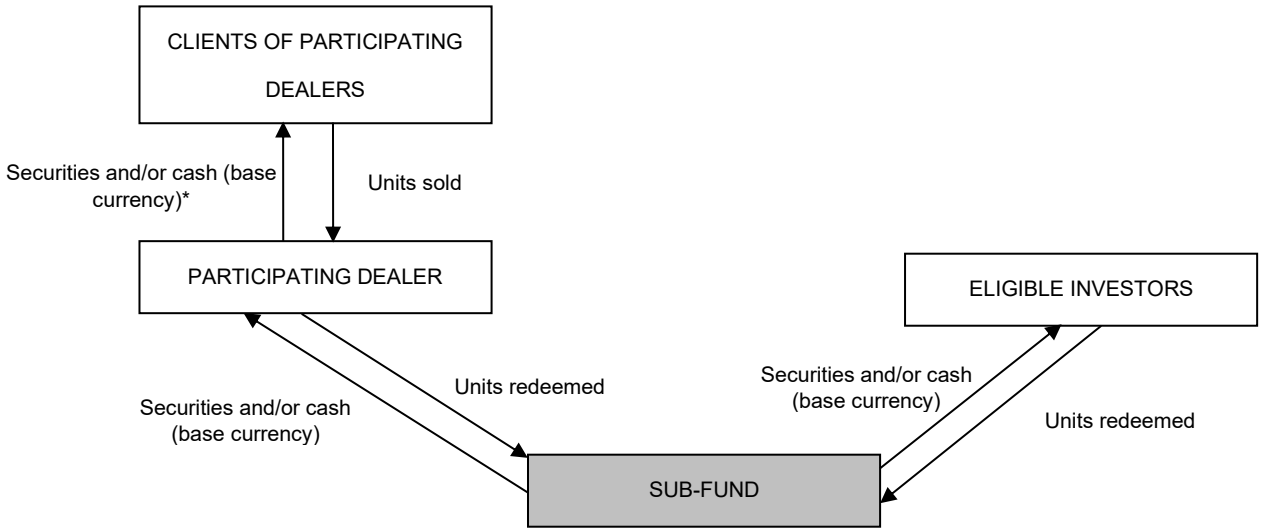
The diagrams below illustrate the issue or redemption and the buying or selling of Listed Class Units:

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



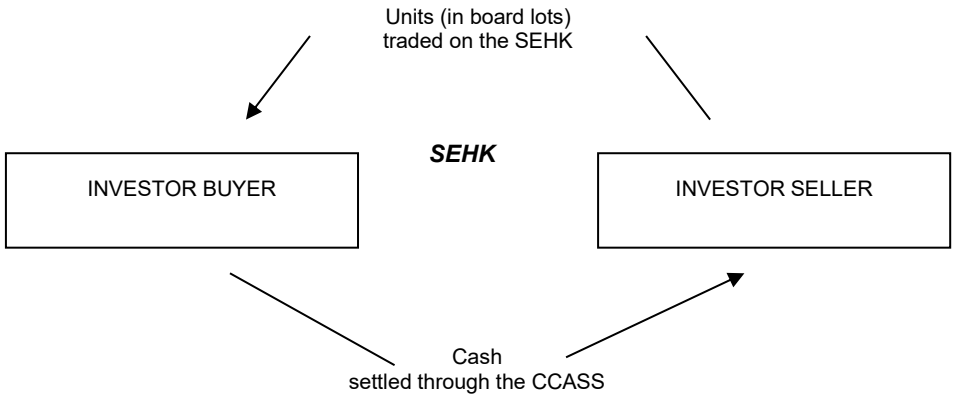

* *Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency*.

(b) Redemption and sale of Listed Class 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 Listed Class Units in the secondary market on the SEHK – After Listing




**Summary of offering methods of Listed Class Units and related fees**

*Initial Offer Period*

| **Method of Acquisition or Disposal of Listed Class Units*** | **Minimum Number of Listed Class 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 | Issue Price (in cash)<br><br>Transaction Fee (payable in HKD or such other currency as specified in the Appendix) and Service Agent's Fee (payable in HKD)<br><br>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)<br><br>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<br><br>Cash component<br><br>Transaction Fee (payable in HKD or such other currency as specified in the Appendix) and |

| | | | | |
|---|---|---|---|---|
| | | | | Service Agent's Fee (payable in HKD)<br><br>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)<br><br>Duties and Charges |
| Hybrid creation | Application Unit size (see relevant Appendix) | Through Participating Dealers | Any person acceptable to the Participating Dealer as its client | A combination of (i) cash equivalent to the value of relevant Securities and (ii) Securities<br><br>Cash component<br><br>Transaction Fee (payable in HKD or such other currency as specified in the Appendix) and Service Agent's Fee (payable in HKD)<br><br>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)<br><br>Duties and Charges |
| Special creation | 1 | Through Eligible Investors only | Eligible Investors only | Portfolio of Securities and Cash component/Cash Duties and Charges |

*After Listing*

| **Method of Acquisition or Disposal of Listed Class Units*** | **Minimum Number of Listed Class 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 Listed Class Units on the SEHK<br><br>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 | Issue Price/ Redemption Value (in cash)<br><br>Transaction Fee (payable in HKD or such other currency as specified in the Appendix) and Service Agent's Fee (payable in HKD)<br><br>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined or agreed with it)<br><br>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<br><br>Cash component<br><br>Transaction Fee (payable in HKD or such other currency as specified in the Appendix) and Service Agent's Fee (payable in HKD)<br><br>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 |
| Hybrid creation and redemption | Application Unit size (see relevant Appendix) | Through Participating Dealers | Any person acceptable to the Participating Dealer as its client | A combination of (i) cash equivalent to the value of relevant Securities and (ii) Securities<br><br>Cash component<br><br>Transaction Fee (payable in HKD or such other currency as specified in the Appendix) and Service Agent's Fee (payable in HKD)<br><br>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)<br><br>Duties and Charges |
| Special creation and redemption | 1 | Through Eligible Investors only | Eligible Investors only | Portfolio of Securities and Cash component/Cash<br><br>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 the Listed Class Units of a Sub-Fund and of disposing of Listed Class Units to realise an investment in the Sub-Fund.

The first method is to create or to redeem Listed Class 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 Listed Class Units which it creates deposited in the CCASS in either the RMB counter, the USD counter or in the HKD counter, all creation and redemption for all Listed Class 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 Listed Class 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 Listed Class 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 Listed Class Units in the secondary market on the SEHK which is more suitable for retail investors. The secondary market price of Listed Class 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 Eligible Investors in respect of a Sub-Fund where specified in the relevant Appendix, is to apply for special creation or special redemption whereby an Eligible Investor may create or redeem Listed Class Units based on the Net Asset Value per Unit in the primary market. 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 Listed Class Units through a Participating Dealer

Any Application for the creation of Listed Class Units of a Sub-Fund (other than special creations through the Eligible Investors) 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 Listed Class 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.

Listed Class 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 Listed Class 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 Listed Class Units of the relevant Sub-Fund, (ii) the redemption of Listed Class 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: (i) for an Index Tracking Sub-Fund, any of the Securities in a Sub-Fund's Index or (ii) for an active Sub-Fund, a substantial part of the investments of the Sub-Fund;

(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 Listed Class 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 Multi 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 Listed Class Units are deposited into the CCASS as RMB traded Listed Class Units or as HKD traded Listed Class Units or as USD traded Listed Class Units. The process for creation of Listed Class Units deposited under different counters 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 Listed Class Units specified in the relevant Appendix. Creation Applications submitted in respect of Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class Units of the relevant Sub-Fund, (ii) the redemption of Listed Class 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: (i) for an Index Tracking Sub-Fund, any of the Securities in the relevant Index or (ii) for an active Sub-Fund, a substantial part of the investments of the Sub-Fund;

(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 Listed Class 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 Listed Class Units in Application Unit size in exchange for a transfer of cash and/or Securities; and (b) the issue of Listed Class Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

*Issue of Listed Class Units*

Listed Class 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" under "DETERMINATION OF NET ASSET VALUE" for the calculation of the Issue Price.

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

Listed Class 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 Listed Class Unit shall be created or issued by the Trustee.

The creation and issue of Listed Class 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, Listed Class 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) Listed Class 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 Listed Class 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 Listed Class Units. See the section on "FEES AND EXPENSES" for further details.

In relation to creation of Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class Units.

**Redemption of Listed Class Units through a Participating Dealer**

Any Application for the redemption of Listed Class Units of a Sub-Fund (other than special redemptions through the Eligible Investors) must only be made through a Participating Dealer in respect of an Application Unit size. Investors cannot redeem Listed Class 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 Listed Class 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 Listed Class Units for the relevant initial Participating Dealer on your behalf (please refer to the sub-section on "Redemption process" under "CREATIONS AND REDEMPTIONS (PRIMARY MARKET)" 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 Listed Class Units of the relevant Sub-Fund, (ii) the redemption of Listed Class 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: (i) for an Index Tracking Sub-Fund, any of the Securities in the relevant Index or (ii) for an active Sub-Fund, a substantial part of the investments of the Sub-Fund;

(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 Listed Class 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 Multi Counter, any cash proceeds received by a Participating Dealer in a Redemption Application shall be paid in the base currency of the Sub-Fund (or such other currency as agreed by the Manager). USD traded Listed Class Units, RMB traded Listed Class Units and HKD traded Listed Class Units may be redeemed by way of a Redemption Application (through a Participating Dealer). The redemption process is the same for different trading counters.

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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class Units of the relevant Sub-Fund, (ii) the redemption of Listed Class 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: (i) for an Index Tracking Sub-Fund, any of the Securities in the relevant Index or (ii) for an active Sub-Fund, a substantial part of the investments of the Sub-Fund;

(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 Listed Class 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 Listed Class 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 Listed Class 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, Listed Class 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 Listed Class Units shall be removed from the Register in respect of those Listed Class Units redeemed and cancelled on the relevant Settlement Day.

The Redemption Value of Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Net Asset Value 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 (in respect of both Listed Class Units and Unlisted Class Units) 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 total Net Asset Value of Units (pro rata amongst both Listed Class Units and Unlisted Class 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 total Net Asset Value of Units in the relevant Sub-Fund then in issue pro rata amongst both Listed Class Units and Unlisted Class Units) 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. The redemption gate applies to redemption applications in cash only for both Listed Class Units and Unlisted Class Units.

**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 Listed Class Units of any Sub-Fund, suspend the redemption of Listed Class 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 (for an Index Tracking Sub-Fund) a Security (that is a component of the relevant Sub-Fund's Index), or (for a Sub-Fund that is not an Index Tracking Sub-Fund) a substantial part of the investments of the Sub-Fund, has its primary listing, or in the case of 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 (for an Index Tracking Sub-Fund) a Security (that is a component of the relevant Sub-Fund's Index), or (for a Sub-Fund that is not an Index Tracking Sub-Fund) a substantial part of the investments of the Sub-Fund, 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) (for an Index Tracking Sub-Fund only) 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" under "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 Listed Class Units of a Sub-Fund if, or if as a result of the investment of the proceeds of issue of such Listed Class 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**

Listed Class Units will be deposited, cleared and settled by the CCASS. Listed Class 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 Listed Class Units deposited with the CCASS and is holding such Listed Class Units for the Participants in accordance with the General Rules of HKSCC. Furthermore, the Trustee and the Manager acknowledge that pursuant to the General Rules of HKSCC neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the Listed Class Units. Investors owning Listed Class Units in the 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 Participants.

**Restrictions on Unitholders**

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Listed Class 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 Listed Class 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 Listed Class Units are so held, the Manager may require such Unitholders to

redeem or transfer such Listed Class Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Listed Class Units in breach of any of the above restrictions is required either to redeem his Listed Class Units in accordance with the Trust Deed or to transfer his Listed Class 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 Listed Class Units**

The Trust Deed provides that a Unitholder may transfer Listed Class Units with the consent of the Manager. As all Listed Class Units will be held in the CCASS, the Manager's consent is deemed given where the Unitholder is transferring his interest in Listed Class Units within the CCASS. A Unitholder is entitled to transfer Listed Class 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 Listed Class Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Listed Class Units being transferred. If and to the extent that all Listed Class Units are deposited, cleared and settled in the CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Listed Class Units for the persons admitted by HKSCC as a Participant and to whose account any Listed Class Units are for the time being allocated in accordance with the General Rules of HKSCC.

## EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

### General

The purpose of the listing of the Listed Class Units on the SEHK is to enable investors to buy and sell Listed Class 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 Listed Class 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 Listed Class 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 Listed Class 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 Listed Class Units of each Sub-Fund. Where a Multi 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.

Listed Class 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 Listed Class Units, the Market Makers may make or lose money based on the differences between the prices at which they buy and sell Listed Class 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 Listed Class Units on the secondary market, you should contact your brokers.

If trading of the Listed Class Units on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for the Listed Class 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 Listed Class 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 https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/RMB-Equity-Trading-Support-Facility?sc_lang=en (this website has not been reviewed by the SFC).

Please also refer to the sub-sections on "Dual Counter" or "Multi Counter" (as the case may be) in the relevant Appendix of the Sub-Fund for additional disclosures on secondary market trading.

## THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS

*This section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" contains disclosure relating to the Unlisted Class Units only. For information relating to the offering and redemption of the Listed Class Units, please refer to the section headed "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS".*

### Subscription of Unlisted Class Units

*Initial Offer (if applicable)*

Unlisted Class Units in a Sub-Fund may, at the discretion of the Manager, be offered for the first time at an initial Issue Price during the Initial Offer Period of such Unlisted Class as specified in the relevant Appendix in Part 2 of this Prospectus.

The offering of the Unlisted Class Units in a Sub-Fund may be conditional upon a minimum investment (if applicable) being received on or prior to the close of the Initial Offer Period (if applicable).

In the event that the minimum subscription level of the Unlisted Class Units is not achieved or the Manager is of the opinion that it is not in the commercial interest of investors or not feasible, as a result of adverse market conditions or otherwise, to proceed with the relevant Unlisted Class Units, the Manager may in its discretion extend the Initial Offer Period (if applicable) or determine that the Unlisted Class Units will not be launched. In such event, the Unlisted Class Units shall be deemed not to have commenced.

Notwithstanding the aforesaid, the Manager reserves the discretion to proceed with the issue of the Unlisted Class Units during the Initial Offer Period (if applicable) even if the minimum subscription level has not been achieved.

After the expiry of the Initial Offer Period, Unlisted Class Units may only be issued on a Dealing Day.

Unlisted Class Units may offer "currency hedged" classes of Units. For the currency hedged classes of Units, hedging will be performed to hedge the currency of denomination of the class of Units against (i) the base currency of the Sub-Fund or (ii) the portfolio currency. Currency hedged class will either be classified as a base currency hedged class or a portfolio currency hedged class.

Portfolio currency hedged class are the class of Units where (i) the currency exposure of the portfolio investments is predominantly hedged to the currency of denomination of the class of Units; or (ii) a Sub-Fund's base currency is hedged to the currency of denomination of the class of Units and a Sub-Fund is managed to a return in a Sub-Fund's base currency while the portfolio investments may be exposed to multiple currencies. Portfolio currency hedged classes seek to minimise the effect of currency fluctuations between the currency of denomination of the class of Units and a Sub-Fund's base currency such that the price in the currency of denomination of the class of Units moves similarly to the price in a Sub-Fund's base currency.

Base currency hedged classes are the class of Units where the underlying portfolio has or may have a material exposure to assets which are denominated in a currency (or currencies) which is (or are) different to a Sub-Fund's base currency. Subject to the investment objective of a Sub-Fund, such exposure may or may not be material in actuality for prolonged or temporary periods. Base currency hedged classes seek to provide a return which is consistent with the return on the currency of denomination of the class of Units which is the same as a Sub-Fund's base currency. However, the returns may differ due to various factors (including interest rate differentials between the currency of denomination of the class of Units of base currency hedged classes and a Sub-Fund's base currency and transaction costs). Investors in the base currency hedged classes will be exposed to currency exchange rate movements of the underlying portfolio currencies against a

Sub-Fund's base currency rather than being exposed to the underlying portfolio currencies against currency of denomination of the class of Units.

There is no assurance that hedging will be effective. Any gains or losses from currency hedging shall accrue to the value of the relevant currency hedged class of Units.

The currency hedged class(es) which a Sub-Fund offers is/are portfolio currency hedged class(es).

*Issue Price*

After the close of the Initial Offer Period (if applicable), the Issue Price per Unit for the Unlisted Class on a Dealing Day will be equal to the Net Asset Value per Unit of that Unlisted Class determined as at the appropriate Valuation Point (for further details please refer to the section headed "DETERMINATION OF NET ASSET VALUE").

In calculating the Issue Price of a Unit of an Unlisted Class, the Manager may impose such amount or rate (if any) as the Manager may estimate as appropriate to reflect any Duties and Charges which would be incurred for the account of the relevant Sub-Fund in investing an amount equal to that Net Asset Value per Unit of such Unlisted Class. For details please refer to the section headed "Issue Price and Redemption Value of Units" under "DETERMINATION OF NET ASSET VALUE".

The Issue Price shall be rounded to the number of decimal places as specified in the relevant Appendix. Any amount corresponding to the rounding up or down shall accrue to the relevant Sub-Fund.

Where so specified in the relevant Appendix, the Manager has the power to charge a Preliminary Charge not exceeding 5% of the Issue Price on the issue of each Unit of an Unlisted Class.

*Minimum Investment and Subsequent Holding*

Save as otherwise provided in the relevant Appendix, the Manager does not require a minimum investment or holding amount for the Unlisted Class Units. However, Authorised Distributors may impose an amount which is equal to or higher than any minimum investment and holding criteria specified in the relevant Appendix.

The Manager has the discretion to waive, change or accept an amount lower than the minimum investment or subsequent holding amount from time to time, whether generally or in a particular case.

*Application Procedures*

Unless otherwise specified in the relevant Appendix, applications for Unlisted Class Units may be made by completing the relevant instruction form of any Authorised Distributor or through the Manager (as the case may be) and sending it to the relevant Authorised Distributor or the Manager (and / or its delegate) by facsimile or SWIFT messaging only for subsequent subscription application, as the case may be, together with payment for the Unlisted Class Units and the Preliminary Charge. The relevant Authorised Distributor or the Manager, as the case may be, will provide payment details for payment of the Unlisted Class Units and the Preliminary Charge.

Where application monies are paid in a currency other than the currency of the relevant class of Unlisted Class Units, they will be converted, at the cost of the investor, into such currency before being applied (net of all currency conversion costs) in the purchase of Unlisted Class Units. Conversion of currencies may involve some delay. No payment by any person other than the applicant will be allowed.

Please refer to the relevant Appendix for deadlines for submitting the instruction forms and paying application monies.

Save where there is a suspension of the determination of the Net Asset Value of the relevant Sub-Fund or relevant Unlisted Class, a request for subscription once given cannot be revoked without the consent of the Manager.

*Authorised Distributors*

The Manager may appoint one or more distributor(s) to market, promote, sell and/or distribute Unlisted Class Units in one or more Sub-Fund(s), and to receive applications for subscription, redemption and/or switching of Unlisted Class Units.

Where application for Unlisted Class Units is made through an Authorised Distributor, Unlisted Class Units may be registered in the name of a nominee company of the Authorised Distributor through whom the applicant applies for the Unlisted Class Units. As a result of this arrangement, the applicant will be dependent on the person in whose name the applicant's Unlisted Class Units are registered to take action on his/her behalf. As the Authorised Distributor (or its nominee) is the Unitholder of the Unlisted Class Units of the relevant Sub-Fund, the Manager and the Trustee shall not be responsible for any arrangements between the relevant applicant and the Authorised Distributor regarding the subscription, holding and redemption of such Unlisted Class Units and any related matters, as well as any costs or losses that may arise therefrom. The Manager will however, exercise reasonable care in the selection and appointment of the Authorised Distributor(s), in accordance with the *Overarching Principles of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Product.*

Investors who apply for subscription, redemption and/or switching of Unlisted Class Units through Authorised Distributor(s) should note that such Authorised Distributor(s) may impose earlier Dealing Deadlines for receiving instructions for subscriptions, redemptions or switching. Such Authorised Distributor(s) may also have the discretion to decide which Sub-Fund(s) and/or class(es) of Units are available for subscription and/or switching by investors through the relevant Authorised Distributor, and whether applications for such subscription and/or switching can be accepted by the relevant Authorised Distributor on a Dealing Day on which severe weather conditions persist. Investors should pay attention to the arrangements of the Authorised Distributor(s) concerned.

For the avoidance of doubt, any fees, costs and expenses payable to the Authorised Distributor(s) arising out of any advertisement or promotional activities in connection with the Trust or the Sub-Fund(s) will not be paid from the assets of the Trust or the Sub-Fund(s).

*Payment Procedures*

Please refer to the relevant Appendix for specific payment procedures.

Payment of application monies shall be in cash. If a Unitholder requests payment in a currency other than the class currency of the relevant Class, and such currency is acceptable to the Manager, the conversion will be made at the then prevailing market rate, at the cost of the investor, into such currency before being applied (net of all currency conversion costs) in the purchase of Unlisted Class Units. Conversion of currencies may involve some delay. No payment by any person other than the applicant will be allowed.

The Manager may also, at its sole discretion accept subscriptions in-kind.

No money should be paid to an intermediary in Hong Kong who is not licensed or registered to carry on Type 1 Regulated Activity (dealing in securities) under Part V of the SFO.

*General*

The Manager has an absolute discretion to accept or reject in whole or in part any application for Unlisted Class Units.

If an application is rejected (either in whole or in part) or the Manager determines that the relevant Unlisted Class Units will not be launched, application monies (or the balance thereof) will be returned as soon as practicable from the relevant Dealing Day or close of the relevant Initial Offer Period (as the case may be) without interest and after deducting any of out-of-pocket fees and charges incurred by the Manager and the Trustee/Registrar by telegraphic transfer to the bank account from which the moneys originated at the risk and expense of the applicant or in such other manner as the Manager and the Trustee may from time to time determine. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, none of the Manager, the Trustee or their respective delegates or agents will be liable to the applicant for any loss the applicant suffers as a result of the rejection or delay of any application.

Unlisted Class Units issued by the Trust will be held for investors in registered form. Certificates will not be issued. A contract note will be issued upon acceptance of an applicant's application and the receipt of cleared funds and will be forwarded to the applicant (at the risk of the person entitled thereto). In case of any error in a contract note, applicants should contact the relevant intermediaries or the relevant distributor promptly for rectification.

Fractions of not less than one-thousandth of a Unit (or such smaller fraction as specified in the relevant Appendix) may be issued. Application monies representing smaller fractions of a Unit will be retained by the relevant Sub-Fund.

*Restrictions on Issue*

No Unlisted Class Units in a Sub-Fund will be issued where the determination of the Net Asset Value of that Sub-Fund or that Unlisted Class Units and/or the allotment or issuance of that Unlisted Class Units is suspended (for further details please refer to the section headed "Suspension of Determination of Net Asset Value" under "LIQUIDITY RISK MANAGEMENT") or when the Manager determines, with prior notification to the Trustee, that subscriptions for such Sub-Fund or Unlisted Class Units are closed.

**Redemption of Unlisted Class Units**

*Redemption of Unlisted Class Units*

Subject to the restrictions (if any) as specified in the relevant Appendix in Part 2 of this Prospectus, any Unitholder may redeem his/her Unlisted Class Units on any Dealing Day in whole or in part.

*Redemption Value*

Unlisted Class Units redeemed on a Dealing Day will be redeemed at the Redemption Value, which is equal to the Net Asset Value per Unit of the relevant Unlisted Class determined as at the appropriate Valuation Point (for further details, please refer to the section headed "DETERMINATION OF NET ASSET VALUE").

In calculating the Redemption Value, the Manager may at its discretion, deduct such amount or rate (if any) as the Manager may estimate as appropriate to reflect any Duties and Charges which would be incurred for the account of the relevant Sub-Fund in realising assets or closing out positions to provide funds to meet any redemption request and any applicable Redemption Charge. For details please refer to the section headed "Issue Price and Redemption Value of Units" under "DETERMINATION OF NET ASSET VALUE".

The Redemption Value shall be rounded to the nearest decimal places as specified in the relevant Appendix. Any amount corresponding to the rounding up or down shall accrue to the relevant Sub-Fund.

If at any time during the period from the time as at which the Redemption Value is calculated and the time at which redemption proceeds are converted out of any other currency into the class currency of the relevant Unlisted Class there is an officially announced devaluation or depreciation of that currency, the amount payable to any relevant redeeming Unitholder may be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation.

*Minimum Redemption and Minimum Holding*

Save as otherwise provided in the relevant Appendix, the Manager does not require a minimum redemption or holding amount for the Unlisted Class Units. However, Authorised Distributors may impose an amount which is equal to or higher than any minimum redemption or holding criteria specified in the relevant Appendix.

*Redemption Procedures*

Unless otherwise specified in the relevant Appendix, investors who purchased their Unlisted Class Units through an Authorised Distributor and have the relevant Unlisted Class Units held by the nominee appointed by the Authorised Distributor on their behalf should refer to such Authorised Distributor for details of the redemption procedure. Unitholders may redeem their Unlisted Class Units on any Dealing Day in whole or in part by submitting application to the Manager as described below. The Manager may refuse to accept an application for a partial redemption of Unlisted Class Units if, as a result, the Unitholder would hold Unlisted Class Units of the relevant class having a value of less than the minimum holding for such Unlisted Class Units.

A redemption application must be given in writing. It must specify the number (or in cases where the Manager, in its discretion, considers as appropriate, the redemption amount) and class of Units to be redeemed, the Sub-Fund to which the Units relate and the name(s) of the registered holder(s) and must give payment instructions for the redemption proceeds to be paid. In order for redemption to take effect on a particular Dealing Day, the redemption application must be submitted by facsimile or SWIFT messaging to the Manager and / or its delegate not later than the redemption cut-off time for that Dealing Day (as specified in the relevant Appendix). Different redemption cut-off times may apply in relation to different classes of Units. Subject to the Manager's discretion to accept some late applications from an Authorised Distributor as redemption applications received before the relevant cut-off time for that Dealing Day in certain situations as specified in the relevant Appendix, redemption applications received after the relevant cut-off time for that Dealing Day will be processed on the next Dealing Day.

Units redeemed on a Dealing Day will be redeemed at a price based on the Net Asset Value of the relevant class of the relevant Sub-Fund as at the applicable Valuation Point on the Dealing Day to which the redemption request relates.

Where so specified in the relevant Appendix, the Manager has the power to deduct from the proceeds of redemption a Redemption Charge of up to 4% of such proceeds. The Manager has discretion to waive this Redemption Charge in whole or in part in relation to any redemption request. If at any time during the period from the time as at which the Redemption Value is calculated and the time at which redemption monies are converted out of any other currency into the base currency of the relevant Sub-Fund there is an officially announced devaluation of that currency, the amount payable to any relevant redeeming Unitholder may be reduced as the Manager considers appropriate to take account of the effect of that devaluation.

*Payment of Redemption Proceeds*

Redemption proceeds will normally be paid by telegraphic transfer in the class currency of the relevant Unlisted Class to the pre-designated bank account of the Unitholder (at the risk and expense of the Unitholder). No third party payments will be permitted. Any bank charges associated with the payment of such redemption proceeds will be borne by the redeeming Unitholder. Redemption proceeds will be paid in the class currency of the relevant Unlisted Class of the relevant

Sub-Fund. If a Unitholder requests payment in any currency other than the class currency of the relevant Class, and such currency is acceptable to the Manager, the conversion will be made at the then prevailing market rate, as determined by the Manager and any conversion costs will be borne by the Unitholder.

Redemption proceeds will be paid on or before the expiration of four weeks after the relevant Dealing Day or (if later) the day on which the Manager or its duly authorised agents shall have received the redemption request duly completed and signed and/or (if applicable) the relevant certificate, subject to the requirements under the Trust Deed and the Code.

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

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

(b) where in the opinion of the Manager, acceptance of the redemption request would have an adverse effect on the Trust or 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: (i) for an Index Tracking Sub-Fund, any of the Securities in the relevant Index or (ii) for an active Sub-Fund, a substantial part of the investments of the Sub-Fund;

(d) where acceptance of the redemption request would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons;

(e) circumstances outside the control of the Manager; or

(f) the redemption request is not submitted in the form and in the manner required.

In the event of such rejection, the Manager shall notify the relevant Unitholder and Trustee of its decision to reject such redemption request.

The Manager may suspend the right of the Unitholders to redeem the Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any suspension period. Any Unitholder may at any time after such a suspension has been declared and before termination of such suspension withdraw the relevant redemption request by notice in writing to the Manager. If no such notice has been received by the Manager before termination of such suspension, the Manager shall realise the Unlisted Class Units at the Dealing Day next following the termination of such suspension.

*Redemption in-kind*

The Manager may in their absolute discretion serve a notice in writing on the relevant Unitholder within 5 Business Days of the Dealing Day immediately following the redemption request electing that the redemption and cancellation of the Unlisted Class Units is to be satisfied by transferring to such Holder Investments (or partly Investments and partly cash) instead of purchase of the relevant Unlisted Class Units by the Manager.

Where the Unitholder consents to such transfer, the Manager shall effect such redemption in accordance with the requirements in the Trust Deed. In particular, the Manager shall, subject to the consent of the Trustee, select the Investments to be transferred and the value of the Investments to be transferred shall be calculated as at the appropriate Valuation Point.

*Deferred Redemption*

No Unlisted Class Units in a Sub-Fund may be redeemed where the determination of the Net Asset Value of that Sub-Fund or Unlisted Class is suspended (for further details please refer to the section headed "Suspension of Determination of Net Asset Value" under "LIQUIDITY RISK MANAGEMENT").

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 Net Asset Value 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 (in respect of both Listed Class Units and Unlisted Class Units) 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 total Net Asset Value of Units (pro rata amongst both Listed Class Units and Unlisted Class 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 total Net Asset Value of Units in the relevant Sub-Fund then in issue pro rata amongst both Listed Class Units and Unlisted Class Units) in priority to any other Units in the 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. The redemption gate applies to redemption applications in cash only for both Listed Class Units and Unlisted Class Units.

**Switching of Unlisted Class Units**

Unless otherwise specified in the relevant Appendix, Unitholders shall be entitled (subject to such limitations as the Manager may impose after consulting with the Trustee) to switch all or part of their Units in an Unlisted Class in a Sub-Fund (the "Existing Class") into unlisted class units of any collective investment scheme managed by the Manager (the "New Class") available for subscription or switching provided that no Unlisted Class Units may be switched if to do so would result in a holding of less than the minimum holding of Units of the Existing Class or the New Class.

If there is, at any time during the period from the time as at which the Redemption Value per Unit of the Existing Class is calculated and the time at which any necessary transfer of funds from the Sub-Fund to which Units of the Existing Class relate to the Sub-Fund to which Units of the New Class relate takes place, an officially announced devaluation of any currency in which any investment of the first mentioned Fund is denominated or normally traded, the Redemption Value per Unit of the Existing Class shall be reduced as the Manager considers appropriate to take account of the effect of that devaluation and the number of Units of the New Class which will arise from that switching shall be recalculated as if that reduced Redemption Value had been the Redemption Value ruling for redemptions of Units of the Existing Class on the relevant Dealing Day.

Any fraction smaller than one-thousandth of a Unit of the New Class so arising (or such smaller fraction as specified in the Appendix for the New Class) will be ignored and monies representing any such fraction will be retained as part of the Sub-Fund to which Units of the Existing Class relate.

A request for switching will not be effected if as a result the relevant Unitholder would hold less than the minimum holding amount of the Existing Class or the New Class, or is prohibited from holding Units of the New Class.

In addition, specific limitations or restrictions may apply when a Unitholder intends to convert his Units in an Unlisted Class into Units of another Unlisted Class in same Sub-Fund or another Sub-Fund. The relevant limitations or restrictions (if any) will be set out in the Appendix for the relevant Sub-Fund.

Where the switching is between Units (of the same class) denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

In respect of any switching, the Manager may require the Unitholder to pay a Switching Fee (for further details please refer to the section headed "FEES AND EXPENSES") in addition to a reasonable fee sufficient to cover any stamp duty or other governmental taxes or charges payable in connection with such switching.

The Manager may in its absolute discretion to accept or reject in whole or in part any switching request.

*Switching Procedures*

Subject to such limitations as the Manager may impose and subject as noted below, Unitholders and/or investors have the right to switch all or part of their Units of the Existing Class into Units of the New Class by sending written instruction to any Authorised Distributor or written application to the Manager (as the case may be). Units of the Existing Class will not be switched into Units of the New Class where the terms of issue of Units of either the Existing Class or the New Class do not allow switching into Units of the New Class or where the determination of the Net Asset Value of any relevant fund has been suspended.

In order for switching to take effect on a particular Dealing Day, the switching instruction as signed by the Unitholder and/or investor must be received by the Authorised Distributor or the switching application as signed by the Unitholder must be received direct by the Manager and / or its delegate (as the case may be) via facsimile or SWIFT messaging not later than the cut-off time for receipt of switching application for that Dealing Day which shall be the cut-off time for receipt of applications for the Existing Class or the New Class, whichever is earlier. Subject to the Manager's discretion to accept some late switching applications from an Authorised Distributor as switching applications received before the relevant cut off time for that Dealing Day in certain situations as specified in the relevant Appendix, switching applications received after the relevant cut off time for that Dealing Day will be processed on the next Dealing Day. For the avoidance of doubt, where the cut-off time for receipt of applications for the Existing Class is earlier than that for the New Class, any switching instruction received by the Authorised Distributor or switching application received by the Manager after the relevant cut-off time for receipt of applications for the Existing Class will be processed on the next Dealing Day even if the switching instruction or application is received before the relevant cut-off time for receipt of applications for the New Class. On the other hand, where the cut-off time for receipt of applications for the New Class is earlier than that for the Existing Class, any switching instruction received by the Authorised Distributor or switching application received by the Manager after the relevant cut-off time for receipt of applications for the New Class will be processed on the next Dealing Day even if the switching instruction or application is received before the relevant cut-off time for receipt of applications for the Existing Class. Switching will be effected by redeeming the Units of the Existing Class on the relevant Dealing Day and issuing Units of the New Class on the Dealing Day for Units of the New Class falling on or after (i) the date of redemption of Units of the Existing Class and (ii) the satisfaction of any conditions attaching to the issue of the Units of the New Class (for example, that such Units may only be issued on receipt of cleared funds for the account of the relevant fund) or such later Dealing Day as the Manager may have determined as applicable for switches into Units of the New Class.

Investors should check with the relevant Authorised Distributor the cut-off time for receipt of payment or for receipt of applications for the subscription, redemption and/or switching of Units earlier than those set out in the relevant Appendix.

*Restrictions on Switching of Unlisted Class Units*

Unlisted Class Units shall not be switched during any period when the determination of the Net Asset Value of any relevant Sub-Fund is suspended (for further details please refer to the section headed "Suspension of Determination of Net Asset Value" under "LIQUIDITY RISK

MANAGEMENT") or when redemption of Units of the Existing Class is limited (for further details please refer to the section headed "Deferred Redemption" under *"*THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS*"*).

*Switching between Unlisted Class Units and Listed Class Units*

Investors should note that switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

## 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 in respect of the Listed Class Units, 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.

In respect of the Listed Class Units, no Application shall be made by any of the Participating Dealers and in the event any Application is received in respect of any Dealing Day falling within such period of suspension (that has not been otherwise withdrawn), such Application shall be deemed as having been received immediately following the termination of the suspension.

In respect of the Unlisted Class Units, no subscription application shall be made by any investors and in the event any subscription application is received in respect of any Dealing Day falling within such period of suspension (that has not been otherwise withdrawn), such subscription application shall be deemed as having been received immediately following the termination of the suspension.

No Units relating to the relevant Sub-Fund will be created and issued or redeemed during any period of suspension of the determination of the Net Asset Value.

In respect of Listed Class Units, a Participating Dealer may at any time after a suspension has been declared and before termination of such suspension withdraw an Application submitted prior to such suspension by notice in writing to the Manager and the Trustee. If the Manager has not received any such notification of withdrawal of such Application before termination of such suspension, the Trustee shall, subject to and in accordance with the provisions of the Trust Deed, create and issue Listed Class Units or redeem Listed Class Units in respect of such Application and such Application shall be deemed to be received immediately following the termination of such suspension.

In respect of Unlisted Class Units, an applicant may at any time after a suspension has been declared and before termination of such suspension withdraw any subscription, switching, redemption or transfer application submitted prior to such suspension by notice in writing to the Manager and the Trustee. If the Manager has not received any such notification of withdrawal of such subscription, switching, redemption or transfer application before termination of the suspension, the Trustee shall, subject to and in accordance with the provisions of the Trust Deed, issue, switch, redeem or transfer such Unlisted Class Units in respect of such application and such application shall be deemed to be received as at the Dealing Day next following the termination of such suspension.

**Issue Price and Redemption Value of Units**

The initial Issue Price of a Listed Class Unit and an Unlisted Class Unit during the Initial Offer Period of each Sub-Fund (if applicable) may be determined by the Manager in its discretion and will be set out in the relevant Appendix.

After the expiry of the Initial Offer Period (if any), notwithstanding any Multi Counter being adopted for a Sub-Fund, the Issue Price or Redemption Value of each Listed Class Unit or an Unlisted Class Unit for any relevant Dealing Day will, subject to the qualification below, be based on the Net Asset Value of the relevant Sub-Fund in its base currency at the Valuation Point divided by the number of Listed Class Units or Unlisted Class Units (as the case may be) then in issue or deemed to be in issue, rounded to the number of decimal places as specified in the relevant Appendix. Any amount corresponding to the rounding up or down shall accrue to the relevant Sub-Fund.

Where there is net cash inflow to a Sub-Fund, the Manager will generally acquire investments for the Sub-Fund; where there is net cash outflow to a Sub-Fund, investments may need to be sold to fulfil the redemption obligations of the Sub-Fund. Duties and Charges incurred in such processes, if significant, will adversely affect the interest of the remaining Unitholders of the Sub-Fund. To ensure all investors in each Sub-Fund are treated fairly, the Manager may make adjustments to the Net Asset Value per Unit. This, in effect, is to allocate the Duties and Charges to the subscribing investors and the redeeming Unitholders (as the case may be).

For subscription and redemption applications in cash for Unlisted Class Units, in determining the Issue Price of a Unit, where the net subscription with respect to the relevant classes on a Dealing Day exceeds the pre-defined threshold (if any), the Manager may, in good faith and in the best interest of Unitholders, add to the Net Asset Value per Unit (before making any rounding adjustment) an amount or rate, for the account of the relevant Sub-Fund, which it considers to be an appropriate allowance to reflect the Duties and Charges which would be incurred if the appropriate number of underlying securities were purchased at the values attributed to them in calculating the Net Asset Value per Unit.

Similarly, for subscription and redemption applications in cash for Unlisted Class Units, when determining the Redemption Value of any Unit, where the net redemption with respect to the relevant classes on a Dealing Day exceeds the pre-defined threshold (if any), the Manager may, in good faith and in the best interest of Unitholders, deduct for the account or rate of the relevant Sub-Fund from the Net Asset Value per Unit (before making any rounding adjustment) an amount which it considers to be an appropriate allowance to reflect the Duties and Charges which would be

incurred if the appropriate number of underlying securities were to be sold at the values attributed to them in calculating the Net Asset Value per Unit.

In practice (subject to specific provisions of the relevant Sub-Fund), for subscription and redemption applications in cash for Unlisted Class Units, in determining any adjustment to the Net Asset Value per Unit in good faith and in the best interest of Unitholders, the Manager may take into account various factors, including whether the net subscription or net redemption for Units received in respect of all relevant classes of the Sub-Fund on a Dealing Day has reached a pre-defined threshold (in terms of a percentage of the Net Asset Value of a Sub-Fund) (if any) and the amount of Duties and Charges which would be incurred in relation to such subscription or redemption. Such pre-defined threshold (if any) will be determined and reviewed on a periodic basis by the Manager. Where an adjustment is to be made, the rate of adjustment will be at a pre-defined rate and it will be applied to all relevant classes of Units of the Sub-Fund in one direction to enable the Sub-Fund to recover an appropriate amount reflecting the Duties and Charges to be incurred as a result of such net subscription or net redemption. The pre-defined threshold (if any) and the adjustment rate may be different for different Sub-Funds and may vary over time. However, the adjustment rate may not exceed 2% of the original Net Asset Value per Unit.

Investors should note that the adjustments to the Net Asset Value per Unit are related to the cash inflow into and outflow from all relevant classes of Units of the Sub-Fund in relation to subscription and redemption applications in cash for Unlisted Class Units, and are not predictable on any Dealing Day. Consequently it is not possible to accurately predict how frequently such adjustments will need to be made. Besides, the adjustments made may be greater than or less than the actual Duties and Charges incurred. If the adjustments made are less than the actual Duties and Charges incurred, the difference will be borne by the Sub-Fund. Furthermore, before reaching the pre-defined threshold (if any), no adjustments will be made to the Net Asset Value per Unit in which case the relevant Duties and Charges will be borne by the Sub-Fund. This would result in a reduction in the value of the Sub-Fund's assets. Investors should also be aware that where an adjustment needs to be made on a particular Dealing Day, the same rate of adjustment will be applied to all relevant classes of Units of the Sub-Fund in one direction. Therefore it may be the case that the adjustment may have the effect of benefitting certain investor(s). For instance, an investor subscribing for the Units of a class on a Dealing Day on which the Net Asset Value per Unit of the relevant class is adjusted downwards as a result of net redemption of the relevant Sub-Fund may benefit from paying a lower Issue Price in respect of his subscription than he would otherwise have to pay. On the other hand, an investor redeeming the Units of a class on a Dealing Day on which the Net Asset Value per Unit of the relevant class is adjusted upwards as a result of net subscription of the relevant Sub-Fund may benefit from receiving a higher Redemption Value in respect of his redemption than he would otherwise have received. Investors should be aware that swing pricing adjustments may not always, or fully, prevent the dilution of the relevant Sub-Fund's assets.

For the avoidance of doubt, neither the Issue Price nor the Redemption Value takes into account the Duties and Charges, Transaction Fee or fees payable by a Participating Dealer.

For Special Creation Applications and Special Redemption Applications in cash for Listed Class Units, the Manager reserves the right to request the Eligible Investors to reimburse the relevant Sub-Fund for all reasonable costs representing an appropriate provision for the Duties and Charges for the purpose of compensating or reimbursing the relevant Sub-Fund incurred in relation to the Special Creation Application or Special Redemption Application.

**Market Price**

Dealings in the Listed Class Units on the secondary market may be effected at market prices on the SEHK which may vary throughout the day and may be higher or lower than the Net Asset Value per Listed Class Unit.

## 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 (applicable to Listed Class only)**

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 (applicable to both Listed and Unlisted Classes)**
For details of the amount of fees and expenses currently payable by a Sub-Fund (or Class), please see the section below and the section headed "Fees and expenses payable by the Sub-Fund" in the relevant Appendix.

*Manager's fee*

The current management fee percentage in respect of each Sub-Fund (or Class) 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.

A Sub-Fund may employ a single management fee structure, with the Sub-Fund paying all of its fees, costs and expenses (and its due proportion of any costs and expenses of the Trust allocated to it) as a single flat fee (the "**single management fee**") and details will be set out in the relevant Appendix of the Sub-Fund.

For a Sub-Fund which does not employ a single management fee structure, unless otherwise specified in the relevant Appendix, the following fees and expenses may be payable out of and borne by the Sub-Fund: the Trustee's fee, Registrar's fees, custodian's fees, fees and expenses of the auditors, transaction fee, license fees, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or any of their agents.

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 (or Class) 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 (or Class) 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 (or Class).

*Service Agent's fee*

The Service Agent is entitled to receive a monthly reconciliation fee of HKD5,000 from the Manager

in respect of the Listed Class 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 (or Class), which is the sum of actual ongoing expenses of the relevant Sub-Fund (or Class) 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 (or Class) 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 (or Class) 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 (or Class) 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 (or Class) will not be paid (either in whole or in part) out of the Trust Fund.

*Other expenses*

Each Sub-Fund (or Class) will only bear the expenses which are attributable to it. A Sub-Fund (or Class) will bear all operating costs relating to the administration of such Sub-Fund (or Class) 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 Listed Class 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 (or Class) 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 (or Class) and the expenses of publishing Unit prices.

In addition, in respect of a Sub-Fund or a class of Sub-Fund which adopts a single management fee structure, any ongoing expenses (including the amortised portion of the relevant cost of establishment) exceeding the applicable single management fee will be borne by the Manager and will not be charged to the Sub-Fund or the class of the Sub-Fund, as the case may be. Please also refer to the sub-section headed "Establishment Costs" below for more details regarding the amortisation of the cost of establishment of the Trust and each Sub-Fund.

*Pricing or rebate arrangements*

The Manager may share any fees, charges or amounts it is entitled to receive as manager of a Sub-Fund with any persons who distribute or otherwise procure investors to invest into that Sub-Fund. Investors should note that any of the Manager's employees, Authorised Distributors and/or its employees and/or its agents may, out of any fees, charges or amounts the Manager is entitled to receive from the relevant Sub-Fund and retain for its own use and benefit, receive or enjoy rebates, discounts, commissions, sales incentives, fees, benefits and/or other advantages in

different forms and at varying rates arising out of or in connection with an investor's investment in that Sub-Fund. Such amounts will not be borne by any Sub-Funds.

The Manager may enter into separate pricing arrangements with end investors to offer discounts of fees and charges to them. Such discounts will only be offered out of the fees or charges the Manager is entitled to receive from the relevant Sub-Fund and retain for its own use and benefit and will not have any implication on the Sub-Fund.

**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 establishment costs of Hang Seng Stock Connect China A Low Carbon Index ETF are approximately HKD1.6 million and will be borne by Hang Seng Stock Connect China A Low Carbon Index ETF, which will be amortised over its first 5 financial years.

The establishment costs of Hang Seng S&P 500 Index ETF are approximately HKD600,000 and will be borne by Hang Seng S&P 500 Index ETF, which will be amortised over its first 5 financial years.

The establishment costs of Hang Seng Japan TOPIX 100 Index ETF are approximately HKD600,000 and will be borne by Hang Seng Japan TOPIX 100 Index ETF, which will be amortised over its first 5 financial years.

The establishment costs of Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF are approximately HKD 600,000 and will be borne by Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF, which will be amortised over its first 5 financial years.

The establishment costs of Hang Seng CMS Bloomberg US Treasury 7-10 Year Index ETF are approximately HKD 600,000 and will be borne by Hang Seng CMS Bloomberg US Treasury 7-10 Year Index ETF, which will be amortised over its first 5 financial years.

The establishment costs of Hang Seng JPMorgan US Equity Premium Income Active ETF are approximately HKD 600,000 and will be borne by Hang Seng JPMorgan US Equity Premium Income Active ETF, which will be amortised over its first 3 financial years.

The establishment costs of Hang Seng HSCEI Covered Call Active ETF are approximately HKD 600,000 and will be borne by Hang Seng HSCEI Covered Call Active ETF, which will be amortised over its first 5 financial years.

The establishment costs of Hang Seng TECH Covered Call Active ETF are approximately HKD 600,000 and will be borne by Hang Seng TECH Covered Call Active ETF, which will be amortised over its first 5 financial years.

The establishment costs of Hang Seng FTSE Hong Kong Equity ETF are approximately HKD 600,000 and will be borne by Hang Seng FTSE Hong Kong Equity ETF, which will be amortised over its first 5 financial years.

The establishment costs of Hang Seng AI Advancement ETF are approximately HKD 600,000 and will be borne by Hang Seng AI Advancement 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.

**Fees and Charges Payable by Investors for Dealing in the Unlisted Class Units only**

*Preliminary Charge*

The Manager, its agents or delegates (including any Authorised Distributors appointed by the Manager from time to time) may charge a Preliminary Charge on the issue of each Unlisted Class Unit of a percentage of the Issue Price of such Unlisted Class Unit as at the appropriate Valuation Point. The maximum and current rate of Preliminary Charge (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Preliminary Charge may be imposed in relation to the issue of Units of an Unlisted Class in a Sub-Fund as compared to other Sub-Funds and also in relation to different Unlisted Classes of a Sub-Fund.

Subject to the applicable requirements of the Code, the Manager may at any time increase the rate of the Preliminary Charge of an Unlisted Class or a Sub-Fund up to the permitted maximum rate (which is 5.0%) as set out in the Trust Deed.

The Manager, its agents or delegates may on any day differentiate between applicants or Unlisted Classes as to the amount of the Preliminary Charge. The Preliminary Charge will be retained by or paid to the Manager, its agents or delegates for their own absolute use and benefit.

*Redemption Charge*

The Manager may charge a Redemption Charge on the redemption of Unlisted Class Units of a percentage of the Redemption Value of such Units as at the appropriate Valuation Point. The maximum and current rate of Redemption Charge (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Redemption Charge may be imposed in relation to the redemption of Unlisted Class Units of a Sub-Fund as compared to other Sub-Funds and also in relation to different Unlisted Classes of a Sub-Fund.

Subject to the applicable requirements of the Code, the Manager may at any time increase the rate of the Redemption Charge payable for a Sub-Fund or an Unlisted Class up to the permitted maximum rate (which is 4.0%) as set out in the Trust Deed.

For the purpose of calculating the Redemption Charge payable on a partial redemption of a Unitholder's holding, Unlisted Class Units subscribed earlier in time are deemed to be redeemed prior to Unlisted Class Units subscribed later in time unless the Manager and the Trustee agree otherwise.

The Manager shall be entitled to differentiate between Unitholders or Unlisted Classes as to the amount of the Redemption Charge (within the authorised rate of Redemption Charge). The Redemption Charge will be retained by or paid to the Manager for its own absolute use and

benefit or, if so stated in the relevant Appendix, retained by the relevant Sub-Fund. Where the Redemption Charge is retained by the Manager, it may at its discretion, pay all or part of the Redemption Charge to its agents or delegates.

*Switching Fee*

A Switching Fee of the Issue Price per Unit of the New Class as at the appropriate Valuation Point may be charged by the Manager in respect of each Unit of the New Class to be issued upon such switching.

Subject to the applicable requirements of the Code, the Manager may at any time increase the rate of the Switching Fee up to the permitted maximum rate (which is 4.0%) as set out in the Trust Deed.

The Switching Fee shall be retained by or paid to the Manager for its own absolute use and benefit.

## 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 QFI regime

*QFI systems risk*

The current QFI Regulations include rules on investment restrictions applicable to a Sub-Fund. Transaction sizes for QFI 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 QFI 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 QFI is approved by the relevant regulator. The QFI holder selects a PRC broker (the "PRC Broker") to act on its behalf in 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 QFI in the PRC and the repatriation of capital from QFI 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 relevant PRC authorities, 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 special cash account(s) with the PRC Custodian.

The QFI 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 all the SSE, the SZSE, the BJE and the National Equities Exchange and Quotations. 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 QFI Regulations and market practice, the securities account(s) and special cash account(s) for a Sub-Fund in the PRC are maintained in the joint names of the Manager as the QFI 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 QFI Regulations are subject to the interpretation of the relevant authorities in the PRC.

Investors should note that cash deposited in the special cash account(s) 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 cash account(s), 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 QFI 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, although authenticity and compliance reviews will be conducted by the PRC Custodian. The QFI is allowed to repatriate funds according to its own investment plan. To repatriate profits, the QFI only needs to provide the PRC Custodian with a written application or repatriation order and an undertaking letter on tax payment. 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.

*QFI status risk*

There can be no assurance that the QFI 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 the 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.

HKSCC Rule 824 confirms that all proprietary interests in respect of A-Shares held by HKSCC as nominee holder belong to Participants or their clients (as the case may be). Also as set out in HKSCC 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 Participant's or its client's holding in A-Shares and to assist the 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 the CCASS. In such circumstance, a Sub-Fund may request such custodian to open a special segregated account ("SPSA") in the 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 the 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 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 Participants, pass on proposed resolutions to listed companies via HKSCC under the HKSCC 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. 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. 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 (since July 2019) 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 Multi Counter trading 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 Multi 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 Eligible Investors) 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.

*QFI late settlement risk*

A Sub-Fund may 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, JPY, 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 HKMA 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 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 HKMA 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*

Where specified in the Appendix to this Prospectus in respect of a relevant Sub-Fund, 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, Eligible Investors may not be able to redeem or create Units 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**

***Risks applicable to both Listed Class Units and Unlisted Class Units***

*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 Index Tracking 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 (for an Index Tracking Sub-Fund, 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.

*Liquidity risk*

In respect of the underlying investments of a Sub-Fund, liquidity risk exists. It is possible that a particular investment or position cannot be easily unwound or offset in a timely manner and/or at a reasonable price due to insufficient market depth or market disruption. Liquid investments may become illiquid or less liquid in particular during period of market turmoil or economic uncertainty. The liquidity of the underlying investments of a Sub-Fund would have an impact on the ability of the Sub-Fund to meet the redemption applications of its Unitholders. Absence of liquidity of the underlying investments may have an adverse impact on a Sub-Fund and the value of its underlying investments.

In addition, securities exchanges normally have the right to suspend or limit trading in any securities traded on the relevant exchanges under certain circumstances. A suspension or limitation on trading means liquidation of such securities is impossible or trading such securities is limited during the relevant period and where a Sub-Fund invests in these securities, it may be subject to losses. In case of low trading volume in respect of an underlying security, the liquidity of such security may be adversely affected. Accordingly, the ability of a Sub-Fund to meet the redemption applications of its Unitholders may be adversely affected.

*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.

*Risks associated with investments in fixed income instruments*

(1) Credit/counterparty risk

A Sub-Fund which invests in fixed income instruments are exposed to the credit/default risk of issuers of the fixed income instruments that the Sub-Fund may invest in. They are also subject to risk that the issuer of such fixed income instruments being unable or unwilling to make timely principal and/or interest payments, or to honour its obligations. If the issuer of a fixed income instrument in which a Sub-Fund invests defaults, the performance of the Sub-Fund will be adversely affected. In particular, where the instruments in which the Sub-Fund invests are lower rated/higher yielding debt securities, to some extent, the Sub-Fund shall be subject to a higher degree of credit risk than a Sub-Fund which invests in higher rated/lower yielding debt securities.

(2) Interest rate risk

Sub-Funds which invest in fixed income instruments are subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, market value of fixed income instruments tends to fall. Long-term fixed income instruments in general are subject to higher interest rate risk than short-term fixed income instruments. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities may not increase in value if interest rates decline.

(3) Credit rating risk

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit appraisal system in an emerging market and the rating methodologies employed in an emerging market may be different from those employed in other markets. Credit ratings given by local rating agencies in an emerging market may therefore not be directly comparable with those given by other international rating agencies.

(4) Downgrading risk

The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of a Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

(5) Valuation risk

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

(6) Sovereign debt risk

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

(7) Volatility and liquidity risk

The debt securities that can be considered as emerging market debt securities are generally accompanied by higher risks, due to the greater political and credit risks associated with investing in the asset class, but they can also potentially enhance income and return for investors. Therefore, investors should be prepared for greater volatility and lower liquidity than investment in debt securities in developed markets, with an increased risk of capital loss. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and a Sub-Fund may incur significant costs.

*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. For an Index Tracking Sub-Fund, because there can be no guarantee that the Index Tracking Sub-Fund will fully replicate the relevant Index, it is also subject to the above management risk.

*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 (for an Index Tracking Sub-Fund) 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 or its Securities 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.

*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 or fraud 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 held by it. 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".

*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" under "Risks associated with the RMB currency" above.

*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) (in respect of an Index Tracking Sub-Fund) the relevant Index is no longer available for benchmarking or if the Listed Class Units are no longer listed on the SEHK or any other Recognised Stock Exchange (including in circumstances where the Index license 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 risks*

A Sub-Fund may not invest in securities of certain companies, for example, companies and/or securities deemed incompatible with the best interest of investors, such as those subject to sanctions, ESG or sustainability concerns or those with potential tax issues ("non-investment in incompatible companies and/or securities"). In addition, in accordance with HSBC Group policy (which applies as the Manager is a member of the HSBC Group) ("HSBC Group policy", together with "non-investment in incompatible companies and/or securities", defined as "policy"), a Sub-Fund may not invest in the securities of companies considered to be involved directly in the use, development, manufacturing, stockpiling, transfer or trade of controversial weapons banned by international convention. 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 fund or Index level). The HSBC Group policy does not apply to third party funds or derivative instruments any Sub-Fund may invest in.

*Risks associated with securities financing transactions*

A Sub-Fund which engages in securities financing transactions will be subject to the following risks:

(A) Risks relating to securities lending transactions

(1) Counterparty risk

Securities lending transactions may involve the risk that the counterparty may fail to return the securities lent out in a timely manner. In this event, the relevant Sub-Fund could experience delays in recovering its securities and may possibly incur a capital loss. The value of the collateral may fall below the value of the securities lent out. Securities lending transactions may also involve wrong-way risk which may occur when the probability of counterparty default is negatively correlated with the value of the collateral.

(2) Collateral risk

As part of the securities lending transactions, the relevant Sub-Fund must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the relevant Sub-Fund if the counterparty fails to return the securities lent out. The relevant Sub-Fund may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

(3) Operational risk

By undertaking securities lending transactions, the relevant Sub-Fund is exposed to risk of errors or disruptions in the operation processes of securities lending such as settlement, reconciliation and record-keeping. The relevant Sub-Fund is also exposed to operational risks (e.g. error in settlement, collateral management) and resilience risks (e.g. the ability to operate during disruptions) of the securities lending agent. Such delays and disruptions may restrict the relevant Sub-Fund's ability in meeting delivery or payment obligations from redemption requests.

(B) Risks relating to sale and repurchase transactions

Sale and repurchase transactions involve credit risk to the extent that the relevant Sub-Fund's counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing the relevant Sub-Fund to unanticipated losses. The amount of credit risk incurred by the relevant Sub-Fund with respect to a particular sale and repurchase transaction will depend in part on the extent to which the obligation of the relevant Sub-Fund's counterparty is secured by sufficient collateral. In the event of the failure of the counterparty with which collateral has been placed, the relevant Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

(C) Risks relating to reverse repurchase transactions

If a seller of securities to a Sub-Fund under a reverse repurchase transaction defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the relevant Sub-Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the relevant Sub-Fund's ability to dispose of the underlying securities may be restricted or the relevant Sub-Fund may have difficulty in realising collateral. It is possible, in a bankruptcy or liquidation scenario, that the relevant Sub-Fund may not be able to substantiate its interest in the underlying securities.

In the event of the failure of the counterparty with which cash has been placed, the relevant Sub-Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

*Risks associated with collateral management and re-investment of cash collateral*

Where a Sub-Fund enters into a securities financing transaction, collateral may be received from or provided to the relevant counterparty.

A Sub-Fund may receive both cash and non-cash collateral from a counterparty.

In the case of collateral assets which are listed securities, the listing of such securities may be suspended or revoked or the trading of such securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may take longer to realise the relevant collateral assets. In the case of collateral assets which are debt securities, the value of such securities will be dependent on the creditworthiness of the issuers or obligors in respect of the relevant collateral assets. In the event any issuer or obligor of such collateral assets is insolvent, the value of the collateral assets will be reduced substantially and may cause the relevant Sub-Fund's exposure to such counterparty to be under-collateralised. Such collateral assets shall be replaced immediately as soon as the credit quality has deteriorated to such a degree that it would undermine the effectiveness of the collateral.

Where cash collateral received by a Sub-Fund is re-invested, the relevant Sub-Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

Where collateral is provided by a Sub-Fund to the relevant counterparty, in the event of the insolvency of the counterparty, the relevant Sub-Fund may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return if the collateral becomes available to the creditors of the relevant counterparty.

Finance charges received by a Sub-Fund under a securities lending transaction may be reinvested. Similarly, cash collateral received by a Sub-Fund may also be reinvested. In both circumstances, the relevant Sub-Fund will be exposed to market risk in respect of any such investments and may incur a loss in reinvesting the financing charges and cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made. A decline in the value of investment of the cash collateral would reduce the amount of collateral available to be returned by the relevant Sub-Fund to the securities lending counterparty at the conclusion of the securities lending contract. The relevant Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the relevant Sub-Fund.

Under a sale and repurchase transaction, a Sub-Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price if that pre-determined price is higher than the value of the securities at the time of repurchase. If the relevant Sub-Fund chooses to reinvest the cash collateral received under the sale and repurchase transaction, it is also subject to market risk arising in respect of such investment.

If the additional income which is generated through finance charges imposed by a Sub-Fund on the counterparty of a reverse repurchase transaction is reinvested, the relevant Sub-Fund will assume market risk in respect of such investments.

*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 (applicable to Listed Class Units only). 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.

*Borrowing risks*

The Trustee, at the request of the Manager, may borrow for the account of a Sub-Fund for various reasons (if applicable), 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 (in respect of an Index Tracking Sub-Fund) and the performance of a Sub-Fund.

*Differences in dealing arrangements between Listed Class and Unlisted Class Units*

A Sub-Fund may offer both Listed Class Units and Unlisted Class Units. Dealing arrangements in respect of Listed Class Units and Unlisted Class Units are different, and depending on market conditions, investors of the Listed Class Units may be at an advantage compared to investors of the Unlisted Class Units, or vice versa.

Unlike investors of Listed Class Units who may buy and sell Listed Class Units in the secondary market during SEHK trading hours, investors of Unlisted Class Units are only able to subscribe and redeem at the relevant Issue Price and Redemption Value (as the case may be) based on the latest available Net Asset Value as at the end of each Dealing Day. As such, holders of Listed Class Units would have intra-day trading opportunities which will not be available to holders of Unlisted Class Units. In a stressed market scenario, holders of Listed Class Units can sell their units on the secondary market during SEHK trading hours if the market continues to deteriorate, while holders of Unlisted Class Units will not be able to do so.

Conversely, investors in the secondary market generally do not have access to the redemption facilities which are available to investors of Unlisted Class Units. During stressed market conditions, Participating Dealers may, on their own account or on behalf of investors, redeem Listed Class Units on the primary market at the Net Asset Value of the relevant Sub-Fund, but the secondary market trading prices may have diverged from the corresponding Net Asset Value. In such circumstances, holders of the Listed Class Units in the secondary market will be at an apparent disadvantage to holders of the Unlisted Class Units as the latter will be able to redeem from the relevant Sub-Fund at Net Asset Value whilst the former will not.

*Differences in fee and cost arrangements between Listed Class and Unlisted Class Units*

The levels and types of fees (including management fee) and costs applicable to each of the Listed Class Units and the Unlisted Class Units may differ. As such, the Net Asset Value per Unit of each of the Listed Class Units and Unlisted Class Units may also be different due to the different fees and costs applicable to each class of Units.

- For Listed Class Units, the Transaction Fee may be payable by the Participating Dealer in respect of Creation and Redemption Applications. In relation to cash Creation and Redemption Applications by Participating Dealers, the Manager reserves the right to require the relevant Participating Dealer to pay an additional sum on the creation amount or deduct from the redemption proceeds such sum representing the Duties and Charges for the purpose of compensating or reimbursing the relevant Sub-Fund. Investors in the secondary market will not be subject to the foregoing, but may incur SEHK-related fees such as brokerage fees, transaction levy and trading fee.

- For Unlisted Class Units, Unitholders may be subject to a Preliminary Charge and/or a Redemption Charge in respect of subscription and redemption respectively. For subscription and redemption applications in cash, the Manager may, in good faith and in the best interest of Unitholders, make adjustments to the Net Asset Value per Unit in determining the Issue Price or Redemption Value per Unit (as the case may be) which it considers to be an appropriate allowance to reflect the Duties and Charges allocated to the subscribing investors or the redeeming Unitholders (as the case may be). For further details, please refer to the section headed “Issue Price and Redemption Value of Units” under “DETERMINATION OF NET ASSET VALUE”.

For details of the fees and costs applicable to each class of Units, please refer to the section headed “Fees and expenses payable by the Sub-Fund” in the relevant Appendix.

*Effect of redemptions risk*

If significant redemptions of Units are requested by the Participating Dealers or Unitholders of

Listed Class Units or Unlisted Class Units, 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, the right of Unitholders to require redemptions in excess of 10% of the total Net Asset Value 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. Such redemption gate applies to redemption applications in cash only for both Listed Class Units and Unlisted Class Units.

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.

*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.

*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 QFI status (where relevant) 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 QFI status (where relevant) quickly (or at all) and the new appointment may not be on equivalent terms or of similar quality.

*Financial Derivative Instruments risks*

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. Both exchange-traded and over-the-counter derivatives may be utilised. 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 such a fund are exposed to a higher degree of fluctuation in value than other funds 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 are no regulated markets 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. Exposure to FDIs may lead to a high risk of significant loss. There is no assurance that the derivative strategy used by a Sub-Fund (if any) will succeed.

*Short selling risk*

A Sub-Fund may make short sales in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. However, the possible losses to a Sub-Fund from short selling a security differ from losses that could be incurred from a cash investment in the same security. Such losses are unlimited due to the lack

of an upper limit on the price to which a security may rise, whereas the maximum potential loss from a cash investment is a finite amount i.e. the total amount of the cash investment.

*Issuer-specific changes*

Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can affect the value of an issuer's securities. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Such issuer-specific changes may have an impact on the constituent stock of an Index.

*Counterparty to custodian risk*

Deposits of securities or cash with a custodian, bank or financial institution ("custodian or depository") will carry counterparty risk as the custodian or depository may be unable to perform their obligations due to credit-related and other events like insolvency of or default of them. In most cases, the relevant Sub-Fund's assets will be maintained by the custodian or depository in segregated accounts and would be protected in the event of the insolvency of the custodian or depository.

**Risks associated with actively managed Sub-Funds**

Active investment management risk

The Manager may employ an actively managed investment strategy in respect of an actively managed Sub-Fund. An actively managed Sub-Fund does not seek to track any index or benchmark, and there is no replication or representative sampling conducted by the Manager. Instead, investments of the Sub-Fund will be based on the Manager's view of market conditions and international investment trends and environment. An actively managed Sub-Fund may fail to meet its objective as a result of the Manager's selection of investments for the Sub-Fund, and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to other funds with a similar objective.

Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective of each actively managed Sub-Fund, there can be no assurance that these strategies will be successful. The Manager may not be successful in selecting the best performing instruments or investment techniques. Accordingly, there is a risk that investors may not recoup the original amount invested in an actively managed Sub-Fund or may lose a substantial part or all of their initial investment.

**Risks associated with Index Tracking Sub-Funds**

*Passive investment risk*

Index Tracking Sub-Funds are not actively managed. Accordingly, an Index Tracking 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 Index Tracking 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 an Index Tracking Sub-Fund will mean that falls in the Index are expected to result in corresponding falls in the value of the Index Tracking Sub-Fund.

*Tracking error risk*

Although the Manager may adopt a full replication strategy to reduce tracking error for a particular

Index Tracking Sub-Fund, 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 an Index Tracking Sub-Fund may not correlate exactly with the relevant Index. Factors such as the fees and expenses of an Index Tracking Sub-Fund, imperfect correlation between an Index Tracking Sub-Fund's assets and the Securities constituting the relevant Index, inability to rebalance an Index Tracking 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 relevant Index. These factors may cause each Index Tracking Sub-Fund's returns to deviate from the relevant Index. The Manager will monitor and seek to manage such risk to minimise tracking error. In addition, the Manager has absolute discretion to exercise Unitholders' rights with respect to securities comprising an Index Tracking Sub-Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of an Index Tracking Sub-Fund being achieved.

*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.

*Index termination risk*

In the event that an Index Tracking Sub-Fund's Index ceases to be operated or is not available, the Manager will, subject to the prior approval of the SFC and by giving at least one month's notice, and in accordance with the provisions of the constitutive document of the relevant Index Tracking Sub-Fund, change the Index to a replacement index that is tradable and has similar objectives to the Index. Although the Manager will seek to find a replacement index, the relevant Index Tracking 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. The SFC reserves the right to withdraw the authorisation of the relevant Index Tracking Sub-Fund if the Index is no longer considered to be acceptable to the SFC.

In case the Manager is granted a license by each Index Provider to use each Index to create the relevant Index Tracking Sub-Fund based on the Index and to use certain trade-marks and any copyright in the Index, if the license agreement is terminated, the relevant Index Tracking Sub-Fund may not be able to fulfil its objective and may be terminated. The initial term of the license agreement may be limited in period and thereafter renewable for only short periods. There can be no guarantee that the relevant license agreement will be perpetually renewed.

*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 Index Tracking Sub-Fund. Each Index Tracking 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 Index Tracking Sub-Fund or other persons regarding the advisability of investing in Securities generally or in any Index Tracking Sub-Fund particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the relevant Index Tracking 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 Index Tracking 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 Index Tracking 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 an Index Tracking Sub-Fund will, at any given time accurately reflect the composition of the relevant Index (refer to the "Tracking error risk" above).

**Risks applicable to the Listed Class Units only**

*Trading risk*

While the creation/redemption feature of a Sub-Fund is designed to make it likely that Listed Class 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 Listed Class Units will fluctuate in accordance with changes in the Net Asset Value and supply and demand on any exchange on which Listed Class Units are listed. The Manager cannot predict whether Listed Class Units will trade below, at, or above their Net Asset Value. Since, however, Listed Class 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 Listed Class Units should not be sustained. If the Manager suspends creations and/or redemptions of Listed Class Units, the Manager anticipates that there may be larger discounts or premiums as between the secondary market price of Listed Class Units and the Net Asset Value. For an Authorised Feeder Fund invested in another ETF, this risk is also applicable to the relevant master fund.

*Currency risk*

Where a Sub-Fund's base currency, Net Asset Value, underlying assets and/or distributions are in one currency but has Units traded in another currency, secondary market investors of such Units may be subject to additional costs or losses associated with foreign currency fluctuations between the Base Currency and the trading currency and changes in exchange rate controls (if any) when trading Units in the secondary market and receiving dividend.

*Multi Counter risks*

There is a risk that the market price on the SEHK of Listed Class Units traded in one counter may deviate significantly from the market price on the SEHK of Listed Class Units traded in another counter due to different factors such as market liquidity, supply or demand in each counter and exchange rate fluctuations. The trading price of Listed Class Units in each counter is determined by market forces and so will not be the same as the trading price of Listed Class Units multiplied by the prevailing rate of foreign exchange. Accordingly, when selling Listed Class Units or buying Listed Class Units traded in one counter, an investor may receive less or pay more than the equivalent amount in the currency of another counter if the trade of the relevant Listed Class Units took place on another counter. There can be no assurance that the price of Listed Class Units in each counter will be equivalent. Investors without accounts of a specific currency may not be able to buy or sell Listed Class Units traded in such currency. In addition, distributions are made in the base currency of the relevant Sub-Fund, and as such investors without accounts of such currency 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 Participants may not be familiar with and may not be able to (i) buy Listed Class Units in one counter and to sell Listed Class Units in the other, or (ii) trade Listed Class Units in different counters at the same time. In such a case another broker or Participant may need to be used. Accordingly, investors may only be able to trade their Listed Class Units in one currency, investors are recommended to check the readiness of their brokers in respect of the Multi-Counter trading and should fully understand the services which the relevant broker is able to provide (as well as any associated fees).

*Absence of active market and liquidity risks*

Although Listed Class 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 Listed Class 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 Listed Class Units and the ability of an investor to dispose of its Listed Class Units at the desired price. For an Index Tracking Sub-Fund, there can be no assurance that Listed Class Units will experience trading or pricing patterns similar to those of ETFs 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 Listed Class Units at a time when no active market for them exists, the price you receive for your Listed Class 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, Listed Class Units on the SEHK during any period in which trading of the Listed Class Units is suspended. The SEHK may suspend the trading of Listed Class 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 Listed Class Units may also be suspended if the trading of Listed Class Units is suspended.

*Trading differences risk*

As the relevant stock exchanges or futures exchanges may be open when Listed Class 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 Listed Class Units. Furthermore, the market price of underlying Securities listed on the relevant 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. For an Authorised Feeder Fund invested in another ETF, this risk is also applicable to the relevant master fund.

Securities listed in stock exchanges in the PRC are subject to trading bands which restrict increases and decreases in the trading price. Listed Class 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.

*Listed Class Units may trade at prices other than Net Asset Value risk*

Listed Class 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 Listed Class Units fluctuate continuously throughout the trading hours based on market supply and demand rather than Net Asset Value. The trading price of the Listed Class Units may deviate significantly from Net Asset Value particularly during periods of market volatility. Any of these factors may lead to the Listed Class Units of a Sub-Fund trading at a premium or discount to the

Net Asset Value. On the basis that Listed Class 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 Listed Class 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 Listed Class 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.

*Cost of trading Listed Class Units risk*

As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Listed Class Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Listed Class Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Listed Class 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 Listed Class Units (bid price) and the price at which they are willing to sell Listed Class Units (ask price). Frequent trading may detract significantly from investment results and an investment in Listed Class Units may not be advisable particularly for investors who anticipate making small investments regularly.

*Secondary market trading risk*

Listed Class Units may trade on the SEHK when a Sub-Fund does not accept orders to subscribe or redeem Listed Class Units. On such days, Listed Class 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 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 Listed Class Units of each Sub-Fund in each counter. Where a Multi 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 Listed Class Units may be adversely affected if there is no Market Maker for Listed Class 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 Listed Class Units. Furthermore, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for such RMB traded Listed Class Units. It is possible that there is only one SEHK Market Maker to a counter (RMB or HKD or USD) 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 Listed Class 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 Listed Class 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 (in respect of an Index Tracking Sub-Fund) the relevant Index

is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Listed Class 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 Listed Class Units freely.

**Risks applicable to the Unlisted Class Units only**

*Currency and exchange rate control risk*

A class of Unlisted Class Units of a relevant Sub-Fund may be designated in a currency other than the base currency of such Sub-Fund. In addition, assets of the relevant Sub-Fund may be denominated in currencies other than the class currencies of the respective classes of Units of such Sub-Funds. The performance and distribution (if any) of these Sub-Funds may be adversely affected by changes in exchange rates between the currencies in which the assets of the relevant Sub-Fund are held and the base currency of such Sub-Fund or the relevant class currency or by changes in exchange rate controls.

*Currency hedging risk*

A Sub-Fund may attempt to hedge the currency of denomination of a class of Unlisted Class Units against the base currency of the Sub-Fund or the portfolio currency. The costs of hedging transactions will be reflected in the Net Asset Value of such class of Unlisted Class Units and therefore, Unitholders of a hedged class will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions.

If the counterparties of the instruments used for hedging purpose default, Unitholders of the hedged class may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses. There is no assurance that hedging will be effective and Unitholders may still be subject to the currency exchange risk. Any profits or losses from currency hedging shall accrue to the value of the relevant currency hedged classes. When the Manager seeks to hedge against currency fluctuations, while it is not the intention, this could result in over-hedged or under-hedged positions. As such, Unitholders of a hedged class may have exposure to the currency fluctuations between the Sub-Fund's base currency and/or the portfolio currency relative to the denominated currency of the hedged class. Furthermore, risks associated with leverage may arise from the derivative positions of the hedging transactions as a result of over-hedging the currency exposure. It should also be noted that hedging transactions may be entered into whether the denominated currency of the hedged classes is declining or increasing in value relative to a Sub-Fund's base currency and/or the portfolio currency, where such hedging is undertaken it may substantially protect Unitholders in the hedged class against a decrease in the value of the Sub-Fund's base currency and/or the portfolio currency relative to the class currency of the hedged class, but it may also preclude Unitholders from benefiting from an increase in the value of the Sub-Fund's base currency and/or the portfolio currency.

Unitholders investing into portfolio currency hedged classes who are seeking a return in a currency other than the currency of denomination of a class of Unlisted Class Units may be adversely impacted as a result of exchange rate fluctuations between the currency of denomination of a class of Unlisted Class Units and the currency they are seeking a return in.

Unitholders investing into base currency hedged classes will be exposed to currency exchange rate movements of the underlying portfolio currencies against a Sub-Fund's base currency rather than being exposed to the underlying portfolio currencies against the currency of denomination of a class of Unlisted Class Units which may be volatile and may have a material impact on Unitholders' returns.

*Distribution risk for currency hedged classes*

The distribution amount and/or rate of the currency hedged classes of a Sub-Fund may be more than or less than such amount and/ or rate of the class of Units which is denominated in the Sub-Fund's base currency due to various factors, including but not limited to short-term interest rate differentials. Interest rate differentials mean differences in interest rates of the denominated currency of the hedged class and the Sub-Fund's base currency. When the interest rate of the denominated currency of the hedged class is lower than the Sub-Fund's base currency, the distribution amount and/or rate of the currency hedged classes may be less than that of the class of Units which is denominated in the Sub-Fund's base currency, vice versa.

The distribution amount and Net Asset Value of the hedged Unit classes may be adversely affected by the interest rate differentials, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than non-hedged classes.

**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.

*Listed Class Units may be delisted from the SEHK risk*

If the Listed Class Units of a Sub-Fund are delisted from the SEHK, Unitholders will have the option to redeem their Listed Class 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 Listed Class 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 a 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 the Sub-Fund) of the total Net Asset Value 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 (in respect of both Listed Class Units and Unlisted Class Units) 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 total Net Asset Value of Units (pro rata amongst both Listed Class Units and Unlisted Class Units)in the relevant Sub-Fund then in issue. For details, please refer to the sub-section headed "Deferred redemption" under "CREATIONS AND REDEMPTIONS (PRIMARY MARKET)" and "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" 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 the Listed Class Units, or (in the case of the Unlisted Class Units) subscription and redemption applications in cash for the Unlisted Class Units. 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.

*Issue Price and Redemption Value of Units*

Where there is net cash inflow to a Sub-Fund, the Manager will generally acquire investments for the Sub-Fund; where there is net cash outflow to a Sub-Fund, investments may need to be sold to fulfil the redemption obligations of the Sub-Fund. Duties and Charges incurred in such processes, if significant, will adversely affect the interest of the remaining Unitholders of the Sub-Fund. As such, for cash subscriptions and redemptions, the Manager may make adjustments to Issue Price and redemption price of the Listed Class Units and/or the Unlisted Class Units to reflect not only the Net Asset Value per Unit but also the appropriate provision for Duties and Charges, as set out in the section headed "Issue Price and Redemption Value of Units" under "DETERMINATION OF NET ASSET VALUE" of this Prospectus. This, in effect, is to allocate the costs of subscription to subscribing investors and the costs of redemption to redeeming Unitholders.

*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, SECURITY 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 total Net Asset Value of Units in the relevant Sub-Fund then in issue pro rata amongst both Listed Class Units and Unlisted Class Units) 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. The redemption gate applies to redemption applications in cash only for both Listed Class Units and Unlisted Class Units.

- *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 in respect of the Listed Class Units, please refer to the sub-section headed "Suspension of creations and redemptions" under "CREATIONS AND REDEMPTIONS (PRIMARY MARKET)" of this Prospectus. For the arrangement regarding any subscription application or any redemption application received during the period of suspension in respect of the Unlisted Class Units, please refer to the section headed "Suspension of Determination of Net Asset Value" under "LIQUIDITY RISK MANAGEMENT" for further details.

  (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.

- *Redemption Value of Units*: Adjustments to reflect not only the Net Asset Value per Unit but also the appropriate provision for Duties and Charges for a Sub-Fund aim to allocate the costs of redemption to redeeming Unitholders. Unitholders should note that such costs of redemption charged to the redeeming Unitholders and so received by a Sub-Fund may be greater than or less than the actual costs of redemption incurred by such Sub-Fund.

- *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

The Manager, Hang Seng Investment Management Limited, was incorporated in Hong Kong with limited liability in April 1993. It is a wholly-owned subsidiary of Hang Seng Bank Limited (the "**Bank**") and is the investment arm of the Bank. It provides investment management services to the Bank and the Bank's customers and has extensive experience in managing index-tracking funds, retirement funds, institutional accounts and private client portfolios. Founded in 1933, the Bank is a principal member of the HSBC Group, one of the world's largest banking and financial services organisations.

The Manager 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 SFO.

The Manager holds a valid QFI license from the CSRC and is the QFI holder in respect of each Sub-Fund.

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 Manager" under "STATUTORY AND GENERAL INFORMATION".

### The Investment Sub-Manager (in respect of Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF and Hang Seng CMS Bloomberg US Treasury 7-10 Year Index ETF only)

The Manager has delegated to CMS Asset Management (HK) Co., Limited (the "**Investment Sub-Manager**") the discretionary power in the investment management of Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF and Hang Seng CMS Bloomberg US Treasury 7-10 Year Index ETF.

The Investment Sub-Manager was incorporated in Hong Kong with limited liability in 2008 and is fully owned by China Merchants Securities International Co., Ltd. The Investment Sub-Manager is licensed by the SFC to conduct type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance with CE number ARS756.

The Investment Sub-Manager is responsible for exercising investment discretion in respect of the US Treasury securities and ongoing monitoring of the investments of Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF and Hang Seng CMS Bloomberg US Treasury 7-10 Year Index ETF, subject to the control and review of the Manager. The Investment Sub-Manager is independent of the Manager.

The Investment Sub-Manager was appointed pursuant to a sub-investment management agreement entered into between the Manager and the Investment Sub-Manager. Although the investment management role of the Manager is sub-contracted to the Investment Sub-Manager, the responsibilities and obligations of the Manager may not be delegated.

The Investment Sub-Manager's fees will be payable out of the Manager's management fee.

### 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 of the Series is HSBC Institutional Trust Services (Asia) Limited which is incorporated with limited liability in Hong Kong on 27 September 1974. It is an indirect wholly-owned subsidiary of HSBC Holdings plc. It is registered as a trust company under section 78(1) of the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) and is an approved trustee under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). It is also registered with the HKMA under a statutory guideline to comply with the Supervisory Policy Manual (SPM) module on "Regulation and Supervision of Trust Business" (TB-1) under section 7(3) of the Banking Ordinance. The Trustee is licensed by the SFC to carry out the Type 13 regulated activity (providing depositary services for relevant Collective Investment Schemes under the SFO and has a Trust or Company Service Provider (TCSP) License under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong).

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 license for certain categories of transactions, or by specific licenses 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 their description under "The Trustee and Registrar" in the "MANAGEMENT OF THE TRUST" section.

Where a Sub-Fund invests directly into the PRC's securities and futures markets pursuant to the QFI 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 special cash account(s) 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 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 QFI status within the PRC under the QFI 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 (applicable in respect of Listed Class Units only)**

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 Listed Class 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 (applicable in respect of Listed Class Units only)**

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

**The Market Makers (applicable in respect of Listed Class Units only)**

A Market Maker is a broker or dealer permitted by the SEHK to make a market for the Listed Class 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 Listed Class Units on the SEHK. Market Makers facilitate the efficient trading of Listed Class 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 each Sub-Fund which offers Listed Class 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 which offers Listed Class Units or counter (as appropriate) to facilitate the efficient trading of Listed Class Units in each counter (which may be the same Market Maker) to facilitate the efficient trading of such Listed Class 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.

**The Listing Agent (applicable in respect of Listed Class Units only)**

Unless otherwise specified in the relevant Appendix, Hang Seng Investment Management Limited also acts as the Listing Agent with respect to the Listed Class Units of each Sub-Fund in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in respect of the listing of the Listed Class of Shares of the relevant Sub-Fund on the SEHK.

Altus Capital Limited has been appointed by the Manager as the Listing Agent with respect to the Listed Class Units of Hang Seng JPMorgan US Equity Premium Income Active ETF and Hang Seng AI Advancement ETF, and is a licensed corporation which holds, amongst others, a Type 6 (advising on corporate finance) regulated activity licence under the SFO with CE Number AGH102.

**Conflicts of Interest and Soft Dollars**

The Manager, the Investment Sub-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, the Investment Sub-Manager or any of their Connected Persons may purchase and sell investments for the account of the relevant Sub-Fund.

(b) The Trustee, the Manager, the Investment Sub-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 the Investment Sub-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, the Investment Sub-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, the Investment Sub-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, the Investment Sub-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 the Investment Sub-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, the Investment Sub-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, the Investment Sub-Manager, their delegates or any of their 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, the Investment Sub-Manager, their delegates (including investment delegates (if any)) or any of their 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, the Investment Sub-Manager, their 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 Investment Sub-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 and/or the Investment Sub-Manager, if transacting with brokers or dealers connected to the Manager, the Investment Sub-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 and the Investment Sub-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 and the Investment Sub-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 year-end of the Trust and each Sub-Fund is 31 December in each calendar year.

An audited annual financial report will be made available to Unitholders within four months of the end of each financial year.

The unaudited interim financial reports will also be made available to Unitholders within two months of the period which they cover.

The interim and annual financial reports will be available in both English and Chinese language, and provide details of the assets of each Sub-Fund and the Manager's statement on transactions during the period under review (including for an Index Tracking Sub-Fund, 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 (for an Index Tracking Sub-Fund) the actual relevant Index performance over the relevant period and such other information as is required under the Code.

Printed copies of the financial reports are available for inspection free of charge when they are issued within the relevant timeframe in the offices of the Manager at Hang Seng Building, 83 Des Voeux Road Central, Hong Kong. Alternatively, soft copies of the financial reports will be available when they are issued within the relevant timeframe on the Manager's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC) and/or the SEHK's website at www.hkex.com.hk (this website has not been reviewed by the SFC).

### 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" under "STATUTORY AND GENERAL INFORMATION"). 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 thinks 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) (for an Index Tracking Sub-Fund) the respective Index of the relevant Sub-Fund is no longer available for benchmarking or if the Listed Class 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.

Investors should note that, due to the nature of the listing of the Listed Class Units on the SEHK, the termination procedures applicable to Listed Class Units and Unlisted Class Units of the same Sub-Fund may differ. In the event of termination of the Trust, a Sub-Fund or a particular Class of Units, Unitholders will be notified of the relevant termination procedures applicable to its holding of the relevant Class of Units.

**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.

**Proxy Voting Policy**

The proxy voting guidelines of the Manager can be accessed via the website www.hangsenginvestment.com (this website has not been reviewed by the SFC).

**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 license agreement**

Please refer to the relevant Appendix for details in respect of each Index (for an Index Tracking Sub-Fund).

**Material changes to an Index (for Index Tracking Sub-Funds only)**

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 (for Index Tracking Sub-Funds only)**

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 license 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 license 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 license 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 license 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 for Index Tracking Sub-Funds, 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). Investors should note that where a Sub-Fund offers both Listed Class Units and Unlisted Class Units, a separate set of Product Key Facts Statement will be available for each of the Listed Class Units and Unlisted Class Units of the same Sub-Fund;

(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 class of Units of the Sub-Fund (including, in respect of the Listed Class Units, in each trading currency of the Sub-Fund) (updated on a daily basis);

(d) (in respect of the Listed Class Units) 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) (in respect of the Listed Class Units) 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 (for an Index Tracking Sub-Fund) the Sub-Fund's Index or (for an Authorised Feeder Fund) the master fund, notices of suspension of creation and redemption of Units, suspension of the calculation of the Net Asset Value, changes in fees and (in respect of the Listed Class Units only) suspension and resumption of trading;

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

(j) (for an Index Tracking Sub-Fund) the annual tracking difference and tracking error of the 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 the Units of Hang Seng China A Industry Top Index ETF and the Listed Class Units of Hang Seng Stock Connect China A Low Carbon 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.

For the Listed Class Units of Hang Seng S&P 500 Index ETF, the near real time indicative Net Asset Value per Unit in HKD is calculated using the indicative Net Asset Value per Unit in USD multiplied by a real time HKD:USD foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. Since the indicative Net Asset Value per Unit in USD will not be updated when the relevant U.S. exchanges[2] are 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 USD multiplied by an assumed foreign exchange rate using the Tokyo Composite at 3:00 p.m. Tokyo time (2:00 p.m. Hong Kong time) mid rate quoted by Bloomberg as of the same Dealing Day. When the relevant U.S. exchanges are closed, the official last Net Asset Value per Unit in USD and the indicative last Net Asset Value per Unit in HKD will not be updated.

For the Listed Class Units of Hang Seng Japan TOPIX 100 Index ETF, the near real time indicative Net Asset Value per Unit in HKD is calculated using the indicative Net Asset Value per Unit in JPY multiplied by respectively a real time HKD:JPY foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. Since the indicative Net Asset Value per Unit in

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[2] The U.S. exchanges in which Hang Seng S&P 500 Index ETF may invest are set out in the "The Index" section of "Appendix 3: Hang Seng S&P 500 Index ETF" to this Prospectus.

JPY will not be updated when the Tokyo Stock Exchange 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 JPY multiplied by an assumed foreign exchange rate using the Tokyo Composite at 3:00 p.m. Tokyo time (2:00 p.m. Hong Kong time) mid rate quoted by Bloomberg as of the same Dealing Day. When the Tokyo Stock Exchange is closed, the official last Net Asset Value per Unit in JPY and the indicative last Net Asset Value per Unit in HKD will not be updated.

For the Listed Class Units of Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF and Hang Seng CMS Bloomberg US Treasury 7-10 Year Index ETF, the near real time indicative Net Asset Value per Unit in HKD is calculated using the indicative Net Asset Value per Unit in USD multiplied by a real time HKD:USD foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. Since the indicative Net Asset Value per Unit in USD will not be updated when the underlying US Treasury 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 USD multiplied by an assumed foreign exchange rate using the Tokyo Composite at 3:00 p.m. Tokyo time (2:00 p.m. Hong Kong time) mid rate quoted by Bloomberg as of the same Dealing Day. When the underlying US Treasury market is closed, the official last Net Asset Value per Unit in USD and the indicative last Net Asset Value per Unit in HKD will not be updated.

For the Listed Class Units of Hang Seng JPMorgan US Equity Premium Income Active ETF, the near real time indicative Net Asset Value per Unit in HKD is calculated using the indicative Net Asset Value per Unit in USD multiplied by a real time HKD:USD foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. Since the indicative Net Asset Value per Unit in USD will not be updated when the relevant exchanges on which the Master ETF (as defined in Appendix 7 below) is listed are 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 USD multiplied by an assumed foreign exchange rate using the Tokyo Composite at 3:00 p.m. Tokyo time (2:00 p.m. Hong Kong time) mid rate quoted by Bloomberg as of the same Dealing Day. When the relevant exchanges on which the Master ETF is listed are closed, the official last Net Asset Value per Unit in USD 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, Hang Seng Stock Connect China A Low Carbon Index ETF, Hang Seng S&P 500 Index ETF, Hang Seng Japan TOPIX 100 Index ETF, Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF, Hang Seng CMS Bloomberg US Treasury 7-10 Year Index ETF and Hang Seng FTSE Hong Kong Equity ETF and Hang Seng AI Advancement 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 Hang Seng China A Industry Top Index ETF ,Hang Seng Stock Connect China A Low Carbon Index ETF and Hang Seng AI Advancement ETF) www.hsi.com.hk and/or (for Hang Seng S&P 500 Index ETF) www.spdji.com and/or (for Hang Seng Japan TOPIX 100 Index ETF) www.jpx.co.jp/english/markets/indices/line-up/ and/or (for Hang Seng CMS Bloomberg US Treasury 1-3 Year Index ETF and Hang Seng CMS Bloomberg US Treasury 7-10 Year Index ETF) https://www.bloomberg.com/professional/products/indices/fixed-income/ and/or (for Hang Seng FTSE Hong Kong Equity ETF) https://www.lseg.com/en/ftserussell/indices/mpf (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.

The trading information shall appear on every Dealing Day via the SEHK's website at

www.hkex.com.hk (this website has not been reviewed by the SFC) for Participating Dealer's in-kind creation and redemption of Units.

**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 SDO and according to the Stamping Circular No.02/2019, each Sub-Fund is an "authorized open-ended collective investment scheme" as defined under the SDO, 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 under the SDO.

*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 in respect of Listed Class Units

Pursuant to section 19(1DA) and Part 2 of Schedule 10 of the SDO and according to the Stamping Circular No.02/2019, each Sub-Fund is an "authorized open-ended collective investment scheme" as defined under the SDO, and, provided that the value of the Hong Kong stock is proportionate to the value of the Listed Class 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 Listed Class Units will be exempted. Similarly, provided that the value of the Hong Kong stock is proportionate to the value of the Listed Class Unit, Hong Kong stamp duty on the delivery of Hong Kong stocks as consideration for redemption of Listed Class 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 Listed Class 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 Listed Class Units to him or her or the redemption of Listed Class Units by him or her or on the sale and purchase of Listed Class Units by him or her in the secondary market.

Stamp Duty in respect of Unlisted Class Units

No Hong Kong stamp duty should be payable where the sale or transfer of the Unlisted Class Units is effected by selling the relevant Units back to the Manager, who then either extinguish the Unlisted Class Units or re-sells the Unlisted Class Units to another person within two months thereof. Other types of sales or purchases or transfers of Unlisted Class Units by the Unitholders in a Sub-Fund should normally be liable to Hong Kong stamp duty under the SDO.

Subscription of Unlisted Class Units/switching into Unlisted Class Units effected through allotment of new Unlisted Class Units and redemption/switching out effected through cancellation of Unlisted Class Units respectively will normally not be subject to Hong Kong stamp duty.

**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 system that involves the transmission of financial account information from Hong Kong to a tax jurisdiction with which Hong Kong has entered into an AEOI agreement[3]. 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[4] 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[5]. 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:

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3 FAQ1 of the Frequently Asked Questions regarding the Automatic Exchange of Financial Account Information available at the website of the IRD http://www.ird.gov.hk/eng/faq/dta_aeoi.htm

4 FAQ6 of the Frequently Asked Questions regarding the Automatic Exchange of Financial Account Information available at the website of the IRD http://www.ird.gov.hk/eng/faq/dta_aeoi.htm

5 FAQ3 of the Frequently Asked Questions regarding the Automatic Exchange of Financial Account Information available at the website of the IRD http://www.ird.gov.hk/eng/faq/dta_aeoi.htm

(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 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 CIT 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 QFI 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, 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 QFI (in this section and for any Sub-Fund referred to as the "relevant QFI"). Since only the relevant QFI's interests in onshore PRC securities are recognised under PRC laws, any tax liability would, if it arises, be payable by the relevant QFI. However under the terms of the arrangement between the relevant QFI and the Trust, the relevant QFI 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 QFI 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) ("Circular 81") and "Circular on tax collection policies concerning the Pilot Programme of the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127) ("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 QFI 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 ("Circular 79") states that (i) with effect from 17 November 2014, gains derived by QFI 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 QFI prior to 17 November 2014 in accordance with laws. The Circular 79 applies to QFI without a PE in mainland China or where the QFI 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 QFI from 17 November 2014 onwards.

As for the gross realised capital gains derived from trading of A-Shares via QFI 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 QFI, 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 QFI 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" in the section headed "Risks associated with the **PRC**" for further information in this regard.

*Value-Added Tax*

Under the current PRC Value-Added Tax Law and its implementation rules, gains derived from the trading of PRC securities will be subject to PRC Value-Added Tax ("VAT"), unless exemption is available. If VAT is applicable, there may also be other surtaxes.

Pursuant to the "Ministry of Finance of the PRC and STA Announcement [2026] No. 10, Announcement on Transitional Matters for Value-Added Tax Preferential Policies Following the Implementation of the Value-Added Tax Law", (i) gains derived by QFI from transfer of securities in the mainland China are exempt from VAT during the period from 1 January 2026 to 31 December 2027 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 from 1 January 2026 onwards.

There are still uncertainties as to the application of the PRC VAT 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 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 Stamp Duty Law. 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 the 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 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 section is based on advice received by each Sub-Fund regarding the law and practice in force in the U.S.. 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, ETFs 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 ETFs shall be subject to paragraph (e) above and the relevant investment limits in ETFs 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 ETFs 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 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 ETF, 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 Prospectus, (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**

A Sub-Fund may engage in securities financing transactions, provided that they are in the best interests of Unitholders of such Sub-Fund to do so and the associated risks have been properly mitigated and addressed, and provided further that the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

Where it is disclosed in the relevant Appendix, a Sub-Fund may engage in securities lending, sale and repurchase and/or reverse repurchase transactions subject to the maximum limit disclosed in the investment policy of the Sub-Fund.

Under a securities lending transaction, a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee subject to a commitment from that counterparty that it will return

equivalent securities on a specified future date or when requested to do so by the relevant Sub-Fund. The types of assets that may be subject to securities lending transactions include equity securities, fixed income securities, collective investment schemes, and money market instruments and cash.

Under a sale and repurchase transaction, a Sub-Fund sells its securities to a counterparty of reverse repurchase transactions subject to an agreement to repurchase the securities at an agreed price with a financing cost on a specified future date. Where a Sub-Fund enters into a sale and repurchase transaction under which it sells securities to the counterparty, it will incur a financing cost from engaging in this transaction which will be paid to the relevant counterparty.

Under a reverse repurchase transaction, a Sub-Fund purchases securities from a counterparty of sale and repurchase transactions subject to an agreement to re-sell the relevant securities to the counterparty at an agreed price on a specified future date.

Where a Sub-Fund engages in securities financing transactions, it is subject to the following requirements and arrangements:-

(1) A Sub-Fund shall have at least 100% collateralization in respect of the securities financing transaction(s) into which it enters to ensure there is no uncollateralized counterparty risk exposure arising from these transactions.

(2) All the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions shall be returned to the Sub-Fund. Such direct and indirect expenses shall include brokerage fees, stamp duty, and tax levies associated with securities financing transactions, the fees and expenses payable to securities lending agents engaged and the normal compensation for the services rendered by the Manager in the context of such securities lending transactions to the extent permitted by the applicable legal and regulatory requirements for the relevant Sub-Fund from time to time. Such fees and expenses of any securities lending agents engaged for the relevant Sub-Fund, will be at normal commercial rates and will be borne by the relevant Sub-Fund in respect of which the relevant party has been engaged. The securities lending agents engaged for a Sub-Fund may be Connected Persons of the Manager or its investment delegates, and their fees and expenses will be at normal commercial rates and will be borne by the relevant Sub-Fund in respect of which the relevant party has been engaged. Information on the revenues generated under such transactions shall be disclosed in the annual and interim financial reports of the relevant Sub-Fund, along with entities to whom direct and indirect operational costs and fees relating to such transactions are paid. These entities may include the Manager, its investment delegates or any other Connected Persons.

(3) The counterparties to a securities financing transaction will be selected in accordance with the criteria as set out below under the sub-section “Counterparty and collateral policy” below.

(4) A Sub-Fund shall only enter into a securities financing transaction if the terms of such securities financing transaction include the power for the Sub-Fund at any time to recall the securities or the full amount of cash (as the case may be) subject to the securities financing transaction(s) or terminate the securities financing transaction(s) into which it has entered.

(5) Where any securities financing transaction is arranged through the Trustee or a Connected Person of the Trustee or the Manager, such transactions carried out by or on behalf of a Sub-Fund will be executed at arm’s length, on the best available terms and in the best interest of the Unitholders.

(6) The securities financing transactions will be subject to the following safekeeping arrangement:-

(a) *Assets received*

Assets (including any collateral) received by a Sub-Fund under a title-transfer arrangement should be held by the Trustee or by duly appointed nominee, agent or delegate.

(b) *Assets provided*

Assets (including any collateral) provided to a counterparty under a title-transfer arrangement shall no longer belong to the Sub-Fund. Assets (including any collateral) provided to a counterparty other than under a title-transfer arrangement shall be held by the Trustee or by duly appointed nominee, agent or delegate (which may include the counterparty to the relevant securities financing transaction). Upon the exercise of a right of re-use by a counterparty, such assets will not be safe-kept by the Trustee or by duly appointed nominee, agent or delegate and such counterparty may use the assets at its absolute discretion.

Information on a Sub-Fund's securities financing transactions will be included in the annual report of the Sub-Fund.

**Counterparty and collateral policy**

The Manager employs a counterparty and collateral policy in relation to collateral received in respect of securities financing transactions entered into in respect of a Sub-Fund.

A Sub-Fund may receive collateral from a counterparty to a securities financing transaction in order to reduce its counterparty risk exposure.

*Counterparty policy*

The Manager has counterparty selection policies and control measures to manage the credit risks of counterparties of securities financing transactions which shall include amongst other considerations, fundamental creditworthiness (e.g. ownership structure, financial strength) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, country of origin of the counterparty and legal status of the counterparty.

The counterparty of securities financing transactions must be financial institutions which are subject to ongoing prudential regulation and supervision.

The counterparty to a securities financing transaction must have a minimum credit rating of Baa1 or BBB+ or equivalent, or must be deemed by the Manager to have an implied rating of Baa1 or BBB+ or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor's or Moody's). Alternatively, an unrated counterparty will be acceptable where the Manager is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating acceptable to the Manager, to be assessed on a case-by-case basis.

Collateral policy

Collateral received from counterparties shall comply with the following criteria:-

(1) Nature – the collateral may include both cash and non-cash collateral. Cash collateral may include cash and cash equivalents. Non-cash collateral may comprise of money market instruments, government bonds, or corporate bonds whether long/short term bonds, listed or traded in any regulated markets, supernational bonds, stocks and funds. Collateral does

not include (i) structured products whose payouts rely on embedded financial derivatives or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitized products; or (iv) unlisted collective investment schemes. There is no specific criteria on maturity of eligible collateral. The issuer of collateral must be of high quality, good reputation, solid financial status and the rating by a recognised credit rating agency shall be taken into account in the credit assessment process; debt securities must be rated investment grade or above to be eligible;

(2) Liquidity – the collateral is sufficiently liquid and tradable in order that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing;

(3) Valuation – the collateral is marked-to-market daily by using independent pricing sources;

(4) Credit quality – the collateral is of high credit quality provided that, in the event the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral, such collateral shall be replaced immediately;

(5) Haircut – the collateral is subject to a prudent haircut policy. Haircuts will take into account the characteristics of the assets such as the credit standing or the price volatility. Assets that exhibit high price volatility will not be accepted by a Sub-Fund as collateral unless suitably conservative hair-cuts are in place. Haircuts are reviewed by the Manager on an ongoing basis to ensure that they remain appropriate for eligible collateral taking into account collateral quality, liquidity and price volatility;

(6) Diversification – the collateral is appropriately diversified so as to avoid concentrated exposure to any single entity and/or entities within the same group. A Sub-Fund's exposure to the issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in sub-paragraphs (a), (b), (c), (g), (h), (k)(1) to (2) under the sub-section "Investment restrictions" above and sub-paragraph (B) of the proviso under the sub-section "Investment restrictions" above;

(7) Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the financial derivative instruments, or the counterparty of securities financing transactions in such a way that would undermine the effectiveness of the collateral. For this purpose, securities issued by the counterparty or the issuer of the financial derivative instruments, or the counterparty of securities financing transactions or any of their related entities shall not be used as collateral;

(8) Management of operational and legal risks – the Manager has appropriate systems, operational capabilities and legal expertise for proper collateral management;

(9) Independent custody – the collateral is held by the Trustee or by duly appointed nominee, agent or delegate;

(10) Re-investment of collateral – any re-investment of collateral received for the account of the relevant Sub-Fund shall be subject to the following requirements:

(i) cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. For this purpose, money market instruments refer to securities normally dealt in on the money markets, including government bills,

certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account;

(ii) cash collateral received is not allowed to be further engaged in any securities financing transactions;

(iii) when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any securities financing transactions; and

(iv) non-cash collateral received may not be sold, re-invested or pledged;

(11) Encumbrances and enforceability – the collateral is free of prior encumbrances and is readily accessible or enforceable by the Trustee without further recourse to the issuer of the financial derivative instruments, or the counterparty of the securities financing transactions; and

(12) Safe-keeping of collateral – Any non-cash assets received by a Sub-Fund from a counterparty on a title transfer basis (whether in respect of a securities financing transaction or an OTC derivative transaction) should be held by the Trustee or by duly appointed nominee, agent or delegate. This is not applicable in the event that there is no title transfer in which case the collateral will be held by a third party custodian which is unrelated to the provider of the collateral. A description of collateral holdings of each Sub-Fund will be disclosed in its interim and annual financial reports as required under Appendix E of the Code. Assets provided by a Sub-Fund on a title transfer basis shall no longer belong to the Sub-Fund. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Trustee or by duly appointed nominee, agent or delegate.

**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.

For the avoidance of doubt, securities financing transactions in compliance with the requirements as set out in the sub-section "**Securities Financing Transactions**" above are not borrowings for the purpose of, and are not subject to, the restrictions as set out hereinabove.

**Financial Derivative Instruments**

Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of a Sub-Fund enter into any transactions in relation to swaps or other FDI.

A Sub-Fund may acquire FDIs for non-hedging purposes ("investment purposes"), subject to the limit that a Sub-Fund's net exposure relating to these FDIs ("net derivative exposure") does not

exceed 50% of its total Net Asset Value (unless otherwise approved by the SFC pursuant to Chapter 8 of the Code). For the avoidance of doubt:

(a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by a Sub-Fund for investment purposes are converted into the equivalent position in the underlying assets of the FDIs, taking into account the prevailing market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions; and

(b) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time.

Subject to the above, a Sub-Fund may invest in FDIs provided that the exposure to the underlying assets of the FDI, together with the other investments of the Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in the relevant provisions of Chapter 7 of the Code.

For the avoidance of doubt, restrictions and limitations on counterparty as set out in paragraphs (a) and (b) under the section entitled "Investment restrictions" above and paragraph (c) below will not apply to FDIs that are (i) transacted on an exchange where the clearing house performs a central counterparty role; and (ii) marked-to-market daily in the valuation of their FDI positions and subject to margining requirements at least on a daily basis.

The FDIs invested by a Sub-Fund shall be either listed or quoted on a stock exchange, or dealt in over-the-counter market and comply with the following provisions:

(a) the underlying assets consist solely of shares in companies, debt securities, money market instruments, units/shares of collective investment schemes, deposits with Substantial Financial Institutions, Government and other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates or currencies or other asset classes acceptable to the SFC, in which a Sub-Fund may invest according to its investment objectives and policies. Where a Sub-Fund invests in index-based FDIs, the underlying assets of such FDIs are not required to be aggregated for the purposes of the investment restrictions or limitations set out in Chapters 7.1, 7.1A, 7.1B and 7.4 provided that the index is in compliance with the requirements under Chapter 8.6(e) of the Code;

(b) the counterparties to over-the-counter FDI transactions or their guarantors are Substantial Financial Institutions or such other entity acceptable to the SFC;

(c) subject to paragraphs (a) and (b) under the section entitled "Investment Restrictions" above, the net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the Net Asset Value of the Sub-Fund. Exposure of the Sub-Fund to a counterparty of over-the-counter FDIs may be lowered by the collateral received (if applicable) by the Sub-Fund and shall be calculated with reference to the value of collateral and positive marked-to-market value of the over-the-counter FDIs with that counterparty, if applicable; and

(d) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) independent of the issuer of the FDIs through such measures as may be established from time to time. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of a Sub-Fund. Further, the calculation agent/fund administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the FDIs on a regular basis.

A Sub-Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs. The Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis. A transaction in FDIs which gives rise to a future commitment or contingent commitment of a Sub-Fund should also be covered as follows:

- in the case of FDI transactions which will, or may at a Sub-Fund's discretion, be cash settled, such Sub-Fund should at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

- in the case of FDI transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, a Sub-Fund should hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, a Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation provided further that such Sub-Fund shall apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

The above policies relating to FDIs apply to financial instruments which embed financial derivatives as well.

Although FDIs may be used (as aforesaid), they will not be used extensively for investment purpose.

## 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. 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" (if any) refer to the relevant Index details in respect of the Index Tracking Sub-Fund 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 ("**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<br><br>03128 – HKD counter |
| **Short Stock Name** | HS AINDTOPETF-R – RMB counter<br><br>HS AINDTOPETF – HKD counter |
| **Trading Board Lot Size** | 100 Units – RMB counter<br><br>100 Units – HKD counter |
| **Base Currency** | Renminbi (RMB) |
| **Trading Currency** | Renminbi (RMB) – RMB counter<br><br>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.<br><br>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 on which each of the SEHK, the SSE and the SZSE is open for normal trading, and/or such other day or days as the Manager may from time to time determine with the 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<br><br>HSBC Securities Brokers (Asia) Limited |
| **Market Makers (RMB counter)*** | BNP Paribas Securities (Asia) Limited<br><br>HSBC Securities Brokers (Asia) Limited |
| **Participating Dealers*** | Barclays Bank PLC<br><br>BNP Paribas<br><br>China Merchants Securities (HK) Co., Ltd.<br><br>Citigroup Global Markets Asia Limited<br><br>Haitong International Securities Company Limited<br><br>Hang Seng Securities Limited<br><br>Merrill Lynch Far East Limited<br><br>Mirae Asset Securities (HK) Limited<br><br>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 QFI status granted to the Manager 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.

Currently, the Manager has no intention to have any securities financing transactions or similar over-the-counter transactions entered into for the account of the Sub-Fund. In the future, where the Manager intends to have any securities financing transactions or similar over-the-counter transactions entered into for the account of the Sub-Fund, subject to SFC's prior approval (if necessary), 1 month's prior notice will be given to the relevant Unitholders.

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.

(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 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 license 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" under "MANAGEMENT OF THE TRUST" in Part 1 of this Prospectus.

**The Offering**

For Eligible Investors, special creations and redemptions for Units in the Sub-Fund in cash are available.

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 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 AND REDEMPTION OF LISTED CLASS UNITS" 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 and different stock short names 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 both counters 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 support Dual Counter trading. 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 https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en (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. Investors' attention is also drawn to the risk factor entitled "Multi Counter risks" under "Risks applicable to the Listed Class Units only" 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.hangseninvestment.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 0.55% 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 0.075% 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[1] per Application and HKD1,000[1] per book-entry deposit and withdrawal transaction |
| | Registrar fee | RMB120 per transaction[1] |
| | 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)*** | |

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1 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.

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.

| | |
|---|---|
| Fees and charges imposed by the Participating Dealer[4] | 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%[5] |
| AFRC transaction levy | 0.00015%[6] |
| SEHK trading fee | 0.00565%[7] |
| Stamp duty | Nil |

**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. 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.

The Index Provider has been appointed for the calculation and dissemination of the Index on a real time basis.

As of 31 March 2026, the Index comprised 54 constituents with freefloat-adjusted index market capitalisation (after capping) of RMB 8,740 billion.

Leaders in any industry 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.

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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.

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 AFRC transaction levy of 0.00015% of the trading price of the Units is payable by each of the buyer and the seller.

7 The SEHK trading fee of 0.00565% of the trading price of the Units is payable by each of the buyer and the seller.

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) under "*Key Differences with the Hong Kong market*" in the section "*THE OFFSHORE RMB MARKET AND THE A-SHARES MARKET*" in 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 (daily basis)
   - 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 the 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 license 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 cases of their wilful 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 license agreement and any misuse or unauthorised use of the Index. Index license agreement

The Manager has entered into a license agreement with the Index Provider and HSDS. The term of the license 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 license 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 21 September 2026**

## APPENDIX 2: HANG SENG STOCK CONNECT CHINA A LOW CARBON INDEX ETF

*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.*

**Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. Please refer to the sections relevant to your intended holding of Units.**

**Key information applicable to both Listed Class Units and Unlisted Class Units**

| | |
|---|---|
| **Index** | Hang Seng Stock Connect China A Low Carbon Select Index ("**Index**") |
| **Type of index** | Net total return, i.e. the performance of the Index is calculated on the basis that dividends are reinvested after the deduction of withholding taxes |
| **Base Currency** | Renminbi (RMB) |
| **Investment Strategy** | Please refer to the section on "What is the investment strategy?" below |
| **Financial Year End** | 31 December |
| **Dealing Day** | Each Business Day on which each of the SEHK, the SSE and the SZSE is open for normal trading, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee. |
| **Dealing Deadline** | 1:00 p.m. (Hong Kong time) |
| **Website** | www.hangsenginvestment.com (this website has not been reviewed by the SFC) |

**Key information applicable to the Listed Class Units only**

| | |
|---|---|
| **Listing Date (SEHK)** | 30 March 2023 |
| **Exchange Listing** | SEHK – Main Board |
| **Stock Code** | 83038 – RMB counter<br>03038 – HKD counter |
| **Short Stock Name** | HS ALOWCARBON-R – RMB counter<br>HS ALOWCARBON – HKD counter |
| **Trading Board Lot Size** | 100 Units – RMB counter<br>100 Units – HKD counter |
| **Trading Currency** | Renminbi (RMB) – RMB counter<br>Hong Kong dollars (HKD) – HKD counter |

| | |
|---|---|
| **Distribution Policy** | Annually (if any).<br><br>The Manager currently intends to make declaration of distribution in September of each year. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 300,000 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 |
| **Management Fee** | Currently 0.18% per year of the Net Asset Value |
| **Market Makers (HKD counter)*** | BNP Paribas Securities (Asia) Limited<br><br>China Merchants Securities (HK) Co., Limited<br><br>Flow Traders Hong Kong Limited |
| **Market Makers (RMB counter)*** | BNP Paribas Securities (Asia) Limited<br><br>China Merchants Securities (HK) Co., Limited<br><br>Flow Traders Hong Kong Limited |
| **Participating Dealers*** | BNP Paribas<br><br>China Merchants Securities (HK) Co., Limited<br><br>Haitong International Securities Company Limited<br><br>Korea Investment & Securities Asia Limited<br><br>Mirae Asset Securities (HK) Limited |

| | |
|---|---|
| **Service Agent** | HK Conversion Agency Services Limited |
| **Listing Agent** | Hang Seng Investment Management Limited |

# *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.*

## Key information applicable to the Unlisted Class only

| | | |
|---|---|---|
| **Unlisted Classes Offered** | Class A (RMB) – Accumulation Units<br>Class A (USD hedged) – Accumulation Units<br>Class A (HKD hedged) – Accumulation Units<br>Class D (HKD hedged) – Accumulation Units<br>Class I USD – Accumulation Units<br>Class I RMB – Accumulation Units<br>Class Z RMB – Accumulation Units | |
| **Initial Issue Price** | Class A (RMB) – Accumulation Units: RMB10<br>Class A (USD hedged) – Accumulation Units: USD10<br>Class A (HKD hedged) – Accumulation Units: HKD10<br>Class D (HKD hedged) – Accumulation Units: HKD1<br>Class I USD – Accumulation Units: USD10<br>Class I RMB – Accumulation Units: RMB10<br>Class Z RMB – Accumulation Units: RMB10 | |
| **Distribution Policy** | Accumulation Units are Units that accumulate the income arising in respect of those Units.<br><br>No distributions will be made currently. Any income received by the Unlisted Class Units of the Sub-Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price. | |
| **Management Fee** | Class A (RMB) – Accumulation Units<br>Class A (USD hedged) – Accumulation Units<br>Class A (HKD hedged) – Accumulation Units | 0.55% per year of the Net Asset Value |

| | | |
|---|---|---|
| | Class D (HKD hedged) – Accumulation Units | |
| | Class I USD – Accumulation Units<br><br>Class I RMB – Accumulation Units | 0.275% per year of the Net Asset Value |
| | Class Z RMB – Accumulation Units | 0% per year of the Net Asset Value |
| **Trustee Fee** | 0.045% per annum, subject to a minimum monthly trustee fee of RMB18,000 | |

**Key similarities and differences between Listed Class and Unlisted Class**

| | |
|---|---|
| **Investment Objective**<br><br>**Investment Strategy** | Same for both Listed Class and Unlisted Class. Please refer to the sections below headed "What is the investment objective?" and "What is the investment strategy?" |
| **Valuation Policy** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DETERMINATION OF NET ASSET VALUE" of this Prospectus. |
| **Valuation Point** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DEFINITIONS" of this Prospectus. |
| **Dealing Arrangements** | There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, including but not limited to different minimum amounts for creation/subscription and redemption of Units.<br><br>Unitholders should note that the dealing frequency, the definition of "Dealing Day" and the Dealing Deadlines for creation/subscription and redemption in respect of Listed Class and Unlisted Class are the same. However, the applicable dealing procedures and timing with the relevant Participating Dealer (in the case of the Listed Class) and the Authorised Distributor (if applicable, in the case of the Unlisted Class) may be different. Unitholders should check with the relevant Participating Dealer or Authorised Distributor (as applicable) for the applicable dealing procedures and timing.<br><br>**In respect of the Listed Class:**<br><br>- a cash Creation Application or Redemption Application for Listed Class Units received at or before 1:00 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Listed Class Units of the Sub-Fund of Day T;<br><br>- a cash Creation Application or Redemption Application for Listed Class Units received after the Dealing Deadline of Day T for such Class (i.e. 1:00 p.m. (Hong Kong time) on |

| | |
|---|---|
| | Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class Units of the Sub-Fund of Day T+1;<br><br>- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the Dealing Deadline; and<br><br>- a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open for trading. Investors can buy or sell the Listed Class Units at market price.<br><br>**In respect of the Unlisted Class:**<br><br>- a subscription or redemption application for Unlisted Class Units received at or before 1:00 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Unlisted Class Units of Day T;<br><br>- a subscription or redemption application for Unlisted Class Units received after the Dealing Deadline of Day T for such class (i.e. 1:00 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of the Unlisted Class Units of Day T+1; and<br><br>- applicants may apply for Unlisted Class Units through the Manager or an Authorised Distributor. Authorised Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Unlisted Class Units through an Authorised Distributor should therefore consult the Authorised Distributor for details of the relevant dealing procedures.<br><br>Please refer to the sections headed “THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS” and “THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS” in this Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively. |
| **Fee Structure** | **In respect of the Listed Class:**<br><br>The current management fee is 0.18% per annum of the Net Asset Value of Listed Class and is accrued daily and calculated as at each Dealing Day. It is payable out of the Listed Class monthly in arrears.<br><br>An investment in the Listed Class in the secondary market is subject to fees involved in relation to the trading of such Listed Class Units on the SEHK (such as the brokerage fee, transaction levy, trading fee and so on). |

| | |
|---|---|
| | **In respect of the Unlisted Classes:**<br><br>For Class A (RMB) – Accumulation Units, Class A (USD hedged) – Accumulation Units, Class A (HKD hedged) – Accumulation Units and Class D (HKD hedged) – Accumulation Units, the management fee is 0.55% per annum of the Net Asset Value of each Class, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class I USD – Accumulation Units and Class I RMB – Accumulation Units, the management fee is 0.275% per annum of the Net Asset Value of each Class, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class Z RMB – Accumulation Units, the management fee is 0% per annum of the Net Asset Value of the Class.<br><br>The Manager may levy a Preliminary Charge of up to 5.0% of the Issue Price of Unlisted Class Units. No Redemption Charge will be levied on the Unlisted Class Units.<br><br>Neither Listed Classes nor Unlisted Classes employ a single management fee structure. The following fees and expenses may be payable out of and borne by each of the Classes: the Trustee's fee, Registrar's fees, custodian's fees, fees and expenses of the auditors, transaction fee, license fees, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or any of their agents.<br><br>Please refer to the sections headed "Fees and expenses payable by the Sub-Fund" and "Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only" in this Appendix for further details. |
| **Net Asset Value per unit** | There is a separate Net Asset Value for each class of Units.<br><br>The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee and expense items applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different.<br><br>Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class.<br><br>Please refer to the relevant risk factors in the product key facts statements of the Listed Class and Unlisted Class and the section headed "RISK FACTORS" in this Prospectus. |
| **Termination** | Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub- |

| | |
|---|---|
| | section headed “Termination” under the section headed “STATUTORY AND GENERAL INFORMATION” of this Prospectus for further details. |

**What is the investment objective?**

The Sub-Fund is an index-tracking fund which aims to match as closely as practicable, before fees and expenses, the RMB 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.

In order to maximise portfolio management efficiency, minimise transaction costs and tracking error, exposure to the Index may also be obtained through representative sampling strategies or FDIs (such as futures) from which the return to the Sub-Fund substantially reflects 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 and FDIs 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 or FDIs without notice.

Although FDIs may be used (as aforesaid), they will not be used extensively for investment purpose.

Currently, the Manager has no intention to have any securities financing transactions or similar over-the-counter transactions entered into for the account of the Sub-Fund. In the future, where the Manager intends to have any securities financing transactions or similar over-the-counter transactions entered into for the account of the Sub-Fund, subject to SFC’s prior approval (if necessary), 1 month’s prior notice will be given to the relevant Unitholders.

The net derivative exposure will be up to 50% of its Net Asset Value.

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 relevant risk factors (except QFI related 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’s investments are concentrated in a specific geographical region (i.e. the PRC). The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the PRC market.

*Risks associated with ESG and low carbon investing*

The use of ESG criteria and carbon emission criteria in the construction of the Index, based on the proprietary methodologies of the data providers, may affect the Index constituent selection, and may hence affect the Sub-Fund's investment performance and, as such, the Sub-Fund may perform differently compared to funds with similar investment universes without the use of such criteria. Also, the Sub-Fund's investment performance may be different to funds which use similar criteria due to the lack of standardised taxonomy in relation to ESG and low carbon investing strategies.
The data providers' ESG-related data and carbon emission-related data are used in the construction of the Index. They may contain estimates based on the respective methodologies of the data providers. Such methodologies may differ from those used by other ESG data providers, resulting in the Index performing less well than portfolios with similar investment objectives, or the exclusion of certain securities when it might otherwise be advantageous for the Sub-Fund to invest in those securities.

The construction of the Index is based on, among others things, the results from the application of certain ESG-based exclusion factors as well as weight adjustments based on a company's carbon intensities. It is possible that the Index may perform less well than portfolios with similar investment objectives that are not engaged in similar (or any) ESG-based exclusions and weight adjustments based on a company's carbon intensities.

The Sub-Fund's investments may be concentrated in companies with a greater ESG focus and/or low carbon emission, which may have higher volatility than more diversified portfolios of investments.

The constituent selection and Index calculation process involves carbon emission analysis and exclusions based on ESG criteria. While the Manager and Index Provider have exercised care in the ESG-related data and carbon emission-related data and information to be relied upon, such assessment by Sustainalytics and ISS ESG may involve qualitative factors and it is thus possible that the relevant investment criteria may not be applied correctly.

Evolving laws, regulations and market norms may change the ESG characteristics of a security, resulting in changes to the composition of the Index and/or requiring the Sub-Fund to sell the security. Neither the Sub-Fund nor the Manager accept liability in relation to such changes to the Index constituent selection.

In evaluating a security or issuer based on ESG criteria and carbon emission criteria, the Index Provider is dependent upon information and data from the data providers, which may be incomplete, inaccurate or unavailable from time to time, which may affect its ability to assess potential constituents for inclusion in and/or exclusion from the Index. There can be no assurance that the Index Provider's assessment based upon data and information from the data providers will reflect actual circumstances or that the stocks selected will fulfil ESG criteria and/or carbon emission criteria. All of these factors can lead to the Sub-Fund forgoing investment opportunities which meet the relevant criteria or investing in securities which do not meet such criteria.

The standard of disclosure adopted by funds in relation to relevant ESG factors or principles may vary.

*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.

(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 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 with respect to the Listed Class Units only) and the Index Provider are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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 (applicable to the Listed Class Units only) 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 license to use the Index. The Manager and each of its Connected Persons will have regard to its obligations to the Sub-Fund and Unitholders, will vigorously manage any such conflict in the best interest of investors 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.

*New Index Risks*

The Index is a new index having only been launched on 13 February 2023. As such, the Sub-Fund may be riskier than other index funds tracking more established indices with longer operating history.

**The Offering and Redemption of Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 30 March 2023.

For Eligible Investors, special creations and redemptions for Listed Class Units in the Sub-Fund in cash are available.

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 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. Settlement for subscribing Listed Class 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 Issue Price or redemption price of each Listed Class Unit for any relevant Dealing Day will, subject to the qualification in respect of the swing pricing adjustments as set out in the sub-section headed ‘‘Issue Price and Redemption Value of Units” under “DETERMINATION OF NET ASSET VALUE” of this Prospectus be based on the Net Asset Value of the Listed Class Units of the Sub-Fund in RMB at the Valuation Point divided by the number of Listed Class Units then in issue or deemed to be in issue, rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up (unless otherwise agreed by the Manager and the Trustee). Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund.

All investors may buy and sell Listed Class 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 Listed Class 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 AND REDEMPTION OF LISTED CLASS UNITS” in Part 1 of this Prospectus.

**Dual Counter for Listed Class Units**

The Manager has arranged for the Listed Class Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Listed Class Units are denominated in RMB. Despite the Dual Counter arrangement, the creation of new Listed Class Units and redemption of Listed Class Units through Participating Dealers in the primary market are settled in RMB only. The cash creation of new Listed Class Units in a Special Creation Application and cash redemption of Listed Class Units in a Special Redemption Application are in RMB only. Furthermore, the Listed Class Units created in a Special Creation Application can be deposited in RMB counter only and only Listed Class 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. Listed Class Units traded in RMB counter will be settled in RMB and Listed Class Units traded in HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Listed Class Units in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Listed Class 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 and different stock short names as follows: RMB counter and traded Listed Class Units have a SEHK stock code 83038 and a short name “HS ALOWCARBON-R” whilst the HKD counter and traded Listed Class Units have a SEHK stock code 03038 and a short name “HS ALOWCARBON”. The ISIN for both counters and traded Listed Class Units is HK0000921244.

Normally, investors can buy and sell Listed Class 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 to support Dual Counter trading. However, investors should note that the trading price of Listed Class 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 https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en (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. Investors' attention is also drawn to the risk factor entitled "Multi Counter risks" in Part 1 of this Prospectus.

**Exchange Listing and Trading (Secondary Market) for Listed Class Units**

Dealings in the Listed Class Units on the SEHK began on 30 March 2023.

Listed Class 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 Listed Class 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 for Listed Class Units**

Listed Class Units can be redeemed directly (through a Participating Dealer) by way of a Redemption Application or through an Eligible Investor by way of a Special Redemption Application. Only cash redemption is available. Any accepted Redemption Application or Special Redemption Application will be effected by the payment of cash in accordance with the Operating Guidelines or Special Operating Guidelines (as the case may be) and the Trust Deed.

Notwithstanding the Dual Counter, any cash proceeds received by a Participating Dealer in a cash Redemption Application or by the Eligible Investor in a cash Special Redemption Application shall be paid only in RMB. Both RMB traded Listed Class Units and HKD traded Listed Class Units may be redeemed by way of a Redemption Application (through a Participating Dealer) or through an Eligible Investor by way of a Special Redemption Application. Where a Participating Dealer or the Eligible Investor (as the case may be) wishes to redeem HKD traded Listed Class Units the redemption process is the same as for RMB traded Listed Class Units. Investors' attention is drawn to the section entitled "CREATIONS AND REDEMPTIONS (PRIMARY MARKET)" in Part 1 of this Prospectus for further information.

**The Subscription and Redemption of Unlisted Class Units**

*Unlisted Classes of Units*

The Sub-Fund currently offers the following Unlisted Classes of Units to investors:

- Class A (RMB) – Accumulation Units
- Class A (USD hedged) – Accumulation Units
- Class A (HKD hedged) – Accumulation Units
- Class D (HKD hedged) – Accumulation Units
- Class I USD – Accumulation Units
- Class I RMB – Accumulation Units
- Class Z RMB – Accumulation Units

*Subscription and Redemption Procedures*

The following apply to Unlisted Classes:

- Dealing Deadline: 1:00 pm (Hong Kong time) on each Dealing Day

- Subscription payment deadline: payment for Unlisted Class Units being applied for, together with any Preliminary Charge, is due on that Dealing Day unless the Manager agrees to accept late payment

The Issue Price or redemption price of each Unlisted Class Unit for any relevant Dealing Day will be based on the Net Asset Value of the Unlisted Class Units of the Sub-Fund at the Valuation Point divided by the number of Unlisted Class Units then in issue or deemed to be in issue. Unless otherwise agreed by the Manager and the Trustee, for Class A Units, Class A (HKD hedged) Units and Class A (USD hedged) Units, Class I USD – Accumulation Units, Class I RMB – Accumulation Units and Class Z RMB – Accumulation Units, the Issue Price or redemption price of a Unit is rounded to the nearest two decimal places with any amount of 0.005 or above being rounded up. For Class D (HKD hedged) Units, the Issue Price or redemption price of a Unit is rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up. Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund. Please refer to the section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" of this Prospectus for further details on the subscription, redemption and payment procedures in respect of the Unlisted Class Units.

**Switching**

Switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

Unless otherwise agreed by the Manager, Unlisted Class Units of the Sub-Fund may only be switched into the same unlisted class units of any collective investment scheme managed by the Manager. Similarly, unless otherwise agreed by the Manager, the unlisted class units of any collective investment scheme managed by the Manager may only be switched into Units of the same Unlisted Class of the Sub-Fund. Where the switching is between units denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

**Distribution policy**

The Manager may, at its discretion, distribute annual cash dividends (if any). The Manager currently intends to make declaration of dividend in September of each year. There is no guarantee of regular distribution of dividends and, if dividend is paid, 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 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 or any other currency. Unitholders should check with their respective brokers concerning arrangements for distributions. Please refer to the sub-section headed "RMB distributions risk" under the section headed "RISK FACTORS" of this Prospectus for further details.

Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units).

Distribution payment frequency and rates (if any) 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.

This policy applies to the Listed Class Units only. Currently, only Accumulation Units are offered for the Unlisted Class and no distributions will be made for such Units.

**Fees and expenses payable by the Sub-Fund**

*Fees and expenses applicable to the Listed Class Units only*

*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 0.18% per year of the Net Asset Value for the Listed Class and 0.55% per year of the Net Asset Value for the Unlisted Class 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 current management rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Trustee'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 trustee fee of RMB18,000. The current trustee rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

**Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only**

| | | |
|---|---|---|
| **(a)** | **Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)** | **Amount** |
| | Transaction Fee and Service Agent's Fee | RMB10,000[1] per |

[1] The Transaction Fee of RMB10,000 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.

| | | |
|---|---|---|
| | | 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 |
| | ***(ii) Fees payable by all investors in respect of dealings in the Listed Class Units on SEHK (applicable After Listing)*** | |
| | Brokerage | Market rates |
| | SFC transaction levy | 0.0027%[5] |
| | AFRC transaction levy | 0.00015%[6] |
| | SEHK trading fee | 0.00565%[7] |
| | Stamp duty | Nil |

*Fees and expenses applicable to the Unlisted Class Units only*

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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.

5 The SFC transaction levy of 0.0027% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

6 AFRC transaction levy of 0.00015% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

7 The SEHK trading fee of 0.00565% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

Fees and expenses payable by the Sub-Fund

| | Current | Maximum |
|---|---|---|
| **Management Fee**[8] | Class A (RMB) – Accumulation Units: 0.55%<br><br>Class A (USD hedged) – Accumulation Units: 0.55%<br><br>Class A (HKD hedged) – Accumulation Units: 0.55%<br><br>Class D (HKD hedged) – Accumulation Units: 0.55%<br><br>Class I USD – Accumulation Units: 0.275%<br><br>Class I RMB – Accumulation Units: 0.275%<br><br>Class Z RMB – Accumulation Units: 0% | Up to 1.00% of the Net Asset Value of the relevant Unlisted Class |
| **Trustee Fee**[8] | 0.045%, subject to a minimum monthly trustee fee of RMB18,000 | |

Please refer to the section headed "Fees and expenses payable by a Sub-Fund" in this Prospectus for details.

*Fees and expenses payable by investors of the Unlisted Class Units only*[9]

| | |
|---|---|
| **Preliminary Charge** | Up to 5.0% of the Issue Price of the Unlisted Class Units |
| **Redemption Charge** | Nil |
| **Switching Fee** | Up to 4.0% of the Issue Price of the Unlisted Class Units |

**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.*

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8 Please note that the annual rate stated may be increased up to a permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to relevant Unitholders. Please refer to the "Fees and Expenses" section of the Prospectus for further details of the fees and charges payable.

9 Please contact the Authorised Distributor(s) of the Sub-Fund for details.

## Overview

The Index was launched on 13 February 2023 with a base value of 6,000 as of 31 December 2014 and is designed to combine the Hang Seng Stock Connect China A 300 Index (the "**Base Index**") with low carbon exposures. The Index intends to achieve at least 30% improvement in carbon intensity reduction over the Base Index. It aims to provide exposures to the largest A-Share companies that are tradable under Northbound trading through the Stock Connect with lower carbon footprints.

The Index is denominated in RMB and is calculated and disseminated real-time at 2-second intervals during trading hours when the mainland China stock market is open.

The Sub-Fund aims to match as closely as practicable, before fees and expenses, the performance of the total return (net of withholding tax) version of the Index, which is calculated on the basis that dividends are reinvested after the deduction of withholding taxes.

Both the Manager and the Index Provider, Hang Seng Indexes Company Limited are presently subsidiaries of Hang Seng Bank Limited. The functions which the Index Provider and the Manager will perform in connection with the Sub-Fund may give rise to potential conflicts of interest but the Manager will vigorously manage any such conflicts in the best interest of investors. Please refer to the sub-section headed "Reliance on the same group risk" under the section on "Risk factors relating to the Sub-Fund" in this Appendix for details.

The universe of this Index is the Base Index. To form the index constituent list of the Index, exclusion is applied to the Base Index based on compliance with United Nations Global Compact ("**UNGC**") principles and controversial product involvement (as described below). The Index constituents are then weighted based on the constituent weight in the Base Index, and with adjustments made in accordance with their tilt factors based on the company Carbon Emission Intensity[10] data provided by ISS ESG (as described below). Weights of constituents with lower (higher) carbon intensity are tilted to be higher (lower), subject to an active weight constraint of 0.2% and 10% cap on individual constituent weight for each Index constituent (same as the constituent weight cap in respect of the Base Index).

The Index is reviewed and rebalanced quarterly, effective in March, June, September and December, incorporating the negative screening and the tilting (based on the constituent weight in the Base Index, and with adjustments based on the company Carbon Emission Intensity) for the respective period.

As of 31 March 2026, the Index had 277 constituent securities and a free float-adjusted market capitalisation (after capping) of RMB 14,866.7 billion, representing a reduction of 23 constituent securities and a reduction of 44.57% of weighted average carbon intensity compared with the Base Index after applying the selection and tilting approach.

## Universe

The universe of the Index is constituents of the Base Index. The Base Index is freefloat-adjusted market capitalisation weighted. To be eligible for selection as a constituent of the Base Index, a security must be A-Shares that are eligible for trading under the Stock Connect Scheme. Each A-share's foreign investor shareholding should not be over 24% of total shares outstanding (for new constituents) or 26% of total shares outstanding (for existing constituents), and each constituent

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[10] The term "**Carbon Emission Intensity**" is defined as company's Scope 1 emissions and Scope 2 emissions expressed in tCO2e per million USD of revenue. Scope 1 emissions refer to all direct GHG emissions, i.e. emissions from sources that are owned or controlled by the operating company. Scope 2 emissions refer to all indirect GHG emissions stemming from the consumption of purchased electricity, heat or steam.

must pass the turnover requirements (6-month Average Daily Turnover ≥CNY 20 million). The top 300 securities with the highest market capitalisation rank will be selected as constituents of the Base Index. The weighting of each individual security will be capped at 10%. The top 300 securities with the highest market capitalisation rank will be selected as constituents of the Base Index. In each regular index review, existing constituents ranked lower than 360th will be removed from the Base Index, while non-constituent securities ranked 240th or above will be included in the Base Index. Securities will be added or excluded during regular index review according to market capitalization rank to maintain the number of constituents at 300. Replacement may occur for ad-hoc removal and will be replaced by the highest ranked candidate in last regular review to maintain the number of constituents at 300.

For further information on the Base Index, please refer to the Index Provider's website at www.hsi.com.hk, which has not been reviewed by the SFC.

**Eligibility and Constituent Selection**

To be eligible for selection, a security must be a constituent security of the Base Index (for details, please refer to the Index Methodology which is available at the Index Provider's website, www.hsi.com.hk, which has not been reviewed by the SFC). The weighting of each individual security will be capped at 10% of the Index.

In addition, the following approaches are adopted in the selection of constituents:

*Negative screening:* Exclusion of securities would be applied from two dimensions, namely norms-based screening ("**Norms-Based Screening**") and controversial product involvement screening ("**Product Involvement Screening**").

In respect of Norms-Based Screening, the Index Provider will screen companies using data provided by Sustainalytics for compliance with international norms and standards with respect to the UNGC principles[11]. Securities issued by companies will be excluded if such companies are identified by Sustainalytics to be in violation of the UNGC principles (i.e. rated as non-compliant based on UNGC ratings provided by Sustainalytics).

In respect of Product Involvement Screening, the Index Provider will employ screening using data provided by Sustainalytics to exclude securities issued by companies that reach the respective threshold in any of the following Product Involvement Screening areas:

| **Product Involvement Screening areas** | **Threshold** |
|---|---|
| Thermal Coal Extraction | ≥ 2.5% of revenue |
| Thermal Coal Power Generation | ≥ 2.5% of capacity* |
| Tobacco Products Production | ≥ 2.5% of revenue |
| Tobacco Products Retail | ≥ 2.5% of revenue |
| Controversial Weapon Tailor-made and Essential | Any involvement |
| Controversial Weapons Non-tailor-made and Non-essential | Any involvement |

* The % share of total production capacity coming from thermal coal

Sustainalytics provides Product Involvement Screening data and Norms-Based Screening data for use by the Index Provider in administering the Index.

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11 For details of UNGC principles, please refer to https://unglobalcompact.org/ (this website has not been reviewed by the SFC).

**Index calculation and weighting**

Subsequent to the Norms-Based Screening and Product Involvement Screening, the remaining securities form the constituents of the Index. Weights of constituents with lower (higher) carbon intensity are tilted to be higher (lower), subject to a 10% cap on individual constituent weight for each Index constituent (same as the constituent weight cap in respect of the Base Index) and 0.2% active weight constraint for each Index constituent. Active weight constraint means the difference between individual constituent's weight in the Base Index and the Index on the index rebalancing date cannot exceed 0.2%.

The Carbon Emission Intensity of the constituents from ISS ESG are logorithimized to form the Carbon Emission Measures ("**CEM**"). The CEMs are standardised among the Index constituents to form the z-scores ("**Z-Scores**"). Extreme Z-Scores are limited at -3 and 3. For constituents without Carbon Emission Intensity data provided by ISS ESG, their Carbon Emission Intensity would comprise of: the Sector[12] average if there are at least three stocks with valid data in the same Sector[13] in the Base Index; otherwise, the Industry[13] average if there are at least three stocks with valid data in the same Industry[13] in the Base Index; otherwise, the universe average in the Base Index.

The calculation formula of the Z-Scores is as follows:

$$z = \max\left(\min\left(-1 \times \frac{CEM - \mu}{\sigma}, 3\right), -3\right)$$

where

$z$ = *Z-Score*

$\mu$ = *Average of the CEMs of the constituents*

$\sigma$ = *Standard Deviation of the CEMs of the constituents*

Note that the Z-Scores are in the reversed direction from the CEMs so that securities with lower carbon emission intensities will have larger Z-Scores.

The tilt factor is calculated such that higher Z-Scores will have larger tilt factors, subject to the constraints that the tilted weights of the constituents are capped at the same capping level of the Base Index (i.e. 10%) while observing the active weight constraint (i.e. 0.2%). The tilt factor calculation formula is as follows:

$$\text{Tilt Factor} = \begin{cases} \min\left(1 + \frac{z \times m}{s}, \frac{cap}{w_b}, \frac{w_b + awc}{w_b}\right) & z \geq 0 \\ \max\left(\frac{1}{1 + |z| \times m \times s}, \frac{w_b - awc}{w_b}\right) & z < 0 \end{cases}$$

$w_b$ = *The weight of the constituent in the Base Index*

$cap$ = *The weight cap of the constituent in the Base Index*

12 According to the classification under Hang Seng Industry Classification System.

*awc = Active weight constraint. Set as 0.2%.*

*m = Tilt Intensity Multiplier for controlling the magnitude of tilting. Set as 0.1.*

*s = Normalisation Scaling Factor, it is a single value calculated so that the constituent weights sum to unity.*

The Index calculation formula is as follows:

$$I_t = I_{t-1} \times \frac{\sum(P_t \times IS \times FAF \times CF \times TF)}{\sum(P_{t-1} \times IS \times FAF \times CF \times TF)}$$

$I_{t-1}$ = *Closing Index Level at Day (t-1)*

$P_t$ = *Current Price at Day t*

$P_{t-1}$ = *Closing Price at Day (t-1)*

*IS = Issued Shares*

*FAF = Freefloat-adjusted Factor. Between 0 and 1*

*CF = Capping Factor of the Base Index. Between 0 and 1*

*TF = Tilt Factor*

For Carbon Emission Intensity data, ISS ESG collects all publicly available self-reported greenhouse gas ("**GHG**") emissions data. Common sources include Corporate Sustainability Reports, CDP[13], investor relations and other company communication and manually researched data. Once self-reported emissions data from all available sources is collected, the data is then tested for trustworthiness. This is done through a combination of quantitative and qualitative analysis, considering a range of indicators including deviation from previous disclosures, deviation between disclosure sources, external validation of data and company's experience in carbon footprinting. If ISS ESG analysts deem the reported numbers are not reliable, or if self-reported emissions data is not available, estimated emissions numbers will be used instead. The carbon emission measurement methodology was developed with the Swiss Federal Institute of Technology and includes about 800 sector and sub-sector specific models, allowing GHG emissions of companies to be calculated based on criteria that are most relevant to the companies' lines of businesses.

**Index reviews**

The Index is reviewed and rebalanced quarterly, effective in March, June, September and December, incorporating the negative screening and the tilting (based on the constituent weight in the Base Index, and with adjustments based on the company Carbon Emission Intensity) for the respective period. The methodology of the Index will be reviewed annually such that the targeted 30% improvement in carbon intensity reduction of the Index can be maintained.

**Other information**

For details (including details of the constituents of the Index together with their respective

[13] CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. For details, please visit https://www.cdp.net/en (this website has not been reviewed by the SFC).

weightings, the Index methodology, latest index information and other important news), please refer to the website of the Index Provider at www.hsi.com.hk (this website has not been reviewed by the SFC). Additional information relating to the Product Involvement Screening and Norms-Based Screening can be obtained from the website of Sustainalytics at https://www.sustainalytics.com/ (this website has not been reviewed by the SFC). Additional information relating to ISS ESG can be obtained from the website of ISS ESG at https://www.issgovernance.com/ (this website has not been reviewed by the SFC). The proxy voting policy[14] of the Manager can be accessed via the website www.hangsenginvestment.com (this website has not been reviewed by the SFC).

Real-time update of the Index can be obtained through Refinitiv, Bloomberg and the website of the Index Provider at: www.hsi.com.hk (this website has not been reviewed by the SFC). Other important news relating to the Index are available at the Index Provider's website, www.hsi.com.hk (this website has not been reviewed by the SFC).

*Please note:*

- The accuracy and completeness of the calculation of the 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 license 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 Unitholder or investor) 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 cases of their wilful 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 license agreement and any misuse or unauthorised use of the Index.

*Index license agreement*

The Manager has entered into a license agreement with the Index Provider, as well as Hang Seng Data Services Limited. The term of the license agreement commenced on 17 March 2023. 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 Stock Connect China A Low Carbon Select Index (the "**Index**") is published and compiled by Hang Seng Indexes Company Limited pursuant to a license from Hang Seng Data Services Limited. The mark and name "Hang Seng Stock Connect China A Low Carbon Select Index" are 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 LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE**

[14] The proxy voting policy of the Manager is one of the Manager's ESG policies that documented the Manager's ESG-focused investment philosophy and principles as part of the Manager's investment process. For details, please visit http://www.hangsenginvestment.com (this website has not been reviewed by the SFC).

**SUB-FUND OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE 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 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 THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY HANG SENG INVESTMENT MANAGEMENT LIMITED IN CONNECTION WITH THE SUB-FUND; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION 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 HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** 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 Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

**Appendix dated 21 September 2026**

## APPENDIX 3: HANG SENG S&P 500 INDEX ETF

*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.*

**Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. Please refer to the sections relevant to your intended holding of Units.**

**Key information applicable to both Listed Class Units and Unlisted Class Units**

| | |
|---|---|
| **Index** | S&P 500 Index ("**Index**") |
| **Type of index** | Net total return, i.e. the performance of the Index is calculated on the basis that dividends are reinvested after the deduction of withholding taxes |
| **Base Currency** | United States dollars (USD) |
| **Investment Strategy** | Please refer to the section on "What is the investment strategy?" below |
| **Financial Year End** | 31 December |
| **Dealing Day** | Each Business Day on which the New York Stock Exchange and the NASDAQ Stock Exchange are open for normal trading, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee. |
| **Website** | www.hangseninvestment.com (this website has not been reviewed by the SFC) |

**Key information applicable to the Listed Class Units only**

| | |
|---|---|
| **Listing Date (SEHK)** | 23 April 2024 |
| **Exchange Listing** | SEHK – Main Board |
| **Stock Code** | 09195 – USD Counter<br>03195 – HKD Counter |
| **Short Stock Name** | HS S&P500-U – USD Counter<br>HS S&P500 – HKD Counter |
| **Trading Board Lot Size** | 100 Units– USD Counter<br>100 Units – HKD Counter |
| **Trading Currency** | US dollars (USD) – USD counter<br>Hong Kong dollars (HKD) – HKD counter |
| **Distribution Policy** | Annually (if any). |

| | |
|---|---|
| | Annual cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution in December of each year. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 USD traded Units or HKD traded Units) will receive distributions in USD only.** |
| **Creation/Redemption Policy** | Cash (in USD or subject to the Manager's discretion in HKD) or in-kind creation and redemption |
| **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 Deadline** | 4:30 p.m. (Hong Kong time) |
| **Management Fee** | Up to 0.55% per year of the Net Asset Value |
| **Market Makers (USD counter)*** | BNP Paribas Securities (Asia) Limited<br><br>Flow Traders Hong Kong Limited<br><br>Optiver Trading Hong Kong Ltd<br><br>Virtu Financial Singapore PTE. Ltd. |
| **Market Makers (HKD counter)*** | BNP Paribas Securities (Asia) Limited<br><br>Flow Traders Hong Kong Limited<br><br>Mirae Asset Securities (HK) Limited<br><br>Optiver Trading Hong Kong Ltd<br><br>Virtu Financial Singapore PTE. Ltd. |
| **Participating Dealers*** | ABN AMRO Clearing Hong Kong Limited<br><br>Barclays Bank Plc |

| | |
|---|---|
| | BNP PARIBAS<br>China Merchants Securities (HK) Co., Limited<br>DBS Vickers (Hong Kong) Limited<br>Haitong International Securities Company Limited<br>Merrill Lynch Far East Limited<br>Mirae Asset Securities (HK) Limited<br>Valuable Capital Limited |
| **Service Agent** | HK Conversion Agency Services Limited |
| **Listing Agent** | Hang Seng Investment Management Limited |

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

**Key information applicable to the Unlisted Class only**

| | |
|---|---|
| **Initial Issue Date** | 25 March 2024 |
| **Unlisted Classes Offered** | Class A USD – Accumulation Units<br>Class A HKD – Accumulation Units<br>Class A RMB (hedged) – Accumulation Units<br>Class D HKD – Accumulation Units<br>Class I USD – Accumulation Units<br>Class Z USD – Accumulation Units |
| **Initial Issue Price** | Class A USD – Accumulation Units: USD 10<br>Class A HKD – Accumulation Units: HKD 10<br>Class A RMB (hedged) – Accumulation Units: RMB 10<br>Class D HKD – Accumulation Units: HKD 1<br>Class I USD – Accumulation Units: USD 10<br>Class Z USD – Accumulation Units: USD 10 |
| **Dealing Deadline** | 7:00 p.m. (Hong Kong time) |
| **Distribution Policy** | Accumulation Units are Units that accumulate the income arising in respect of those Units. |

| | | |
|---|---|---|
| | No distributions will be made currently. Any income received by the Unlisted Class Units of the Sub-Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price. | |
| **Management Fee** | Class A USD – Accumulation Units<br><br>Class A HKD – Accumulation Units<br><br>Class A RMB (hedged) – Accumulation Units<br><br>Class D HKD – Accumulation Units | Up to 0.55% per year of the Net Asset Value |
| | Class I USD – Accumulation Units | Up to 0.275% per year of the Net Asset Value |
| | Class Z USD – Accumulation Units | Currently 0% per year of the Net Asset Value |
| **Trustee Fee** | 0.05% per annum, subject to a minimum monthly trustee fee of USD2,500 | |

**Key similarities and differences between Listed Class and Unlisted Class**

| | |
|---|---|
| **Investment Objective** | Same for both Listed Class and Unlisted Class. Please refer to the sections below headed "What is the investment objective?" and "What is the investment strategy?" |
| **Investment Strategy** | |
| **Valuation Policy** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DETERMINATION OF NET ASSET VALUE" of this Prospectus. |
| **Valuation Point** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DEFINITIONS" of this Prospectus. |
| **Dealing Arrangements** | There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, including but not limited to different minimum amounts for creation/subscription and redemption of Units.<br><br>Unitholders should note that the dealing frequency, the definition of "Dealing Day" and the Dealing Deadlines for creation/subscription and redemption in respect of Listed Class and Unlisted Class are the same. However, the applicable dealing procedures and timing with the relevant Participating Dealer (in the case of the Listed Class) and the Authorised Distributor (if applicable, in the case of the Unlisted Class) may be different. Unitholders should check with the relevant Participating Dealer or Authorised Distributor (as applicable) for the applicable dealing procedures and timing. |

**In respect of the Listed Class:**

- a cash or in-kind Creation Application or Redemption Application for Listed Class Units received at or before 4:30 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Listed Class Units of the Sub-Fund of Day T;

- a cash or in-kind Creation Application or Redemption Application for Listed Class Units received after the Dealing Deadline of Day T for such Class (i.e. 4:30 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class Units of the Sub-Fund of Day T+1;

- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the Dealing Deadline; and

- a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open for trading. Investors can buy or sell the Listed Class Units at market price.

**In respect of the Unlisted Class:**

- a subscription or redemption application for Unlisted Class Units received at or before 7:00 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Unlisted Class Units of Day T;

- a subscription or redemption application for Unlisted Class Units received after the Dealing Deadline of Day T for such class (i.e. 7:00 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of the Unlisted Class Units of Day T+1; and

- applicants may apply for Unlisted Class Units through the Manager or an Authorised Distributor. Authorised Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Unlisted Class Units through an Authorised Distributor should therefore consult the Authorised Distributor for details of the relevant dealing procedures.

Please refer to the sections headed “THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS” and “THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS” in this Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively.

| | |
|---|---|
| **Fee Structure** | **In respect of the Listed Class:**<br><br>The current management fee is up to 0.55% per annum of the Net Asset Value of Listed Class and is accrued daily and calculated as at each Dealing Day. It is payable out of the Listed Class monthly in arrears.<br><br>An investment in the Listed Class in the secondary market is subject to fees involved in relation to the trading of such Listed Class Units on the SEHK (such as the brokerage fee, transaction levy, trading fee and so on).<br><br>**In respect of the Unlisted Classes:**<br><br>For Class A Units and Class D Units, the management fee is up to 0.55% per annum of the Net Asset Value of each Class, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class I Units, the management fee is up to 0.275% per annum of the Net Asset Value of each Class, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class Z Units, the management fee is currently 0% per annum of their Net Asset Value.<br><br>The Manager may levy a Preliminary Charge of up to 5.0% of the Issue Price of Unlisted Class Units. No Redemption Charge will be levied on the Unlisted Class Units.<br><br>Neither Listed Classes nor Unlisted Classes employ a single management fee structure. The following fees and expenses may be payable out of and borne by each of the Classes: the Trustee's fee, Registrar's fees, custodian's fees, fees and expenses of the auditors, transaction fee, license fees, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or any of their agents.<br><br>Please refer to the sections headed "Fees and expenses payable by the Sub-Fund" and "Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only" in this Appendix for further details. |
| **Net Asset Value per unit** | There is a separate Net Asset Value for each class of Units.<br><br>The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee and expense items applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different.<br><br>Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class. |

| | |
|---|---|
| | Please refer to the relevant risk factors in the product key facts statements of the Listed Class and Unlisted Class and the section headed "RISK FACTORS" in this Prospectus. |
| **Termination** | Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub-section headed "Termination" under the section headed "STATUTORY AND GENERAL INFORMATION" of this Prospectus for further details. |

**What is the investment objective?**

The Sub-Fund is an index-tracking fund which aims to match as closely as practicable, before fees and expenses, the USD denominated total return performance (net of withholding tax) 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.

In order to maximise portfolio management efficiency, minimise transaction costs and tracking error, exposure to the Index may also be obtained through representative sampling strategies which include:

i. direct holding of a representative sample of securities; and/or

ii. FDIs (such as futures); and/or

iii. other collective investment schemes (including exchange-traded funds[1]),

from which the return to the Sub-Fund substantially reflects the performance of the Index. As part of the foregoing, the Sub-Fund may or may not have exposure to all of the securities in the Index, and may have exposure to securities which are not included in 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 and FDIs 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 any of the above strategies without notice.

Although FDIs may be used (as aforesaid), they will not be used extensively for investment purpose. FDIs may also be used for currency hedging purposes in respect of hedged Unlisted Class(es).

*Securities financing transactions*

The Sub-Fund can enter into securities lending transactions for a maximum level of up to 30% and expected level of up to 20% of its Net Asset Value. The Manager will be able to recall the securities

[1] Investments in ETFs by the Sub-Fund are considered and treated as collective investment schemes for the purposes of and subject to the requirements in Chapters 7.11, 7.11A and 7.11B of the Code.

lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. As part of its securities lending transactions, the Sub-Fund will receive collateral, the value of which, during the duration of the securities lending agreement, will be equivalent to at least 100% of the valuation of the securities lent, marked to market on a daily basis and safekept by the Trustee or an agent appointed by the Trustee. Non-cash collateral received may not be sold, reinvested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the Code. Please refer to the sub-section headed "Securities Financing Transactions" in Schedule 1 to Part 1 of this Prospectus for the details of the arrangements.

Currently, the Manager has no intention to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund. In the future, where the Manager intends to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund, subject to SFC's prior approval (if necessary), 1 month's prior notice will be given to the relevant Unitholders.

The net derivative exposure will be up to 50% of its Net Asset Value.

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 relevant 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's investments are concentrated in a specific geographical region (i.e. the United States of America). The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the market of United States of America.

*Risk of investing in other collective investment schemes*

The underlying collective investment schemes in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

*Reliance on the same group risk*

Each of the Trustee (also acting as the Registrar) and the Manager (also acting as the Listing Agent with respect to the Listed Class Units only) are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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 and the Manager are presently all members of the Group, and one or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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, will vigorously manage any such conflict in the best interest of investors 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 and Redemption of Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 23 April 2024[2].

For Eligible Investors, special creations and redemptions for Listed Class Units in the Sub-Fund are available.

The current Dealing Deadline for making a Creation Application, a Redemption Application, a Special Creation Application or a Special Redemption Application is 4:30 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 or the New York Stock Exchange and/or the NASDAQ Stock Exchange 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. Settlement for subscribing Listed Class 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 Issue Price or redemption price of each Listed Class Unit for any relevant Dealing Day will, subject to the qualification in respect of the swing pricing adjustments as set out in the sub-section headed ‘‘Issue Price and Redemption Value of Units" under "DETERMINATION OF NET ASSET VALUE" of this Prospectus be based on the Net Asset Value of the Listed Class Units of the Sub-Fund in USD at the Valuation Point divided by the number of Listed Class Units then in issue or deemed to be in issue, rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up (unless otherwise agreed by the Manager and the Trustee). Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund.

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

The attention of investors is drawn to the section entitled "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" in Part 1 of this Prospectus.

**Dual Counter for Listed Class Units**

The Manager has arranged for the Listed Class Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Listed Class Units are denominated in USD.

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[2] Unlisted Class Units of the Sub-Fund may be issued on a different date. Please refer to the section "The Subscription and Redemption of Unlisted Class Units" of this Appendix to the Prospectus for further details.

The Sub-Fund offers two trading counters on the SEHK (i.e. USD counter and HKD counter) to investors for secondary trading purposes. Listed Class Units traded in USD counter will be settled in USD and Listed Class Units traded in HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Listed Class Units in the two counters may be different as the USD counter and HKD counter are two distinct and separate markets.

Listed Class 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 and different stock short names as follows: USD counter and traded Listed Class Units have a SEHK stock code 09195 and a short name "HS S&P500-U" whilst the HKD counter and traded Listed Class Units have a SEHK stock code 03195 and a short name "HS S&P500". The ISIN for both counters is HK0000998515.

Normally, investors can buy and sell Listed Class 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 USD trading services at the same time and support Dual Counter trading. However, investors should note that the trading price of Listed Class Units traded in the USD 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 https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en (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. Investors' attention is also drawn to the risk factor entitled "Multi Counter risks" in Part 1 of this Prospectus.

**Exchange Listing and Trading (Secondary Market) for Listed Class Units**

Dealings in the Listed Class Units on the SEHK began on 23 April 2024.

Listed Class 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 Listed Class 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 for Listed Class Units**

Listed Class Units can be redeemed directly (through a Participating Dealer) by way of a Redemption Application or through an Eligible Investor by way of a Special Redemption Application. Redemption proceeds may be paid in (i) cash or (ii) in-kind. Any accepted Redemption Application or Special Redemption Application will be effected by the payment of cash and/or transfer of Securities (as the case may be) in accordance with the Operating Guidelines or Special Operating Guidelines (as the case may be) and the Trust Deed.

Both USD traded Listed Class Units and HKD traded Listed Class Units may be redeemed by way of a Redemption Application (through a Participating Dealer) or through an Eligible Investor by way of a Special Redemption Application. Where a Participating Dealer or the Eligible Investor (as the case may be) wishes to redeem HKD traded Listed Class Units the redemption process is the same as for USD traded Listed Class Units. Investors' attention is drawn to the section entitled "CREATIONS AND REDEMPTIONS (PRIMARY MARKET)" in Part 1 of this Prospectus for further information.

## The Subscription and Redemption of Unlisted Class Units

*Unlisted Classes of Units*

The Sub-Fund currently offers the following Unlisted Classes of Units to investors:

- Class A USD – Accumulation Units
- Class A HKD – Accumulation Units
- Class A RMB (hedged) – Accumulation Units
- Class D HKD – Accumulation Units
- Class I USD – Accumulation Units
- Class Z USD – Accumulation Units

Class Z Units are only available for subscription by investors selected by the Manager.

*Subscription and Redemption Procedures*

The following apply to Unlisted Classes:

- Initial issue date: 25 March 2024[3]
- Dealing Deadline: 7:00 pm (Hong Kong time) on each Dealing Day
- Subscription payment deadline: payment for Unlisted Class Units being applied for, together with any Preliminary Charge, is due in the Class currency of the relevant Class within 1 Business Day of the Dealing Day on which the subscription application is made, unless the Manager agrees to accept late payment

The Issue Price or redemption price of each Unlisted Class Unit for any relevant Dealing Day will be based on the Net Asset Value of the Unlisted Class Units of the Sub-Fund at the Valuation Point divided by the number of Unlisted Class Units then in issue or deemed to be in issue. Unless otherwise agreed by the Manager and the Trustee, for Class A Units, Class I Units and Class Z Units, the Issue Price or redemption price of a Unit is rounded to the nearest two decimal places with any amount of 0.005 or above being rounded up. For Class D Units, the Issue Price or redemption price of a Unit is rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up. Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund. Please refer to the section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" of this Prospectus for further details on the subscription, redemption and payment procedures in respect of the Unlisted Class Units.

To supplement the sub-section headed "Payment Procedures" under the section headed "Subscription of Unlisted Class Units" in Part I of this Prospectus, payment for Unlisted Class Units shall be due in the Class currency of the relevant Class within 1 Business Day of the Dealing Day on which the subscription application is made.

## Switching

Switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

Unless otherwise agreed by the Manager, Unlisted Class Units of the Sub-Fund may only be switched into the same unlisted class units of any collective investment scheme managed by the Manager. Similarly, unless otherwise agreed by the Manager, the unlisted class units of any

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[3] Listed Class Units of the Sub-Fund may be listed on a different date. Please refer to the section "The Offering and Redemption of Listed Class Units" of this Appendix to the Prospectus for further details.

collective investment scheme managed by the Manager may only be switched into Units of the same Unlisted Class of the Sub-Fund. Where the switching is between units denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

**Distribution policy**

*Listed Class Units*

Annual cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution in December of each year. There is no guarantee of regular distribution of dividends and, if dividend is paid, 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 the capital.

Each Unitholder will receive distributions in USD (whether holding Units traded in other currencies).

Distribution payment frequency and rates (if any) 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.

*Unlisted Class Units*

No distribution is intended to be made in respect of Unlisted Class Units. Therefore, any net income and net realised capital gains attributable to such Units will be reflected in their respective Net Asset Value.

**Fees and expenses payable by the Sub-Fund**

*Fees and expenses applicable to the Listed Class Units only*

*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 up to 0.55% per year of the Net Asset Value for the Listed Class and for the Unlisted Class A Units and Unlisted Class D Units of the Sub-Fund and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The current

management fee is up to 0.275% per year of the Net Asset Value for the Unlisted Class I Units of the Sub-Fund and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The current management fee is 0% per year of the Net Asset Value for the Unlisted Class Z Units of the Sub-Fund. This fee is payable out of the Trust Fund. The current management rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Trustee'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 0.05% per year of the Net Asset Value of the Sub-Fund, subject to a minimum monthly trustee fee of USD2,500. The current trustee rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

**Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only**

| **(a)** | **Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)** | **Amount** |
|---|---|---|
| | Transaction Fee and Service Agent's Fee | USD2,000[4] per Application and HKD1,000[4] per book-entry deposit and withdrawal transaction |
| | Application cancellation fee | USD1,200[5] per Application |
| | Extension Fee | USD1,200[6] 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** |
|---|---|---|

4 The Transaction Fee of USD 2,000 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.

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.

***(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 Listed Class Units on SEHK (applicable After Listing)***

| | |
|---|---|
| Brokerage | Market rates |
| SFC transaction levy | 0.0027%[8] |
| AFRC transaction levy | 0.00015%[9] |
| SEHK trading fee | 0.00565%[10] |
| Stamp duty | Nil |

*Fees and expenses applicable to the Unlisted Class Units only*

Fees and expenses payable by the Sub-Fund

| | **Current** | **Maximum** |
|---|---|---|
| **Management Fee**[11] | Class A USD – Accumulation Units: up to 0.55%<br><br>Class A HKD – Accumulation Units: up to 0.55%<br><br>Class A RMB (hedged) – Accumulation Units: up to 0.55%<br><br>Class D HKD – Accumulation Units: up to 0.55%<br><br>Class I USD – Accumulation Units: up to 0.275% | Up to 1.00% of the Net Asset Value of the relevant Unlisted Class |

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 Listed Class Units is payable by each of the buyer and the seller.

9 AFRC transaction levy of 0.00015% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

10 The SEHK trading fee of 0.00565% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

11 Please note that the annual rate stated may be increased up to a permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to relevant Unitholders. Please refer to the "Fees and Expenses" section of the Prospectus for further details of the fees and charges payable.

| | | |
|---|---|---|
| | Class Z USD – Accumulation Units: currently 0% | |
| **Trustee Fee**[11] | 0.05%, subject to a minimum monthly trustee fee of USD2,500 | |

Please refer to the section headed "Fees and expenses payable by a Sub-Fund" in this Prospectus for details.

*Fees and expenses payable by investors of the Unlisted Class Units only*[12]

| | |
|---|---|
| **Preliminary Charge** | Up to 5.0% of the Issue Price of the Unlisted Class Units |
| **Redemption Charge** | Nil |
| **Switching Fee** | Up to 4.0% of the Issue Price of the Unlisted Class Units |

**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.*

The Index measures the performance of the large-cap segment of the US market. It includes 500 leading companies listed on eligible U.S. exchanges (as set out below) and covers approximately 80% of available U.S. market capitalisation. The Index was launched on 4 March 1957 and with the first value date of 3 January 1928.

The Index is denominated and quoted in USD and is a total return, free float-adjusted market capitalisation weighted index. The Sub-Fund aims to match as closely as practicable, before fees and expenses, the performance of the total return (net of withholding tax) version of the Index, which is calculated on the basis that dividends are reinvested after the deduction of withholding taxes.

As at 31 March 2026, the Index consists of the largest 503 companies by market capitalisation in the United States of America with total market capitalisation of USD 58,445 billion. The constituents of the Index together with their respective weightings, the Index methodology, the latest Index information and news may be accessed via the website of the Index Provider, S&P Dow Jones Indices LLC at www.spglobal.com/spdji/. This website has not been reviewed by the SFC.

The Manager and its Connected Persons are independent of the Index Provider.

Investors may also obtain the latest index information and other important news of the Index from Reuters or Bloomberg.

*Eligibility criteria*

Domicile – Must be a U.S.domiciled company.

12 Please contact the Authorised Distributor(s) of the Sub-Fund for details.

Exchange listing – Must have a primary listing on one of the following U.S. exchanges:

i. NYSE
ii. NYSE Arca
iii. NYSE American
iv. Nasdaq Global Select Market
v. Nasdaq Select Market
vi. Nasdaq Capital Market
vii. Cboe BZX
viii. Cboe BYX
ix. Cboe EDGA
x. Cboe EDGX

Organisational structure and share type – The issuing company must have the following organisational structure and share type:

xi. Corporations (including equity and mortgage REITs)
xii. Common stock (i.e., shares)

Tracking stocks – Tracking stocks are issued by a parent company and track the financial performance of a particular division. Such stocks are ineligible for inclusion in the Index.

Multiple share classes – All companies with multiple share class structures which meet all other eligibility criteria are eligible.

Market capitalisation – Requires total company level market capitalizations of USD22.7 billion or more. Companies passing the total company level market capitalization criteria are also required to have a security level free float-adjusted market capitalization that is at least 50% of the respective Index's total company level unadjusted minimum market capitalization threshold.

Investable weight factor ("IWF") – Constituents must have an IWF of at least 0.10 as of the rebalancing effective date. Please refer to the "S&P Dow Jones Indices' Float Adjustment Methodology" more information on IWF.

Liquidity – A free float-adjusted liquidity ratio, defined as the annual dollar value traded divided by the free float-adjusted market capitalization, is used to measure liquidity, and such free float-adjusted liquidity ratio must be greater than or equal to 0.75 at the time of addition to the Index. A stock should also trade a minimum of 250,000 shares in each of the six months leading up to the evaluation date. Current constituents have no minimum requirement.

Financial viability – The sum of the most recent four consecutive quarters' Generally Accepted Accounting Principles (GAAP) earnings should be positive as should the most recent quarter. For equity REITs, financial viability is based on GAAP earnings and/or Funds From Operations (FFO), if reported. FFO is a measure commonly used in equity REIT analysis.

Initial public offering ("IPO") – IPOs should be traded on an eligible exchange for at least 12 months before being considered for addition to an index. There is no IPO fast track entry allowed. Spin-offs or in-specie distributions from existing constituents, or companies that migrate from an ineligible exchange, emerge from bankruptcy, are newly designated to be domiciled in the U.S. for index purposes by the Index Provider, or convert from an ineligible share or organisational type to an eligible type, are not required to have 12 months of trading prior to their inclusion in the Index.

*Index calculation*

The Index is calculated by means of the divisor methodology used in all of the Index Provider's

equity indices. Please refer to “S&P Dow Jones Indices’ Index Mathematics Methodology” for more information on the index calculation methodology.

*Index construction*

Index universe – Index constituents are selected from the S&P Total Market Index, which measures the performance of the broad U.S. market and includes all eligible U.S. common equities.

Constituent selection – Constituent selection is at the discretion of the Index Committee and is based on the eligibility criteria above. The Index has a fixed constituent company count of 500. Sector balance, as measured by a comparison of each GICS sector’s weight in an index with its weight in the S&P Total Market Index, in the relevant market capitalisation range, is also considered in the selection of companies for the Index.

Weighting – The Index is weighted by free float-adjusted market capitalisation.

*Index maintenance*

Quarterly update – Share counts are updated to the latest publicly available filings on a quarterly basis. IWF changes are only made at the quarterly review if the change represents at least 5% of total current shares outstanding and is related to a single corporate action as described in the “S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology”.

Timing of changes – Changes to Index composition are made on an as-needed basis. There is no scheduled reconstitution. Rather, changes in response to corporate actions and market developments can be made at any time. Index additions and deletions are announced with at least three business days advance notice. Less than three business days’ notice may be given at the discretion of the Index Committee. Announcements are available to the public via the Index Provider’s website, www.spglobal.com/spdji/, before or at the same time they are available to clients or the affected companies. This website has not been reviewed by the SFC.

Deletions – Deletions occur as follows:

- A company is deleted from the Index if it is involved in a merger, acquisition, or significant restructuring such that it no longer meets the eligibility criteria:

    - A company delisted as a result of a merger, acquisition or other corporate action is removed at a time announced by the Index Provider, normally at the close of the last day of trading or expiration of a tender offer. Constituents that are halted from trading may be kept in the Index until trading resumes, at the discretion of the Index Committee. If a stock is moved to the pink sheets or the bulletin board, the stock is removed.

- A company that substantially violates one or more of the eligibility criteria for the Index may be deleted from the Index at the Index Committee’s discretion.

Any company that is removed from the Index must wait a minimum of one year from its Index removal date before being screened for the eligibility criteria.

Other adjustments – In cases where there is no achievable market price for a stock being deleted, it can be removed at a zero or minimal price at the Index Committee's discretion.
For information on standard treatment of share updates, IWF updates, corporate actions and rebalancing guidelines, please refer to the Index Provider’s “Equity Indices Policies & Practices Methodology”.

*Further information on Index methodology*

Investors can refer to the Index Provider's website (https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-us-indices.pdf) for further details on the Index methodology. This website has not been reviewed by the SFC.

*Index license agreement*

The Manager has entered into a license agreement with the Index Provider. The term of the license agreement commenced on 19 February 2024 and should continue for 5 years. After the expiration of the initial term, the license will be automatically renewed for successive terms of 3 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 license agreement may otherwise be terminated in accordance with the provisions of the license agreement.

**Index Disclaimer**

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NEITHER S&P DOW JONES INDICES NOR THIRD PARTY LICENSOR GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE **S&P 500®** OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY **Hang Seng Investment Management Limited**, OWNERS OF THE **Hang Seng S&P 500 Index ETF,** OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE **S&P**

**500®** OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. S&P DOW JONES INDICES HAS NOT REVIEWED, PREPARED AND/OR CERTIFIED ANY PORTION OF, NOR DOES S&P DOW JONES INDICES HAVE ANY CONTROL OVER, THE LICENSEE PRODUCT REGISTRATION STATEMENT, PROSPECTUS OR OTHER OFFERING MATERIALS. THERE ARE NO THIRD-PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND **Hang Seng Investment Management Limited,** OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

**Appendix dated 21 September 2026**

## APPENDIX 4: HANG SENG JAPAN TOPIX 100 INDEX ETF

*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.*

**Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. Please refer to the sections relevant to your intended holding of Units.**

**Key information applicable to both Listed Class Units and Unlisted Class Units**

| | |
|---|---|
| **Index** | TOPIX 100 ("**Index**") (total return version) |
| **Type of index** | Total return, i.e. the performance of the Index is calculated on the basis that dividends are reinvested |
| **Base Currency** | Japanese Yen (JPY) |
| **Investment Strategy** | Please refer to the section on "What is the investment strategy?" below |
| **Financial Year End** | 31 December |
| **Dealing Day** | Each Business Day on which the Tokyo Stock Exchange is open for normal trading, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee. |
| **Website** | www.hangsenginvestment.com (this website has not been reviewed by the SFC) |

**Key information applicable to the Listed Class Units only**

| | |
|---|---|
| **Listing Date (SEHK)** | 10 July 2024 |
| **Exchange Listing** | SEHK – Main Board |
| **Stock Code** | 03410 – HKD Counter |
| **Short Stock Name** | HS JAPAN TPX100 – HKD Counter |
| **Trading Board Lot Size** | 100 Units – HKD Counter |
| **Trading Currency** | Hong Kong dollars (HKD) – HKD counter |
| **Distribution Policy** | Annually (if any).<br><br>Annual cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution in December of each year. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in HKD only.** |
| **Creation/Redemption Policy** | Cash (in JPY or subject to the Manager's discretion in USD and HKD) or in-kind creation and redemption |
| **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 Deadline** | 1:00 p.m. (Hong Kong time) |
| **Management Fee** | Currently up to 0.70% per year of the Net Asset Value |
| **Market Makers (HKD counter)*** | BNP Paribas Securities (Asia) Limited<br>China Merchants Securities (HK) Co., Limited |
| **Participating Dealers*** | Barclays Bank Plc<br>BNP PARIBAS<br>China Merchants Securities (HK) Co., Limited<br>Haitong International Securities Company Limited<br>Merrill Lynch Far East Limited<br>Mirae Asset Securities (HK) Limited<br>Valuable Capital Limited |
| **Service Agent** | HK Conversion Agency Services Limited |
| **Listing Agent** | Hang Seng Investment Management Limited |

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

**Key information applicable to the Unlisted Class only**

| | |
|---|---|
| **Initial Issue Date** | 11 July 2024 |

| | |
|---|---|
| **Unlisted Classes Offered** | Class A USD – Accumulation Units<br>Class A USD (hedged) – Accumulation Units<br>Class A HKD – Accumulation Units<br>Class A HKD (hedged) – Accumulation Units<br>Class A RMB – Accumulation Units<br>Class A RMB (hedged) – Accumulation Units<br>Class A JPY – Accumulation Units<br>Class D HKD (hedged) – Accumulation Units<br>Class I JPY – Accumulation Units<br>Class I USD – Accumulation Units<br>Class I USD (hedged) – Accumulation Units<br>Class Z JPY – Accumulation Units |
| **Initial Issue Price** | Class A USD – Accumulation Units: USD 10<br>Class A USD (hedged) – Accumulation Units: USD 10<br>Class A HKD – Accumulation Units: HKD 10<br>Class A HKD (hedged) – Accumulation Units: HKD 10<br>Class A RMB – Accumulation Units: RMB 10<br>Class A RMB (hedged) – Accumulation Units: RMB 10<br>Class A JPY – Accumulation Units: JPY 1,000<br>Class D HKD (hedged) – Accumulation Units: HKD 1<br>Class I JPY – Accumulation Units: JPY 1,000<br>Class I USD – Accumulation Units: USD 10<br>Class I USD (hedged) – Accumulation Units: USD 10<br>Class Z JPY – Accumulation Units: JPY 1,000 |
| **Dealing Deadline** | 1:00 p.m. (Hong Kong time) |
| **Distribution Policy** | Accumulation Units are Units that accumulate the income arising in respect of those Units.<br><br>No distributions will be made currently. Any income received by the Unlisted Class Units of the Sub-Fund (whether in the |

| | | |
|---|---|---|
| **Management Fee** | form of cash or otherwise) will be accumulated and reflected in the Unit price. | |
| | Class A USD – Accumulation Units<br>Class A USD (hedged) – Accumulation Units<br>Class A HKD – Accumulation Units<br>Class A HKD (hedged) – Accumulation Units<br>Class A RMB – Accumulation Units<br>Class A RMB (hedged) – Accumulation Units<br>Class A JPY – Accumulation Units<br>Class D HKD (hedged) – Accumulation Units | Up to 0.70% per year of the Net Asset Value |
| | Class I JPY – Accumulation Units<br>Class I USD – Accumulation Units<br>Class I USD (hedged) – Accumulation Units | Up to 0.35% per year of the Net Asset Value |
| | Class Z JPY – Accumulation Units | Currently 0% per year of the Net Asset Value |
| **Trustee Fee** | 0.045% per annum | |

**Key similarities and differences between Listed Class and Unlisted Class**

| | |
|---|---|
| **Investment Objective**<br><br>**Investment Strategy** | Same for both Listed Class and Unlisted Class. Please refer to the sections below headed "What is the investment objective?" and "What is the investment strategy?" |
| **Valuation Policy** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DETERMINATION OF NET ASSET VALUE" of this Prospectus. |
| **Valuation Point** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DEFINITIONS" of this Prospectus. |
| **Dealing Arrangements** | There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, including but not limited to different minimum amounts for creation/subscription and redemption of Units.<br><br>Unitholders should note that the dealing frequency, the definition of "Dealing Day" and the Dealing Deadlines for creation/subscription and redemption in respect of Listed Class and Unlisted Class are the same. However, the applicable dealing procedures and timing with the relevant |

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| | Participating Dealer (in the case of the Listed Class) and the Authorised Distributor (if applicable, in the case of the Unlisted Class) may be different. Unitholders should check with the relevant Participating Dealer or Authorised Distributor (as applicable) for the applicable dealing procedures and timing.<br><br>**In respect of the Listed Class:**<br><br>- a cash or in-kind Creation Application or Redemption Application for Listed Class Units received at or before 1:00 p.m. on Day T will be processed at the Net Asset Value per Unit of the Listed Class Units of the Sub-Fund of Day T;<br><br>- a cash or in-kind Creation Application or Redemption Application for Listed Class Units received after the Dealing Deadline of Day T for such Class (i.e. 1:00 p.m. on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class Units of the Sub-Fund of Day T+1;<br><br>- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the Dealing Deadline; and<br><br>- a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open for trading. Investors can buy or sell the Listed Class Units at market price.<br><br>**In respect of the Unlisted Class:**<br><br>- a subscription or redemption application for Unlisted Class Units received at or before 1:00 p.m. on Day T will be processed at the Net Asset Value per Unit of the Unlisted Class Units of Day T;<br><br>- a subscription or redemption application for Unlisted Class Units received after the Dealing Deadline of Day T for such class (i.e. 1:00 p.m. on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of the Unlisted Class Units of Day T+1; and<br><br>- applicants may apply for Unlisted Class Units through the Manager or an Authorised Distributor. Authorised Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Unlisted Class Units through an Authorised Distributor should therefore consult the Authorised Distributor for details of the relevant dealing procedures.<br><br>Please refer to the sections headed “THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS” and “THE |

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| | OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" in this Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively. |
| **Fee Structure** | **In respect of the Listed Class:**<br><br>The current management fee is up to 0.70% per annum of the Net Asset Value of Listed Class and is accrued daily and calculated as at each Dealing Day. It is payable out of the Listed Class monthly in arrears.<br><br>An investment in the Listed Class in the secondary market is subject to fees involved in relation to the trading of such Listed Class Units on the SEHK (such as the brokerage fee, transaction levy, trading fee and so on).<br><br>**In respect of the Unlisted Classes:**<br><br>For Class A Units, and Class D Units, the management fee is currently up to 0.70% per annum of the Net Asset Value of each Class and up to 0.35% per annum for Class I Units, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class Z Units, the management fee is currently 0% per annum of their Net Asset Value.<br><br>The Manager may levy a Preliminary Charge of up to 5.0% of the Issue Price of Unlisted Class Units. No Redemption Charge will be levied on the Unlisted Class Units.<br><br>Neither Listed Classes nor Unlisted Classes employ a single management fee structure. The following fees and expenses may be payable out of and borne by each of the Classes: the Trustee's fee, Registrar's fees, custodian's fees, fees and expenses of the auditors, transaction fee, license fees, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or any of their agents.<br><br>Please refer to the sections headed "Fees and expenses payable by the Sub-Fund" and "Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only" in this Appendix for further details. |
| **Net Asset Value per unit** | There is a separate Net Asset Value for each class of Units. The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee and expense items applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different.<br><br>Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class. |

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| | Please refer to the relevant risk factors in the product key facts statements of the Listed Class and Unlisted Class and the section headed "RISK FACTORS" in this Prospectus. |
| **Termination** | Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub-section headed "Termination" under the section headed "STATUTORY AND GENERAL INFORMATION" of this Prospectus for further details. |

**What is the investment objective?**

The Sub-Fund is an index-tracking fund which aims to match as closely as practicable, before fees and expenses, the JPY denominated total return performance 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.

In order to maximise portfolio management efficiency, minimise transaction costs and tracking error, exposure to the Index may also be obtained through representative sampling strategies which include:

(i) direct holding of a representative sample of securities; and/or
(ii) FDIs (such as futures); and/or
(iii) other collective investment schemes (including exchange-traded funds[1]),

from which the return to the Sub-Fund substantially reflects the performance of the Index. As part of the foregoing, the Sub-Fund may or may not have exposure to all of the securities in the Index, and may have exposure to securities which are not included in the Index.

When representative sampling 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 and FDIs 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 any of the above strategies without notice.

Although FDIs may be used (as aforesaid), they will not be used extensively for investment purpose. FDIs may also be used for currency hedging purposes in respect of hedged Unlisted Class(es).

*Securities financing transactions*

[1] Investments in ETFs by the Sub-Fund are considered and treated as collective investment schemes for the purposes of and subject to the requirements in Chapters 7.11, 7.11A and 7.11B of the Code.

The Sub-Fund can enter into securities lending transactions for a maximum level of up to 30% and expected level of up to 20% of its Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. As part of its securities lending transactions, the Sub-Fund will receive collateral, the value of which, during the duration of the securities lending agreement, will be equivalent to at least 100% of the valuation of the securities lent, marked to market on a daily basis and safekept by the Trustee or an agent appointed by the Trustee. Non-cash collateral received may not be sold, reinvested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the Code. Please refer to the sub-section headed "Securities Financing Transactions" in Schedule 1 to Part 1 of this Prospectus for the details of the arrangements.

Currently, the Manager has no intention to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund. In the future, where the Manager intends to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund, subject to SFC's prior approval (if necessary), 1 month's prior notice will be given to the relevant Unitholders.

The net derivative exposure will be up to 50% of its Net Asset Value.

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 relevant 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's investments are concentrated in a specific geographical region (i.e. Japan). The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the market of Japan.

*Risks associated with Japan and the equity market in Japan*

The Japanese economy is heavily dependent on international trade and may be adversely affected by protectionist measures, competition from emerging economies, political tensions with its trading partners and their economic conditions, natural disasters and commodity prices.

Japan is prone to natural disasters such as earthquakes, typhoons, flooding and tsunamis and may be subject to other unexpected disruptions such as fires, power outages and outbreaks of pandemic. Such events may have an adverse impact on the Japanese market, and it is impossible to accurately predict the occurrence of such events.

The Tokyo Stock Exchange has the right to suspend trading in any security traded thereon. The Japanese government or the regulators in Japan may also implement policies that may affect the Japanese financial market. All of these may have a negative impact on the Sub-Fund.

*Sector concentration risk*

The constituents of the Index, and accordingly the Sub-Fund's investments, may from time to time be concentrated in companies in a particular industry. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant sector.

*Risk of investing in other collective investment schemes*

The underlying collective investment schemes in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

*Reliance on the same group risk*

Each of the Trustee (also acting as the Registrar) and the Manager (also acting as the Listing Agent with respect to the Listed Class Units only) are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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 and the Manager are presently all members of the Group, and one or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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, will vigorously manage any such conflict in the best interest of investors 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 and Redemption of Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 10 July 2024.

For Eligible Investors, special creations and redemptions for Listed Class Units in the Sub-Fund are available.

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 Trustee) may determine on any day when the trading hours of the SEHK or the Tokyo Stock Exchange 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. Settlement for subscribing Listed Class 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 Issue Price or redemption price of each Listed Class Unit for any relevant Dealing Day will, subject to the qualification in respect of the swing pricing adjustments as set out in the sub-section

headed "Issue Price and Redemption Value of Units" under "DETERMINATION OF NET ASSET VALUE" of this Prospectus be based on the Net Asset Value of the Listed Class Units of the Sub-Fund in JPY at the Valuation Point divided by the number of Listed Class Units then in issue or deemed to be in issue, rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up (unless otherwise agreed by the Manager and the Trustee). Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund.

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

The attention of investors is drawn to the section entitled "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" in Part 1 of this Prospectus.

**Trading of Listed Class Units**

The Sub-Fund offers HKD trading counter on the SEHK to investors for secondary trading purposes. Listed Class Units are denominated in JPY.

The HKD counter and traded Listed Class Units have a SEHK stock code 03410 and a short name "HS JAPAN TPX100". The ISIN for HKD counter and traded Listed Class Units is HK0001023446.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the HKD Counter.

**Exchange Listing and Trading (Secondary Market) for Listed Class Units**

Dealings in the Listed Class Units on the SEHK began on 10 July 2024.

Listed Class 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 Listed Class 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 for Listed Class Units**

Listed Class Units can be redeemed directly (through a Participating Dealer) by way of a Redemption Application or (through an Eligible Investor) by way of a Special Redemption Application. Redemption proceeds may be paid in (i) cash or (ii) in-kind. Any accepted Redemption Application or Special Redemption Application will be effected by the payment of cash and/or transfer of Securities (as the case may be) 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.

**The Subscription and Redemption of Unlisted Class Units**

*Unlisted Classes of Units*

The Sub-Fund currently offers the following Unlisted Classes of Units to investors:

- Class A USD – Accumulation Units
- Class A USD (hedged) – Accumulation Units

- Class A HKD – Accumulation Units
- Class A HKD (hedged) – Accumulation Units
- Class A RMB – Accumulation Units
- Class A RMB (hedged) – Accumulation Units
- Class A JPY – Accumulation Units
- Class D HKD (hedged) – Accumulation Units
- Class I JPY – Accumulation Units
- Class I USD – Accumulation Units
- Class I USD (hedged) – Accumulation Units
- Class Z JPY – Accumulation Units

Class Z Units are only available for subscription by investors selected by the Manager.

*Subscription and Redemption Procedures*

The following apply to Unlisted Classes:

- Initial issue date: 11 July 2024
- Dealing Deadline: 1:00 p.m. (Hong Kong time) on each Dealing Day
- Subscription payment deadline: payment for Unlisted Class Units being applied for, together with any Preliminary Charge, is due in the Class currency of the relevant Class within 2 Business Days of the Dealing Day on which the subscription application is made, unless the Manager agrees to accept late payment

The Issue Price or redemption price of each Unlisted Class Unit for any relevant Dealing Day will be based on the Net Asset Value of the Unlisted Class Units of the Sub-Fund at the Valuation Point divided by the number of Unlisted Class Units then in issue or deemed to be in issue. Unless otherwise agreed by the Manager and the Trustee, for Class A Units, Class I Units and Class Z Units, the Issue Price or redemption price of a Unit is rounded to the nearest two decimal places with any amount of 0.005 or above being rounded up. For Class D Units, the Issue Price or redemption price of a Unit is rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up. Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund. Please refer to the section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" of this Prospectus for further details on the subscription, redemption and payment procedures in respect of the Unlisted Class Units.

To supplement the sub-section headed "Payment Procedures" under the section headed "Subscription of Unlisted Class Units" in Part I of this Prospectus, payment for Unlisted Class Units shall be due in the Class currency of the relevant Class within 2 Business Days of the Dealing Day on which the subscription application is made.

**Switching**

Switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

Unless otherwise agreed by the Manager, Unlisted Class Units of the Sub-Fund may only be switched into the same unlisted class units of any collective investment scheme managed by the Manager. Similarly, unless otherwise agreed by the Manager, the unlisted class units of any collective investment scheme managed by the Manager may only be switched into Units of the same Unlisted Class of the Sub-Fund. Where the switching is between units denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

**Distribution policy**

*Listed Class Units*

Annual cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution in December of each year. There is no guarantee of regular distribution of dividends and, if dividend is paid, 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 the capital. Each Unitholder will receive distributions in HKD.

Distribution payment frequency and rates (if any) 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.

*Unlisted Class Units*

No distribution is intended to be made in respect of Unlisted Class Units. Therefore, any net income and net realised capital gains attributable to such Units will be reflected in their respective Net Asset Value.

**Fees and expenses payable by the Sub-Fund**

*Fees and expenses applicable to the Listed Class Units only*

*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 up to 0.70% per year of the Net Asset Value for the Listed Class and the Unlisted Class A Units and Unlisted Class D Units of the Sub-Fund and up to 0.35% for Unlisted Class I Units, and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The current management fee is 0% per year of the Net Asset Value for the Unlisted Class Z Units of the Sub-Fund. This fee is payable out of the Trust Fund. The current management rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Trustee'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. The current trustee rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

**Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only**

| **(a)** | **Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)** | **Amount** |
|---|---|---|
| | Transaction Fee and Service Agent's Fee | JPY70,300/USD500/HKD3,900[2] per Application and HKD1,000[4] per book-entry deposit and withdrawal transaction |
| | Application cancellation fee | JPY168,800/USD1,200/HKD9,500[3] per Application |
| | Extension Fee | JPY168,800/USD1,200/HKD9,500[4] 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[5] | Such amounts as determined by the relevant Participating Dealer |

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2 The Transaction Fee of JPY70,300/USD500/HKD3,900 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.

3 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.

4 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.

5 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 Listed Class Units on SEHK (applicable After Listing)***

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| Brokerage | Market rates |
| SFC transaction levy | 0.0027%[6] |
| AFRC transaction levy | 0.00015%[7] |
| SEHK trading fee | 0.00565%[8] |
| Stamp duty | Nil |

*Fees and expenses applicable to the Unlisted Class Units only*

Fees and expenses payable by the Sub-Fund

| | Current | Maximum |
|---|---|---|
| **Management Fee [9] (as a % per year of the Net Asset Value of the relevant Unlisted Class)** | Class A USD – Accumulation Units: up to 0.70%<br><br>Class A USD (hedged) – Accumulation Units: up to 0.70%<br><br>Class A HKD – Accumulation Units: up to 0.70%<br><br>Class A HKD (hedged) – Accumulation Units: up to 0.70%<br><br>Class A RMB – Accumulation Units: up to 0.70%<br><br>Class A RMB (hedged) – Accumulation Units: up to 0.70%<br><br>Class A JPY – Accumulation Units: up to 0.70%<br><br>Class D HKD (hedged) – Accumulation Units: up to 0.70% | Up to 1.00% |

6 The SFC transaction levy of 0.0027% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

7 AFRC transaction levy of 0.00015% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

8 The SEHK trading fee of 0.00565% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

9 Please note that the annual rate stated may be increased up to a permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to relevant Unitholders. Please refer to the "Fees and Expenses" section of the Prospectus for further details of the fees and charges payable.

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| | Class I JPY – Accumulation Units: up to 0.35%<br><br>Class I USD – Accumulation Units: up to 0.35%<br><br>Class I USD (hedged) – Accumulation Units: up to 0.35%<br><br>Class Z JPY – Accumulation Units: currently 0% | |
| **Trustee Fee**[9] | 0.045% per annum | |

Please refer to the section headed "Fees and expenses payable by a Sub-Fund" in this Prospectus for details.

*Fees and expenses payable by investors of the Unlisted Class Units only*[10]

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| **Preliminary Charge** | Up to 5.0% of the Issue Price of the Unlisted Class Units |
| **Redemption Charge** | Nil |
| **Switching Fee** | Up to 4.0% of the Issue Price of the Unlisted Class Units |

**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.*

The Index is comprised of 100 most liquid and highly market-capitalized TOPIX constituents. TOPIX, which is a free-float adjusted market capitalization-weighted index, is a market benchmark with functionality as an investable index, covering an extensive proportion of the Japanese stock market. The Index was launched on 1 April 1998 and had a base level of 1,000 as of 1 April 1998.

The Index is denominated and quoted in JPY. The Sub-Fund aims to match as closely as practicable, before fees and expenses, the performance of the total return version (i.e. the performance of the Index is calculated on the basis that dividends are reinvested) of the Index.

In order to accurately reflect market movements, JPX Market Innovation & Research, Inc. (the "**Index Provider**"), conducts an annual review of the constituents of the Index in October each year ("**Annual Review**"). Apart from the Annual Review, there will also be a monthly review, under which issues newly included in TOPIX (selected based on liquidity and free-float adjusted market capitalization as of the base date for the monthly review) are added to the Index ("**Monthly Review**"). Please refer to the sub-section headed "Index management" below for further details.

[10] Please contact the Authorised Distributor(s) of the Sub-Fund for details.

The Manager and its Connected Persons are independent of the Index Provider.

As at 31 March 2026, the Index had a total market capitalization (free-float adjusted) of JPY 446,080 billion and 100 constituents. The Index methodology, the latest Index information and news may be accessed via the website of the Index Provider at https://www.jpx.co.jp/english/markets/indices/line-up/. The constituents of the Index together with their respective weightings may be accessed monthly via the website of the Manager at www.hangsenginvestment.com. These websites have not been reviewed by the SFC.

*Eligibility criteria*

The scope of TOPIX constituents is domestic common stocks in the Japanese stock market. Securities such as subscription warrants, preferred stock, and equity contribution securities are not included.

First, the 15 largest stocks by free-float adjusted market capitalization are selected from the top 90 stocks out of TOPIX constituents as of the base date for the Annual Review ("**Rebalance Base Date**") based on total trading value during the last three-year period (trading value is from auction trading on the Tokyo Stock Exchange, which shall apply hereinafter).

Thereafter, out of the current 30 most liquid and highly market-capitalized TOPIX constituents, another 15 largest stocks by free-float adjusted market capitalization as of the Rebalance Base Date are selected. These 15 stocks must also be from the top 90 stocks out of TOPIX constituents based on total trading value during the last three-year period and must also be ranked within the top 40 stocks by free-float adjusted market capitalization as of the Rebalance Base Date. If it is not possible to select 15 stocks in accordance with the aforesaid manner, the relevant 15 stocks will be selected from the top 90 stocks out of TOPIX constituents based on total trading value during the last three-year period.

Subsequently, out of the current 100 most liquid and highly market-capitalized TOPIX constituents, the 70 largest stocks by free-float adjusted market capitalization as of the Rebalance Base Date are selected. These 70 stocks must also be from the top 200 stocks based on total trading value for the last three-year period and must also be ranked within the top 130 stocks by free-float adjusted market capitalization as of the Rebalance Base Date. If it is not possible to select 70 stocks in accordance with the aforesaid manner, the remaining stocks will be selected from the top 200 stocks out of TOPIX constituents based on total trading value during the last three-year period.

*Index calculation*

The Index is calculated using free-float adjusted market capitalization weighting. The Index is calculated to the second decimal place. Values beyond the second decimal are rounded.

***Formula***

1. Market capitalization weighting

Index = Current market value / Base market value X Base point

Current Market Value
= $\sum$ (Number of Shares for Each Constituent X Stock Price for Each Constituent)

Number of Shares Used for Index Calculation for Each Stock
= Total Number of Listed Shares × Free Float Weight (FFW) × cap- adjustment ratio

- FFW are calculated in accordance with the Index Provider's Free Float Weight Calculation Methodology or each index guidebook.

- Cap-adjustment ratios are calculated in accordance with the index guidebook.
- In general, the "total number of listed shares" in the above formula is equal to the number of listed shares, but in some cases these numbers are different due to corporate actions such as stock splits. For example, in a stock split, the number of listed shares changes on the listing change date, which comes after the effective date. On the other hand, the total number of listed shares used in index calculation (before FFW adjustment) changes on the ex-rights date, leading to a brief period in which the two numbers are different.
- Also, the total number of listed shares used in index calculation (before FFW adjustment) is generally equal to the number of issued shares, but in the case of Nippon Telegraph and Telephone Corporation, Japan Tobacco, Inc., and Japan Post Holdings Co., Ltd., the Government of Japan holds some issued shares that have not been listed, leading these two numbers to be different.

***Stock Price Used for Calculation***

The stock prices used for calculating TOPIX, etc. and for adjusting the indices' base market values and divisors are taken from price information from auction trading on the Tokyo Stock Exchange and are determined by the following order of priority:

(1) Special Quote Price or Sequential Trade Quote Price
(2) Contract Price
(3) Base Price for Index Calculation (determined in the following order:
    (i) Theoretical Ex-rights Price
    (ii) Most Recent Special Quote Price or Sequential Trade Quote Price on or before the previous trading day
    (iii) Most Recent Contract Price on or before the previous trading day.)

***Reviews of adjustment factors***

(a) Stock split
In the event that a stock split is conducted, the adjustment factor will be changed as follows, with the ex-rights date as the index adjustment date.
New adjustment factor = Adjustment factor × Split ratio

(b) Capital increase through gratis allotment of subscription warrants
In the event that a capital increase through gratis allotment of subscription warrants is conducted, the adjustment factor will be changed as follows, with the ex-rights date as the index adjustment date.

New adjustment factor = Adjustment factor × (1 + Allotment ratio)

(c) Capital increase through allotment to shareholders
In the event that a capital increase through allotment to shareholders is conducted, the adjustment factor will be changed as follows, with the ex-rights date as the index adjustment date.

New adjustment factor = Adjustment factor × (1 + Allotment ratio)

(d) Reverse stock split
In the event that a reverse stock split is conducted, the adjustment factor will be changed as follows, with the ex-rights date as the index adjustment date.

New adjustment factor = Adjustment factor ÷ Reverse split ratio

(e) Merger

In a merger, if the surviving company and the non-surviving company are both constituents, the adjustment factor of the surviving issue is changed.

*Index management*

**(A) Annual Review**

At the Annual Review, TOPIX constituents are included in and removed from the TOPIX New Index Series based on liquidity and free-float adjusted market capitalization as of the base date for the Annual Review (the "**Rebalance Base Date**"), which is the last business day of August.

The list of constituent changes is published on the fifth business day of October, and index calculation applying such constituent changes will begin on the last business day of October.

**(B) Monthly Review**

Issues newly included in TOPIX are included into the TOPIX New Index Series indices during the Monthly Review. These issues are selected based on liquidity and free-float adjusted market capitalization as of the base date for the Monthly Review.
Newly listed issues that satisfy both of the following criteria as of the last business day of the month preceding that of inclusion will be added to the Index:

- the top 70 largest stocks by free-float adjusted market capitalization; and
- the top 200 stocks based on total trading value.

The base date for the Monthly Review is the last business day of every month (last business day of the month of an initial listing). The list of constituent inclusions is published on the fifth business day of every month (fifth business day of the month after that of an initial listing) and index calculation applying such constituent inclusions will begin on the last business day of every month (last business day of the month after an initial listing).

**(C) Removal of constituents in addition to the Annual Review and Monthly Review (collectively referred to as the "Periodic Reviews")**

If an issue is removed from TOPIX, it will be removed from the TOPIX New Index Series.

**(D) Inclusion of constituents in addition to the Periodic Reviews**

In cases where a company in the TOPIX New Index Series is delisted due to a stock transfer, stock swap, merger for creating a new company or demerger, and the surviving or succeeding company is promptly listed and included in TOPIX, the stocks of such new company will be included in whichever index of the TOPIX New Index Series in which the delisted company was included that includes the issues with the highest liquidity and largest free-float adjusted market capitalization.

Even though the number of constituents may decrease due to delisting between the Periodic Reviews, no supplementary inclusions are made to meet the intended number of constituents for each index (inclusions to meet the intended number of constituents for each index are only made during the Annual Review).

*Further information on the Index*

Investors can refer to the Index Provider's website (https://www.jpx.co.jp/english/markets/indices/line-up/) for further details on the Index methodology. This website has not been reviewed by the SFC.

Investors can refer to the Manager's website (https://www.hangseninvestment.com/en-hk/entry/) for further details on the constituents of the Index together with their respective weightings. This website has not been reviewed by the SFC.

*Index license agreement*

The Manager has entered into a license agreement with the Index Provider. The term of the license agreement commenced on 14 June 2024 and should continue for about one year. After the expiration of the initial term, the license will be automatically renewed for successive terms of one year 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 license agreement may otherwise be terminated in accordance with the provisions of the license agreement.

**Index Disclaimer**

(i) The TOPIX 100 Total Return Index Value and the TOPIX 100 Total Return Index Marks are subject to the proprietary rights owned by JPX Market Innovation & Research, Inc. or affiliates of JPX Market Innovation & Research, Inc. (hereinafter collectively referred to as "**JPX**") and JPX owns all rights and know-how relating to TOPIX 100 Total Return Index such as calculation, publication and use of the TOPIX 100 Total Return Index Value and relating to the TOPIX 100 Total Return Index Marks.

(ii) JPX shall reserve the rights to change the methods of calculation or publication, to cease the calculation or publication of the TOPIX 100 Total Return Index Value or to change the TOPIX 100 Total Return Index Marks or cease the use thereof.

(iii) JPX makes no warranty or representation whatsoever, either as to the results stemmed from the use of the TOPIX 100 Total Return Index Value and the TOPIX 100 Total Return Index Marks or as to the figure at which the TOPIX 100 Total Return Index Value stands on any particular day.

(iv) JPX gives no assurance regarding accuracy or completeness of the TOPIX 100 Total Return Index Value and data contained therein. Further, JPX shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the TOPIX 100 Total Return Index Value.

(v) The Sub-Fund is not in any way sponsored, endorsed or promoted by JPX.

(vi) JPX shall not bear any obligation to give an explanation of the Sub-Fund or advice on investments to any purchaser of the licensed product or to the public.

(vii) JPX neither selects specific stocks or groups thereof nor takes into account any needs of the issuing company or any purchaser of the Sub-Fund, for calculation the TOPIX 100 Total Return Index Value.

(viii) Including but not limited to the foregoing, JPX shall not be responsible for any damage resulting from the issue and sale of the Sub-Fund.

**Appendix dated 21 September 2026**

## APPENDIX 5: HANG SENG CMS BLOOMBERG US TREASURY 1-3 YEAR INDEX ETF

*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.*

**Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. Please refer to the sections relevant to your intended holding of Units.**

**Key information applicable to both Listed Class Units and Unlisted Class Units**

| | |
|---|---|
| **Index** | Bloomberg US Treasury 1-3 Year Index ("**Index**") (total return version) |
| **Type of index** | Total return, i.e. the performance of the Index is calculated on the basis that dividends are reinvested |
| **Base Currency** | United States dollars (USD) |
| **Investment Strategy** | Please refer to the section on "What is the investment strategy?" below |
| **Financial Year End** | 31 December |
| **Dealing Day** | Each Business Day on which the underlying US Treasury market is open for normal trading, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee. |
| **Website** | www.hangsenginvestment.com (this website has not been reviewed by the SFC) |

**Key information applicable to the Listed Class Units only**

| | |
|---|---|
| **Listing Date (SEHK)** | 16 September 2024 |
| **Exchange Listing** | SEHK – Main Board |
| **Stock Code** | 03436 – HKD Counter |
| **Short Stock Name** | HSCMS 1-3Y UST – HKD Counter |
| **Trading Board Lot Size** | 10 Units – HKD Counter |
| **Trading Currency** | Hong Kong dollars (HKD) – HKD counter |
| **Distribution Policy** | Quarterly (if any).<br><br>Quarterly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution in March, June, September and December of each year. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay |

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| | 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 will receive distributions in USD only.** |
| **Creation/Redemption Policy** | Cash (in USD) or in-kind creation and redemption |
| **Application Unit Size (only by or through Participating Dealers)** | Minimum 50,000 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 Deadline** | 4:30 p.m. (Hong Kong time) |
| **Management Fee** | Currently up to 0.20% per year of the Net Asset Value |
| **Market Makers (HKD counter)*** | China Merchants Securities (HK) Co., Limited |
| **Participating Dealers*** | Barclays Bank Plc<br>China Merchants Securities (HK) Co., Limited<br>Haitong International Securities Company Limited<br>Merrill Lynch Far East Limited<br>Mirae Asset Securities (HK) Limited |
| **Service Agent** | HK Conversion Agency Services Limited |
| **Listing Agent** | Hang Seng Investment Management Limited |

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

**Key information applicable to the Unlisted Class only**

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|---|---|
| **Initial Issue Date** | 16 September 2024 |
| **Unlisted Classes Offered** | Class A USD – Income Units<br>Class A HKD – Income Units<br>Class A RMB – Income Units |

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| | Class A RMB (hedged) – Income Units<br><br>Class D HKD – Accumulation Units<br><br>Class I USD – Accumulation Units<br><br>Class I USD – Income Units<br><br>Class I RMB – Accumulation Units<br><br>Class I RMB (hedged) – Accumulation Units<br><br>Class Z USD – Accumulation Units<br><br>Class Z USD – Income Units |
| **Initial Issue Price** | Class A USD – Income Units: USD 10<br><br>Class A HKD – Income Units: HKD 10<br><br>Class A RMB – Income Units: RMB 10<br><br>Class A RMB (hedged) – Income Units: RMB 10<br><br>Class D HKD – Accumulation Units: HKD 1<br><br>Class I USD – Accumulation Units: USD 10<br><br>Class I USD – Income Units: USD 10<br><br>Class I RMB – Accumulation Units: RMB 10<br><br>Class I RMB (hedged) – Accumulation Units: RMB 10<br><br>Class Z USD – Accumulation Units: USD 10<br><br>Class Z USD – Income Units: USD 10 |
| **Dealing Deadline** | 7:00 p.m. (Hong Kong time) |
| **Distribution Policy** | **Accumulation Units:**<br><br>Income arising in respect of Accumulation Units accumulated.<br><br>No distributions will be made currently. Any income received by Accumulation Units (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.<br><br>**Income Units:**<br><br>Monthly (if any).<br><br>Monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution |

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| | every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in their respective class currencies.** | |
| **Management Fee** | Class A USD – Income Units<br><br>Class A HKD – Income Units<br><br>Class A RMB – Income Units<br><br>Class A RMB (hedged) – Income Units<br><br>Class D HKD – Accumulation Units | Currently up to 0.40% per year of the Net Asset Value |
| | Class I USD – Accumulation Units<br><br>Class I USD – Income Units<br><br>Class I RMB – Accumulation Units<br><br>Class I RMB (hedged) – Accumulation Units | Currently up to 0.20% per year of the Net Asset Value |
| | Class Z USD – Accumulation Units<br><br>Class Z USD – Income Units | Currently 0% per year of the Net Asset Value |
| **Trustee Fee** | 0.04% per annum of the Net Asset Value of the Sub-Fund | |

**Key similarities and differences between Listed Class and Unlisted Class**

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|---|---|
| **Investment Objective**<br><br>**Investment Strategy** | Same for both Listed Class and Unlisted Class. Please refer to the sections below headed "What is the investment objective?" and "What is the investment strategy?" |
| **Valuation Policy** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DETERMINATION OF NET ASSET VALUE" of this Prospectus. |

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| **Valuation Point** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DEFINITIONS" of this Prospectus. |
| **Dealing Arrangements** | There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, including but not limited to different minimum amounts for creation/subscription and redemption of Units.<br><br>Unitholders should note that the dealing frequency, the definition of "Dealing Day" and the Dealing Deadlines for creation/subscription and redemption in respect of Listed Class and Unlisted Class are the same. However, the applicable dealing procedures and timing with the relevant Participating Dealer (in the case of the Listed Class) and the Authorised Distributor (if applicable, in the case of the Unlisted Class) may be different. Unitholders should check with the relevant Participating Dealer or Authorised Distributor (as applicable) for the applicable dealing procedures and timing.<br><br>**In respect of the Listed Class:**<br><br>- a cash or in-kind Creation Application or Redemption Application for Listed Class Units received at or before 4:30 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Listed Class Units of the Sub-Fund of Day T;<br><br>- a cash or in-kind Creation Application or Redemption Application for Listed Class Units received after the dealing deadline of Day T for such Class (i.e. 4:30 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class Units of the Sub-Fund of Day T+1;<br><br>- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the dealing deadline; and<br><br>- a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open for trading. Investors can buy or sell the Listed Class Units at market price.<br><br>**In respect of the Unlisted Class:**<br><br>- a subscription or redemption application for Unlisted Class Units received at or before 7:00 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Unlisted Class Units of Day T;<br><br>- a subscription or redemption application for Unlisted Class Units received after the dealing deadline of Day T for such class (i.e. 7:00 p.m. (Hong Kong time) on Day T), will be |

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| | processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of the Unlisted Class Units of Day T+1; and<br><br>- applicants may apply for Unlisted Class Units through the Manager or an Authorised Distributor. Authorised Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Unlisted Class Units through an Authorised Distributor should therefore consult the Authorised Distributor for details of the relevant dealing procedures.<br><br>Please refer to the sections headed "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" and "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" in this Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively. |
| **Distribution Policy** | **In respect of the Listed Class:**<br><br>Quarterly (if any).<br><br>Quarterly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution in March, June, September and December of each year. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in USD only.**<br><br>**In respect of the Unlisted Classes:**<br><br>**Accumulation Units:**<br><br>Income arising in respect of Accumulation Units accumulated. |

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| | No distributions will be made currently. Any income received by Accumulation Units (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.<br><br>**Income Units:**<br><br>Monthly (if any).<br><br>Monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in their respective class currencies. |
| **Fee Structure** | **In respect of the Listed Class:**<br><br>The current Management Fee is up to 0.20% per annum of the Net Asset Value of Listed Class and is accrued daily and calculated as at each Dealing Day. It is payable out of the Listed Class monthly in arrears.<br><br>An investment in the Listed Class in the secondary market is subject to fees involved in relation to the trading of such Listed Class Units on the SEHK (such as the brokerage fee, transaction levy, trading fee and so on).<br><br>**In respect of the Unlisted Classes:**<br><br>For Class A Units and Class D Units, the management fee is currently up to 0.40% per annum of the Net Asset Value of each Class and up to 0.20% per annum for Class I Units, and is accrued daily and calculated as of each Dealing Day.<br>For Class Z Units, the management fee is currently 0% per annum of their Net Asset Value.<br><br>The Manager may levy a Preliminary Charge of up to 5.0% of the Issue Price of Unlisted Class Units. No Redemption Charge will be levied on the Unlisted Class Units. |

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| | Neither Listed Classes nor Unlisted Classes employ a single management fee structure. The following fees and expenses may be payable out of and borne by each of the Classes: the Trustee's fee, Registrar's fees, custodian's fees, fees and expenses of the auditors, transaction fee, license fees, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or any of their agents.<br><br>Please refer to the sections headed "Fees and expenses payable by a Sub-Fund" and "Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only" in this Appendix for further details. |
| **Net Asset Value per unit** | There is a separate Net Asset Value for each class of Units. The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee and expense items applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different.<br><br>Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class.<br><br>Please refer to the relevant risk factors in the product key facts statements of the Listed Class and Unlisted Class and the section headed "RISK FACTORS" in this Prospectus. |
| **Termination** | Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub-section headed "Termination" under the section headed "STATUTORY AND GENERAL INFORMATION" of this Prospectus for further details. |

**What is the investment objective?**

The Sub-Fund is an index-tracking fund which aims to match as closely as practicable, before fees and expenses, the total return performance of the Index.

**What is the investment strategy?**

In seeking to achieve the Sub-Fund's investment objective, the Sub-Fund will adopt a representative sampling strategy that may include the strategic selection[1] of some (rather than all) of the securities that make up the Index and holding securities in proportions that differ from their weightings in the Index. To help the Sub-Fund achieve its investment objective, the Sub-Fund may also hold some securities which are not underlying constituents of the Index where such securities collectively feature a high correlation with the Index (such as US Treasury securities of maturities which are shorter or longer than those of the securities that make up the

[1] This refers to selection of securities by the Sub-Fund after 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, of the constituent securities of the Index.

Index). It is therefore not expected that the Sub-Fund will hold each and every underlying constituent of the Index at all times or hold them in the same proportion as their weightings in the Index. The Sub-Fund will invest at least 70% of its Net Asset Value directly in the securities which are underlying constituents of the Index.

The representative sampling strategies may also include investments in other collective investment schemes (including exchange-traded funds[2]) and/or the use of financial derivative instruments (including US Treasury futures of varying expiration dates) to track the performance of certain securities that make up the Index. Such strategies and financial derivative instruments are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index.

Depending on prevailing market conditions, the Sub-Fund may also 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.

Although financial derivative instruments may be used (as aforesaid), they will not be used extensively for investment purpose. Financial derivative instruments may also be used for currency hedging purposes in respect of hedged Unlisted Class(es).

The Sub-Fund may also invest not more than 10% of its Net Asset Value in cash and cash equivalents (including money market funds which are authorised under Chapter 8.2 of the Code) or eligible schemes under Chapter 7.11A of the Code for cash management purposes.

*Securities financing transactions*

The Sub-Fund can enter into securities lending transactions for a maximum level of up to 30% and expected level of up to 20% of its Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. As part of its securities lending transactions, the Sub-Fund will receive collateral, the value of which, during the duration of the securities lending agreement, will be equivalent to at least 100% of the valuation of the securities lent, marked to market on a daily basis and safekept by the Trustee or an agent appointed by the Trustee. Non-cash collateral received may not be sold, reinvested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the Code. Please refer to the sub-section headed “Securities Financing Transactions” in Schedule 1 to Part 1 of this Prospectus for the details of the arrangements.

Currently, the Manager has no intention to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund. In the future, where the Manager intends to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund, subject to SFC’s prior approval (if necessary), 1 month’s prior notice will be given to the relevant Unitholders.

The net derivative exposure will be up to 50% of its Net Asset Value.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Schedule 1 of this Prospectus.

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2 Investments in ETFs by the Sub-Fund are considered and treated as collective investment schemes for the purposes of and subject to the requirements in Chapters 7.11, 7.11A and 7.11B of the Code.

**Risk factors relating to the Sub-Fund**

In addition to the relevant 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 / single issuer risk*

The Sub-Fund's investments are concentrated in a specific geographical region (i.e. the United States of America), and are concentrated in debt securities of a single issuer (i.e. the US Treasury). The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the market of United States of America.

*Risk of investing in other collective investment schemes*

The underlying collective investment schemes in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

*Reliance on the same group risk*

Each of the Trustee (also acting as the Registrar) and the Manager (also acting as the Listing Agent with respect to the Listed Class Units only) are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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 and the Manager are presently all members of the Group, and one or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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, will vigorously manage any such conflict in the best interest of investors 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.

*Reliance on the Investment Sub-Manager risk*

The Manager has delegated the investment discretion in respect of the US Treasury securities of the Sub-Fund to the Investment Sub-Manager and will rely on the Investment Sub-Manager's expertise and systems for the Sub-Fund's investments in the US Treasury securities only. Any disruption in the communication with or assistance from the Investment Sub-Manager or a loss of service of the Investment Sub-Manager or any of its key personnel may adversely affect the operations of the Sub-Fund.

*Sovereign debt risks*

By investing in debt obligations of the US Treasury, the Sub-Fund will be exposed to the direct or indirect consequences of political, social and economic changes in the US. Political changes in the US may affect the willingness of the US Treasury to make or provide for timely payments of its debt obligations. The US's economic status, as reflected, among other things, in its inflation rate, the amount of its external debt and its gross domestic product, will also affect the US Treasury's ability to honour its obligations.

The ability of the US Treasury to make timely payments on its debt obligations is likely to be influenced strongly by its balance of payments, including export performance, and its access to international credits and investments. To the extent that the US receives payment for its exports in currencies other than the currency of the relevant debt obligation, its ability to make debt payments in the currency of the relevant debt obligation could be adversely affected. To the extent that the US develops a trade deficit, it will need to depend on continuing loans from foreign governments, supranational entities or private commercial banks, aid payments from foreign governments and on inflows of foreign investment. The access of the US to these forms of external funding may not be certain, and a withdrawal of external funding could adversely affect the capacity of the US to make payments on its debt obligations. In addition, the cost of servicing debt obligations can be affected by a change in global interest rates since the majority of these debt obligations carry interest rates that are adjusted periodically based upon global rates.

The Sub-Fund's portfolio may comprise debt obligations of the US Treasury, for which a limited or no established secondary market exists. Reduced secondary market liquidity may have an adverse effect on the market price and the Sub-Fund's ability to dispose of particular instruments when necessary to meet liquidity requirements or in response to specific economic events such as deterioration in the creditworthiness of the issuer. Reduced secondary market liquidity for such debt obligations may also make it more difficult to obtain accurate market quotations for the purpose of determining the Net Asset Value of the Sub-Fund. Market quotations are generally available on many sovereign debt obligations only from a limited number of dealers and may not necessarily represent firm bids of those dealers or prices for actual sales.

The holder of certain sovereign debt obligations may have limited legal recourse in the event of a default with respect to such obligations. For example, remedies from defaults on certain debt obligations of governmental entities, unlike those on private debt, must, in some cases, be pursued in the courts of the defaulting party itself. Legal recourse therefore may be significantly diminished. Bankruptcy, moratorium and other similar laws applicable to issuers of sovereign debt obligations may be substantially different from those applicable to issuers of private debt obligations. The political context, expressed as the willingness of an issuer of sovereign debt obligations to meet the terms of the debt obligation, for example, is of considerable importance.

**The Offering and Redemption of Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 16 September 2024.

For Eligible Investors, special creations and redemptions for Listed Class Units in the Sub-Fund are available.

The current Dealing Deadline for making a Creation Application, a Redemption Application, a Special Creation Application or a Special Redemption Application is 4:30 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 or the underlying US Treasury market 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. Settlement for subscribing Listed Class 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 Issue Price or redemption price of each Listed Class Unit for any relevant Dealing Day will, subject to the qualification in respect of the swing pricing adjustments as set out in the sub-section headed "Issue Price and Redemption Value of Units" under "DETERMINATION OF NET ASSET VALUE" of this Prospectus be based on the Net Asset Value of the Listed Class Units of the Sub-Fund in USD at the Valuation Point divided by the number of Listed Class Units then in issue or deemed to be in issue, rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up (unless otherwise agreed by the Manager and the Trustee). Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund.
All investors may buy and sell Listed Class Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for cash or in-kind creation and redemption of Listed Class Units in the primary market.

The attention of investors is drawn to the section entitled "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" in Part 1 of this Prospectus.

**Trading of Listed Class Units**

The Sub-Fund offers HKD counter on the SEHK to investors for secondary trading purposes. Listed Class Units are denominated in USD.

The HKD counter and traded Listed Class Units have a SEHK stock code 03436 and a short name "HSCMS 1-3Y UST". The ISIN for HKD counter and traded Listed Class Units is HK0001048344.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the HKD Counter.

**Exchange Listing and Trading (Secondary Market) for Listed Class Units**

Dealings in the Listed Class Units on the SEHK began on 16 September 2024. Listed Class Units will trade on the SEHK in board lots of 10 Units.

Participating Dealers and Eligible Investors should note that they will not be able to sell or otherwise deal in the Listed Class Units on the SEHK until dealings begin on the SEHK.

Listed Class 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 Listed Class 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 for Listed Class Units**

Listed Class Units can be redeemed directly (through a Participating Dealer) by way of a Redemption Application or (through an Eligible Investor) by way of a Special Redemption Application. Redemption proceeds may be paid in (i) cash or (ii) in-kind. Any accepted Redemption Application or Special Redemption Application will be effected by the payment of cash and/or transfer of Securities (as the case may be) 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.

**The Subscription and Redemption of Unlisted Class Units**

*Unlisted Classes of Units*

The Sub-Fund currently offers the following Unlisted Classes of Units to investors:

- Class A USD – Income Units
- Class A HKD – Income Units
- Class A RMB – Income Units
- Class A RMB (hedged) – Income Units
- Class D HKD – Accumulation Units
- Class I USD – Accumulation Units
- Class I USD – Income Units
- Class I RMB – Accumulation Units
- Class I RMB (hedged) – Accumulation Units
- Class Z USD – Accumulation Units
- Class Z USD – Income Units

Class Z Units are only available for subscription by investors selected by the Manager.

*Subscription and Redemption Procedures*

The following apply to Unlisted Classes:

- Initial issue date: 16 September 2024
- Dealing Deadline: 7:00 p.m. (Hong Kong time) on each Dealing Day
- Subscription payment deadline: payment for Unlisted Class Units being applied for, together with any Preliminary Charge, is due in the Class currency of the relevant Class within 1 Business Day of the Dealing Day on which the subscription application is made, unless the Manager agrees to accept late payment

The Issue Price or redemption price of each Unlisted Class Unit for any relevant Dealing Day will be based on the Net Asset Value of the Unlisted Class Units of the Sub-Fund at the Valuation Point divided by the number of Unlisted Class Units then in issue or deemed to be in issue. Unless otherwise agreed by the Manager and the Trustee, the issue price or redemption price of a Unit is rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up. Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund. Please refer to the section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" of this Prospectus for further details on the subscription, redemption and payment procedures in respect of the Unlisted Class Units.

To supplement the sub-section headed "Payment Procedures" under the section headed "Subscription of Unlisted Class Units" in Part I of this Prospectus, payment for Unlisted Class Units shall be due in the Class currency of the relevant Class within 1 Business Day of the Dealing Day on which the subscription application is made.

**Switching**

Switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

Unless otherwise agreed by the Manager, Unlisted Class Units of the Sub-Fund may only be switched into the same Unlisted Class Units of any collective investment scheme managed by the Manager. Similarly, unless otherwise agreed by the Manager, the Unlisted Class Units of any collective investment scheme managed by the Manager may only be switched into Units of the same Unlisted Class of the Sub-Fund. Where the switching is between Units denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

**Distribution policy**

*Accumulation Units*

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made currently. Any income received by the Accumulation Units (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

*Income Units*

In respect of the Income Units of the Listed Class, quarterly cash dividends (if any) may be made at the discretion of the Manager. The Manager may make declaration of distribution in March, June, September and December of each year. For the Listed Class Units, each Unitholder will receive distributions in USD.

In respect of the Income Units of the Unlisted Class, monthly cash dividends (if any) may be made at the discretion of the Manager. The Manager may make declaration of distribution every month. For the Unlisted Class Units, each Unitholder will receive distributions in the class currency of the relevant Unlisted Class.

There is no guarantee of regular distribution of dividends and, if dividend is paid, 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 the capital.

Distribution payment frequency and rates (if any) 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 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 up to 0.20% per year of the Net Asset Value for the Listed Class and Unlisted Class I Units and up to 0.40% per year of the Net Asset Value for the Unlisted Class A Units and Unlisted Class D Units of the Sub-Fund, and is accrued daily and

calculated as at each Dealing Day and payable monthly in arrears. The current management fee is 0% per year of the Net Asset Value for the Unlisted Class Z Units of the Sub-Fund. This fee is payable out of the Trust Fund. The current management rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Trustee'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 0.04% per year of the Net Asset Value of the Sub-Fund. The current trustee rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Fees and expenses applicable to the Listed Class Units only*

**Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only**

| | | |
|---|---|---|
| **(a)** | **Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)** | **Amount** |
| | Transaction Fee and Service Agent's Fee | USD 300[3] per Application and HKD1,000[4] per book-entry deposit and withdrawal transaction |
| | Application cancellation fee | USD 1,200[4] per Application |
| | Extension Fee | USD 1,200[5] 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** |

3 The Transaction Fee of USD300 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.

4 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.

5 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.

| | |
|---|---|
| ***(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[6] | Such amounts as determined by the relevant Participating Dealer |
| ***(ii) Fees payable by all investors in respect of dealings in the Listed Class Units on SEHK (applicable After Listing)*** | |
| Brokerage | Market rates |
| SFC transaction levy | 0.0027%[7] |
| AFRC transaction levy | 0.00015%[8] |
| SEHK trading fee | 0.00565%[9] |
| Stamp duty | Nil |

*Fees and expenses payable by investors of the Unlisted Class Units only*[10]

| | |
|---|---|
| **Preliminary Charge** | Up to 5.0% of the Issue Price of the Unlisted Class Units |
| **Redemption Charge** | Nil |
| **Switching Fee** | Up to 4.0% of the Issue Price of the Unlisted Class Units |

**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.*

The Index measures US dollar-denominated, fixed-rate, nominal debt[11] issued by the US Treasury. To be included in the Index, securities must be based on the flagship Bloomberg US Treasury Index, and includes bonds with between 1, and up to, but not including, 3 years remaining to maturity. The

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6 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.

7 The SFC transaction levy of 0.0027% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

8 AFRC transaction levy of 0.00015% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

9 The SEHK trading fee of 0.00565% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

10 Please contact the Authorised Distributor(s) of the Sub-Fund for details.

11 "Nominal debt" refers to non-inflation-linked debt.

Sub-Fund aims to match as closely as practicable, before fees and expenses, the performance of the total return version of the Index, which is calculated on the basis that dividends are reinvested.

The Index was launched in May 1997, with the history backfilled to 1 January 1992. To be eligible for inclusion in the Index, the bond has to be at least USD 300 million in amount outstanding – this ensures the constituents are liquid and investible. The Index is denominated and quoted in USD, and is a total return, market capitalisation weighted index.

US treasuries are one of the most liquid securities in global markets. As at 31 March 2026, the Index consists of 96 constituent securities. The daily total market capitalisation for the Index was USD 5.03 trillion.

The constituents of the Index together with their respective weightings, the Index methodology, the latest Index information and news may be accessed via the website of the index provider, Bloomberg Index Services Limited (the "**Index Provider**"), at https://www.bloomberg.com/professional/products/indices/fixed-income/[12]. This website has not been reviewed by the SFC.

The Manager, the Investment Sub-Manager and their connected persons are independent of the Index Provider.

*Eligibility requirements*

| | |
|---|---|
| Currency | Principal and interest must be denominated in USD. |
| Sector | Treasury bonds only. |
| Credit rating | Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used.<br><br>• Local currency treasury issues are classified using the middle issuer level rating from each agency for all outstanding bonds, even if bond level ratings are available. |

[12] Please select "Indices used in UCITS Funds" under the "Benchmark Indices" section and look for "Bloomberg U.S. Treasury: 1-3 Year Total Return Index Value U". Most up-to-date information on the constituents of the Index together with their respective weightings is accessible by clicking the icon under the corresponding "CONSTITUENTS" column.

| | |
|---|---|
| Minimum liquidity requirements | • USD 300 million minimum par amount outstanding.<br>• US Treasuries held in the Federal Reserve's System Open Market Account ("**SOMA**") account (both purchases at issuance and net secondary market transactions) are deducted from the total amount outstanding. New issuance bought at auction by the Federal Reserve does not enter the index. Net secondary market purchases/sales are adjusted in the Projected Universe of the index weekly, typically on Fridays, and in the Returns Universe once a month, based on the amount outstanding in the Projected Universe at prior month-end.[13] |
| Coupon | • Fixed-rate coupon.<br>• Original zero-coupon issues are included. |
| Maturity | Remaining years to maturity must be between 1 and 2.9999 years. |
| Security types | Included:<br>• Public obligations of the US Treasury<br>• Bullet, putable, sinkable/amortizing and callable bonds<br>• Original issue zero coupons<br><br>Excluded:<br>• US Treasuries held in the Federal Reserve SOMA account<br>• Inflation-linked bonds, floating-rate bonds<br>• Separate Trading of Registered Interest and Principal of Securities (STRIPS), Treasury bills, bellwethers<br>• State and local government series (SLGS) bonds |
| Rebalance date | Monthly on the last business day. |

*Index pricing methodology*

- Source: Bloomberg's evaluated pricing service ("**BVAL**")
- Quote Convention/Inputs: Dollar price
- Timing: 4 p.m. New York; 1 p.m. on early close unless otherwise noted; Prior to 14 January 2021, 3 p.m. pricing snap (and 1 p.m. New York for early close) was used for all bonds except taxable munis[14]

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13 For the Index, the Index Provider maintains two universes of securities: the Returns (Backward) and Projected (Forward) Universes. The composition of the Returns Universe is rebalanced at each month-end and represents the fixed set of bonds on which official index returns are calculated for the next month. The Projected Universe is a forward-looking projection that changes daily to reflect issues dropping out of and entering the index, but is not used for return calculations. The composition of the Projected Universe on the last day of the month (the rebalancing date) becomes the Returns Universe for the following month. All float adjustment updates to the US Treasury amount outstanding in the Projected Universe are made on or prior to T-3 (3 business days before month-end using the U.S. calendar).

14 On early close days between 14 January 2021 through 25 November 2021, 2 p.m. (New York time) prices were used.

- Frequency: Daily
- Settlement: Next-day settlement for all dates except month-end, which is first calendar date of following month

All US Treasury bonds, including off-the-run bonds, are priced daily on the bid side by BVAL. These Treasury marks serve as the foundation for the pricing of benchmark curves for many other asset classes in Bloomberg Indices quoted relative to Treasuries.

*Total return calculations*

1. Components of total return calculations

*Where:*
$P_b$ = beginning price $A_b$ = beginning accrued interest
$P_e$ = ending price $A_e$ = ending accrued interest
$Outstand_b$ = balance outstanding at beginning of period
$Outstand_e$ = balance outstanding at end of period
IntPayment: Interest payment during period
PrincPayment: Principal payment during period
$MV_b$ = beginning market price ($P_b$ + $A_b$)

| | |
|---|---|
| **Price return** | The return derived from price changes due to movements in interest rates, volatility, credit events and other factors.<br><br>**Monthly price return =** $(P_e – P_b) / MV_b$ |
| **Coupon return** | The return derived from the interest payment actually made on the certificate. In the case of an interest shortfall, the actual interest payment received will be less than the expected coupon payment.<br><br>**Monthly coupon return =** $[(A_e – A_b)$ + IntPayment] / $MV_b$ |
| **Paydown return** | The return related to scheduled and unscheduled payments of principal.<br><br>**Monthly Paydown Return =** [(PrincPayment/Outstandb) * (100 - $P_e$ - $A_e$)] / $MV_b$ |
| **Currency return** | The return derived from converting local returns to a base-reporting currency different from the underlying currency of the security. If the underlying and reporting currencies are the same, the currency return is zero. Currency returns can be hedged or unhedged.<br><br>**Monthly Currency Return (Unhedged)** = % change in spot * (1 + local return)<br>Local Return = price return + coupon return + paydown return<br><br>**Monthly Currency Return (Hedged)** = Expected Currency Return + Residual Currency Return<br><br>Expected Currency Return = Relative Forward Rate Differential * (1 + Expected Local Return)<br><br>• Relative Forward Rate Differential = (Forward Rate–Spot Rate) / Spot Rate<br>• Expected Local Return = (1 + Yield beginning/2)(1/6) - 1<br>• Residual Currency Return = (% change in spot) * (Local Return - Expected Return) |

| | |
|---|---|
| | • Local Return = price return + coupon return + paydown return<br>• Exchange Rate = base currency / local currency<br>• Forward Rate = Spot rate beginning * (1 + One Month Base Depo) / (1 + One Month Local Depo) |

**Total return = Price return + Coupon return + Paydown return + Currency return**

2. Market value security weight calculations

*Where:*
$P_b$ = beginning price $A_b$ = beginning accrued interest
$Outstand_b$ = bond outstanding at beginning of period
RU = Returns Universe of a bond index
$MV_b$ = beginning market price ($P_b$ + $A_b$)
$MarketValue_b$ = beginning of period market value = $MV_b$ * $Outstand_b$

**RU Market Value Weight in % =** $$\frac{\text{MarketValue}_b}{\sum_{RU} MarketValue_b} = \frac{(P_b+A_b)*Outstand_b}{\sum_{RU}(MV_b*Outstand_b)}$$

3. Index return calculations

Index Total Return MTD = ∑ (Bond Weight * Bond Total Return MTD)

*Where:*
Bond Weight = % security contribution to Returns Universe using market value weights or other index weighting schemes
Bond Return = security-level return (total, excess, etc.) since last index rebalancing.

4. Cumulative index returns (periodic and since inception) and index values

| | |
|---|---|
| **Since Inception Total Return (SITR)** | Cumulative total return since inception indexed to zero<br>SITR = [(100 + $SITR_{BOM}$) * (1 + TRMTD)] - 100 |
| **Since Inception Price Return (SIPR)** | Cumulative price return since inception of the index |
| **Since Inception Coupon Return** | Cumulative coupon return without reinvestment, a linking of an index's MTD coupon return |
| **Since Inception Other Return** | Cumulative paydown and currency return, linking an index's MTD other return |
| **Since Inception Coupon with Reinvestment** | Cumulative coupon return with reinvestment<br>= SITR – SIPR – Inception Other |
| **Index Value (IV)** | Cumulative total return since inception indexed to 100.<br>IV = SITR + 100 |
| Where:<br>$IV_B$ = beginning of period Index Value (SITR + 100)<br>$IV_E$ = end of period Index Value (SITR + 100) | |
| **Periodic 3 Month** | Rolling 3-month total returns = [($IV_E$ / $IV_B$) * 100] – 100 |

| | |
|---|---|
| **Periodic 6 Month** | Rolling 6-month total returns = [$IV_E$ / $IV_B$) * 100] – 100 |

*Further information on Index methodology*

Investors can refer to the Index Provider's website (https://www.bloomberg.com/professional/products/indices/fixed-income/fact-sheets-publications/#treasury-government) for further details on the Index methodology. This website has not been reviewed by the SFC.

*Index license agreement*

The Manager has entered into a license agreement with the Index Provider. The term of the license agreement commenced on 11 September 2024 and should continue for 2 years. After the expiration of the initial term, the license will be automatically renewed for successive terms of 2 years unless either party gives at least 30 days' notice of termination prior to the end of the then current term to the other party. The license agreement may otherwise be terminated in accordance with the provisions of the license agreement.

*Index Disclaimer*

"Bloomberg®" and the indices referenced herein (the "Indices", and each such index, an "Index") are trademarks or service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the Index (collectively, "Bloomberg"), and/or one or more third-party providers (each such provider, a "Third-Party Provider,") and have been licensed for use for certain purposes to HANG SENG INVESTMENT MANAGEMENT LIMITED (the "Licensee"). To the extent a Third-Party Provider contributes intellectual property in connection with the Index, such third-party products, company names and logos are trademarks or service marks, and remain the property of such Third-Party Provider.

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NEITHER BLOOMBERG NOR ANY THIRD-PARTY PROVIDER GUARANTEES THE ACCURACY AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO AND SHALL NOT HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. NEITHER BLOOMBERG NOR ANY THIRD-PARTY PROVIDER MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, OWNERS OF THE FINANCIAL PRODUCTS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA RELATED THERETO. NEITHER BLOOMBERG NOR ANY THIRD-PARTY PROVIDER MAKES ANY EXPRESS OR IMPLIED WARRANTIES AND EACH EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, TO THE MAXIMUM EXTENT ALLOWED BY LAW, BLOOMBERG, ITS

LICENSORS, THIRD-PARTY PROVIDERS, AND ITS AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, AGENTS, SUPPLIERS, AND VENDORS SHALL HAVE NO LIABILITY OR RESPONSIBILITY WHATSOEVER FOR ANY INJURY OR DAMAGES—WHETHER DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR OTHERWISE—ARISING IN CONNECTION WITH THE FINANCIAL PRODUCTS OR INDICES AND BLOOMBERG, ANY THIRD-PARTY PROVIDER, THEIR LICENSORS, AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, AGENTS, SUPPLIERS, AND VENDORS SHALL HAVE NO LIABILITY OR RESPONSIBILITY WHATSOEVER FOR ANY INJURY OR DAMAGES— WHETHER DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR OTHERWISE—ARISING IN CONNECTION WITH THE INDEX OR ANY DATA OR VALUES RELATING THERETO—WHETHER ARISING FROM THEIR NEGLIGENCE OR OTHERWISE, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF.

**Appendix dated 21 September 2026**

## APPENDIX 6: HANG SENG CMS BLOOMBERG US TREASURY 7-10 YEAR INDEX ETF

*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.*

**Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. Please refer to the sections relevant to your intended holding of Units.**

**Key information applicable to both Listed Class Units and Unlisted Class Units**

| | |
|---|---|
| **Index** | Bloomberg US Treasury 7-10 Year Index ("**Index**") (total return version) |
| **Type of index** | Total return, i.e. the performance of the Index is calculated on the basis that dividends are reinvested |
| **Base Currency** | United States dollars (USD) |
| **Investment Strategy** | Please refer to the section on "What is the investment strategy?" below |
| **Financial Year End** | 31 December |
| **Dealing Day** | Each Business Day on which the underlying US Treasury market is open for normal trading, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee. |
| **Website** | www.hangsenginvestment.com (this website has not been reviewed by the SFC) |

**Key information applicable to the Listed Class Units only**

| | |
|---|---|
| **Listing Date (SEHK)** | 16 September 2024 |
| **Exchange Listing** | SEHK – Main Board |
| **Stock Code** | 03435 – HKD Counter |
| **Short Stock Name** | HSCMS 7-10Y UST – HKD Counter |
| **Trading Board Lot Size** | 10 Units – HKD Counter |
| **Trading Currency** | Hong Kong dollars (HKD) – HKD counter |
| **Distribution Policy** | Quarterly (if any).<br><br>Quarterly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution in March, June, September and December of each year. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay |

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| | 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 will receive distributions in USD only.** |
| **Creation/Redemption Policy** | Cash (in USD) or in-kind creation and redemption |
| **Application Unit Size (only by or through Participating Dealers)** | Minimum 50,000 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 Deadline** | 4:30 p.m. (Hong Kong time) |
| **Management Fee** | Currently up to 0.20% per year of the Net Asset Value |
| **Market Makers (HKD counter)*** | China Merchants Securities (HK) Co., Limited |
| **Participating Dealers*** | Barclays Bank Plc<br>China Merchants Securities (HK) Co., Limited<br>Haitong International Securities Company Limited<br>Merrill Lynch Far East Limited<br>Mirae Asset Securities (HK) Limited |
| **Service Agent** | HK Conversion Agency Services Limited |
| **Listing Agent** | Hang Seng Investment Management Limited |

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

**Key information applicable to the Unlisted Class only**

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| **Initial Issue Date** | 16 September 2024 |
| **Unlisted Classes Offered** | Class A USD – Income Units<br>Class A HKD – Income Units<br>Class A RMB – Income Units |

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| | Class A RMB (hedged) – Income Units<br><br>Class D HKD – Accumulation Units<br><br>Class I USD – Accumulation Units<br><br>Class I USD – Income Units<br><br>Class I RMB – Accumulation Units<br><br>Class I RMB (hedged) – Accumulation Units<br><br>Class Z USD – Accumulation Units<br><br>Class Z USD – Income Units |
| **Initial Issue Price** | Class A USD – Income Units: USD 10<br><br>Class A HKD – Income Units: HKD 10<br><br>Class A RMB – Income Units: RMB 10<br><br>Class A RMB (hedged) – Income Units: RMB 10<br><br>Class D HKD – Accumulation Units: HKD 1<br><br>Class I USD – Accumulation Units: USD 10<br><br>Class I USD – Income Units: USD 10<br><br>Class I RMB – Accumulation Units: RMB 10<br><br>Class I RMB (hedged) – Accumulation Units: RMB 10<br><br>Class Z USD – Accumulation Units: USD 10<br><br>Class Z USD – Income Units: USD 10 |
| **Dealing Deadline** | 7:00 p.m. (Hong Kong time) |
| **Distribution Policy** | **Accumulation Units:**<br><br>Income arising in respect of Accumulation Units accumulated.<br><br>No distributions will be made currently. Any income received by Accumulation Units (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.<br><br>**Income Units:**<br><br>Monthly (if any).<br><br>Monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution |

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| | every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in their respective class currencies.** | |
| **Management Fee** | Class A USD – Income Units<br><br>Class A HKD – Income Units<br><br>Class A RMB – Income Units<br><br>Class A RMB (hedged) – Income Units<br><br>Class D HKD – Accumulation Units | Currently up to 0.40% per year of the Net Asset Value |
| | Class I USD – Accumulation Units<br><br>Class I USD – Income Units<br><br>Class I RMB – Accumulation Units<br><br>Class I RMB (hedged) – Accumulation Units | Currently up to 0.20% per year of the Net Asset Value |
| | Class Z USD – Accumulation Units<br><br>Class Z USD –Income Units | Currently 0% per year of the Net Asset Value |
| **Trustee Fee** | 0.04% per annum of the Net Asset Value of the Sub-Fund | |

**Key similarities and differences between Listed Class and Unlisted Class**

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| **Investment Objective** | Same for both Listed Class and Unlisted Class. Please refer to the sections below headed "What is the investment objective?" and "What is the investment strategy?" |
| **Investment Strategy** | |

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| **Valuation Policy** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DETERMINATION OF NET ASSET VALUE" of this Prospectus. |
| **Valuation Point** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DEFINITIONS" of this Prospectus. |
| **Dealing Arrangements** | There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, including but not limited to different minimum amounts for creation/subscription and redemption of Units.<br><br>Unitholders should note that the dealing frequency, the definition of "Dealing Day" and the Dealing Deadlines for creation/subscription and redemption in respect of Listed Class and Unlisted Class are the same. However, the applicable dealing procedures and timing with the relevant Participating Dealer (in the case of the Listed Class) and the Authorised Distributor (if applicable, in the case of the Unlisted Class) may be different. Unitholders should check with the relevant Participating Dealer or Authorised Distributor (as applicable) for the applicable dealing procedures and timing.<br><br>**In respect of the Listed Class:**<br><br>- a cash or in-kind Creation Application or Redemption Application for Listed Class Units received at or before 4:30 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Listed Class Units of the Sub-Fund of Day T;<br><br>- a cash or in-kind Creation Application or Redemption Application for Listed Class Units received after the dealing deadline of Day T for such Class (i.e. 4:30 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class Units of the Sub-Fund of Day T+1;<br><br>- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the dealing deadline; and<br><br>- a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open for trading. Investors can buy or sell the Listed Class Units at market price.<br><br>**In respect of the Unlisted Class:**<br><br>- a subscription or redemption application for Unlisted Class Units received at or before *7:00 p.m. (Hong Kong time)* on Day T will be processed at the Net Asset Value per Unit of the Unlisted Class Units of Day T; |

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| | - a subscription or redemption application for Unlisted Class Units received after the dealing deadline of Day T for such class (i.e. *7:00 p.m. (Hong Kong time)* on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of the Unlisted Class Units of Day T+1; and<br><br>- applicants may apply for Unlisted Class Units through the Manager or an Authorised Distributor. Authorised Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Unlisted Class Units through an Authorised Distributor should therefore consult the Authorised Distributor for details of the relevant dealing procedures.<br><br>Please refer to the sections headed "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" and "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" in this Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively. |
| **Distribution Policy** | **In respect of the Listed Class:**<br><br>Quarterly (if any).<br><br>Quarterly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution in March, June, September and December of each year. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in USD only.**<br><br>**In respect of the Unlisted Classes:**<br><br>**Accumulation Units:** |

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| | Income arising in respect of Accumulation Units accumulated.<br><br>No distributions will be made currently. Any income received by Accumulation Units (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.<br><br>**Income Units:**<br><br>Monthly (if any).<br><br>Monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in their respective class currencies. |
| **Fee Structure** | **In respect of the Listed Class:**<br><br>The current Management Fee is up to 0.20% per annum of the Net Asset Value of Listed Class and is accrued daily and calculated as at each Dealing Day. It is payable out of the Listed Class monthly in arrears.<br><br>An investment in the Listed Class in the secondary market is subject to fees involved in relation to the trading of such Listed Class Units on the SEHK (such as the brokerage fee, transaction levy, trading fee and so on).<br><br>**In respect of the Unlisted Classes:**<br><br>For Class A Units and Class D Units, the management fee is currently up to 0.40% per annum of the Net Asset Value of each Class and up to 0.20% per annum for Class I Units, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class Z Units, the management fee is currently 0% per annum of their Net Asset Value. |

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| | The Manager may levy a Preliminary Charge of up to 5.0% of the Issue Price of Unlisted Class Units. No Redemption Charge will be levied on the Unlisted Class Units.<br><br>Neither Listed Classes nor Unlisted Classes employ a single management fee structure. The following fees and expenses may be payable out of and borne by each of the Classes: the Trustee's fee, Registrar's fees, custodian's fees, fees and expenses of the auditors, transaction fee, license fees, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or any of their agents.<br><br>Please refer to the sections headed "Fees and expenses payable by a Sub-Fund" and "Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only" in this Appendix for further details. |
| **Net Asset Value per unit** | There is a separate Net Asset Value for each class of Units. The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee and expense items applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different.<br><br>Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class.<br><br>Please refer to the relevant risk factors in the product key facts statements of the Listed Class and Unlisted Class and the section headed "RISK FACTORS" in this Prospectus. |
| **Termination** | Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub-section headed "Termination" under the section headed "STATUTORY AND GENERAL INFORMATION" of this Prospectus for further details. |

**What is the investment objective?**

The Sub-Fund is an index-tracking fund which aims to match as closely as practicable, before fees and expenses, the total return performance of the Index.

**What is the investment strategy?**

In seeking to achieve the Sub-Fund's investment objective, the Sub-Fund will adopt a representative sampling strategy that may include the strategic selection[1] of some (rather than all) of the securities that make up the Index and holding securities in proportions that differ from their

[1] This refers to selection of securities by the Sub-Fund after 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, of the constituent securities of the Index.

weightings in the Index. To help the Sub-Fund achieve its investment objective, the Sub-Fund may also hold some securities which are not underlying constituents of the Index where such securities collectively feature a high correlation with the Index (such as US Treasury securities of maturities which are shorter or longer than those of the securities that make up the Index). It is therefore not expected that the Sub-Fund will hold each and every underlying constituent of the Index at all times or hold them in the same proportion as their weightings in the Index. The Sub-Fund will invest at least 70% of its Net Asset Value directly in the securities which are underlying constituents of the Index.

The representative sampling strategies may also include investments in other collective investment schemes (including exchange-traded funds[2]) and/or the use of financial derivative instruments (including US Treasury futures of varying expiration dates) to track the performance of certain securities that make up the Index. Such strategies and financial derivative instruments are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index.

Depending on prevailing market conditions, the Sub-Fund may also 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.

Although financial derivative instruments may be used (as aforesaid), they will not be used extensively for investment purpose. Financial derivative instruments may also be used for currency hedging purposes in respect of hedged Unlisted Class(es).

The Sub-Fund may also invest not more than 10% of its Net Asset Value in cash and cash equivalents (including money market funds which are authorised under Chapter 8.2 of the Code) or eligible schemes under Chapter 7.11A of the Code for cash management purposes.

*Securities financing transactions*

The Sub-Fund can enter into securities lending transactions for a maximum level of up to 30% and expected level of up to 20% of its Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. As part of its securities lending transactions, the Sub-Fund will receive collateral, the value of which, during the duration of the securities lending agreement, will be equivalent to at least 100% of the valuation of the securities lent, marked to market on a daily basis and safekept by the Trustee or an agent appointed by the Trustee. Non-cash collateral received may not be sold, reinvested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the Code. Please refer to the sub-section headed “Securities Financing Transactions” in Schedule 1 to Part 1 of this Prospectus for the details of the arrangements.

Currently, the Manager has no intention to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund. In the future, where the Manager intends to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund, subject to SFC’s prior approval (if necessary), 1 month’s prior notice will be given to the relevant Unitholders.

The net derivative exposure will be up to 50% of its Net Asset Value.

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2 Investments in ETFs by the Sub-Fund are considered and treated as collective investment schemes for the purposes of and subject to the requirements in Chapters 7.11, 7.11A and 7.11B of the Code.

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 relevant 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 / single issuer risk*

The Sub-Fund's investments are concentrated in a specific geographical region (i.e. the United States of America), and are concentrated in debt securities of a single issuer (i.e. the US Treasury). The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the market of United States of America.

*Risk of investing in other collective investment schemes*

The underlying collective investment schemes in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

*Reliance on the same group risk*

Each of the Trustee (also acting as the Registrar) and the Manager (also acting as the Listing Agent with respect to the Listed Class Units only) are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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 and the Manager are presently all members of the Group, and one or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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, will vigorously manage any such conflict in the best interest of investors 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.

*Reliance on the Investment Sub-Manager risk*

The Manager has delegated the investment discretion in respect of the US Treasury securities of the Sub-Fund to the Investment Sub-Manager and will rely on the Investment Sub-Manager's expertise and systems for the Sub-Fund's investments in the US Treasury securities only. Any disruption in the communication with or assistance from the Investment Sub-Manager or a loss of service of the Investment Sub-Manager or any of its key personnel may adversely affect the

operations of the Sub-Fund.

*Sovereign debt risks*

By investing in debt obligations of the US Treasury, the Sub-Fund will be exposed to the direct or indirect consequences of political, social and economic changes in the US. Political changes in the US may affect the willingness of the US Treasury to make or provide for timely payments of its debt obligations. The US's economic status, as reflected, among other things, in its inflation rate, the amount of its external debt and its gross domestic product, will also affect the US Treasury's ability to honour its obligations.

The ability of the US Treasury to make timely payments on its debt obligations is likely to be influenced strongly by its balance of payments, including export performance, and its access to international credits and investments. To the extent that the US receives payment for its exports in currencies other than the currency of the relevant debt obligation, its ability to make debt payments in the currency of the relevant debt obligation could be adversely affected. To the extent that the US develops a trade deficit, it will need to depend on continuing loans from foreign governments, supranational entities or private commercial banks, aid payments from foreign governments and on inflows of foreign investment. The access of the US to these forms of external funding may not be certain, and a withdrawal of external funding could adversely affect the capacity of the US to make payments on its debt obligations. In addition, the cost of servicing debt obligations can be affected by a change in global interest rates since the majority of these debt obligations carry interest rates that are adjusted periodically based upon global rates.

The Sub-Fund's portfolio may comprise debt obligations of the US Treasury, for which a limited or no established secondary market exists. Reduced secondary market liquidity may have an adverse effect on the market price and the Sub-Fund's ability to dispose of particular instruments when necessary to meet liquidity requirements or in response to specific economic events such as deterioration in the creditworthiness of the issuer. Reduced secondary market liquidity for such debt obligations may also make it more difficult to obtain accurate market quotations for the purpose of determining the Net Asset Value of the Sub-Fund. Market quotations are generally available on many sovereign debt obligations only from a limited number of dealers and may not necessarily represent firm bids of those dealers or prices for actual sales.

The holder of certain sovereign debt obligations may have limited legal recourse in the event of a default with respect to such obligations. For example, remedies from defaults on certain debt obligations of governmental entities, unlike those on private debt, must, in some cases, be pursued in the courts of the defaulting party itself. Legal recourse therefore may be significantly diminished. Bankruptcy, moratorium and other similar laws applicable to issuers of sovereign debt obligations may be substantially different from those applicable to issuers of private debt obligations. The political context, expressed as the willingness of an issuer of sovereign debt obligations to meet the terms of the debt obligation, for example, is of considerable importance.

**The Offering and Redemption of Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 16 September 2024.

For Eligible Investors, special creations and redemptions for Listed Class Units in the Sub-Fund are available.

The current Dealing Deadline for making a Creation Application, a Redemption Application, a Special Creation Application or a Special Redemption Application is 4:30 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 or the underlying US Treasury market 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. Settlement for subscribing

Listed Class 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 Issue Price or redemption price of each Listed Class Unit for any relevant Dealing Day will, subject to the qualification in respect of the swing pricing adjustments as set out in the sub-section headed "Issue Price and Redemption Value of Units" under "DETERMINATION OF NET ASSET VALUE" of this Prospectus be based on the Net Asset Value of the Listed Class Units of the Sub-Fund in USD at the Valuation Point divided by the number of Listed Class Units then in issue or deemed to be in issue, rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up (unless otherwise agreed by the Manager and the Trustee). Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund.
All investors may buy and sell Listed Class Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for cash or in-kind creation and redemption of Listed Class Units in the primary market.

The attention of investors is drawn to the section entitled "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" in Part 1 of this Prospectus.

**Trading of Listed Class Units**

The Sub-Fund offers HKD counter on the SEHK to investors for secondary trading purposes. Listed Class Units are denominated in USD.

The HKD counter and traded Listed Class Units have a SEHK stock code 03435 and a short name "HSCMS 7-10Y UST". The ISIN for HKD counter and traded Listed Class Units is HK0001048260.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the HKD Counter.

**Exchange Listing and Trading (Secondary Market) for Listed Class Units**

Dealings in the Listed Class Units on the SEHK began on 16 September 2024. Listed Class Units will trade on the SEHK in board lots of 10 Units.

Participating Dealers and Eligible Investors should note that they will not be able to sell or otherwise deal in the Listed Class Units on the SEHK until dealings begin on the SEHK.

Listed Class 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 Listed Class 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 for Listed Class Units**

Listed Class Units can be redeemed directly (through a Participating Dealer) by way of a Redemption Application or (through an Eligible Investor) by way of a Special Redemption Application. Redemption proceeds may be paid in (i) cash or (ii) in-kind. Any accepted Redemption Application or Special Redemption Application will be effected by the payment of cash and/or transfer of Securities (as the case may be) 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.

**The Subscription and Redemption of Unlisted Class Units**

*Unlisted Classes of Units*

The Sub-Fund currently offers the following Unlisted Classes of Units to investors:

- Class A USD – Income Units
- Class A HKD – Income Units
- Class A RMB – Income Units
- Class A RMB (hedged) – Income Units
- Class D HKD – Accumulation Units
- Class I USD – Accumulation Units
- Class I USD – Income Units
- Class I RMB – Accumulation Units
- Class I RMB (hedged) – Accumulation Units
- Class Z USD – Accumulation Units
- Class Z USD – Income Units

Class Z Units are only available for subscription by investors selected by the Manager.

*Subscription and Redemption Procedures*

The following apply to Unlisted Classes:

- Initial issue date: 16 September 2024
- Dealing Deadline: 7:00 p.m. (Hong Kong time) on each Dealing Day
- Subscription payment deadline: payment for Unlisted Class Units being applied for, together with any Preliminary Charge, is due in the Class currency of the relevant Class within 1 Business Day of the Dealing Day on which the subscription application is made, unless the Manager agrees to accept late payment

The Issue Price or redemption price of each Unlisted Class Unit for any relevant Dealing Day will be based on the Net Asset Value of the Unlisted Class Units of the Sub-Fund at the Valuation Point divided by the number of Unlisted Class Units then in issue or deemed to be in issue. Unless otherwise agreed by the Manager and the Trustee, the issue price or redemption price of a Unit is rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up. Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund. Please refer to the section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" of this Prospectus for further details on the subscription, redemption and payment procedures in respect of the Unlisted Class Units.

To supplement the sub-section headed "Payment Procedures" under the section headed "Subscription of Unlisted Class Units" in Part I of this Prospectus, payment for Unlisted Class Units shall be due in the Class currency of the relevant Class within 1 Business Day of the Dealing Day on which the subscription application is made.

**Switching**

Switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

Unless otherwise agreed by the Manager, Unlisted Class Units of the Sub-Fund may only be switched into the same Unlisted Class Units of any collective investment scheme managed by the Manager. Similarly, unless otherwise agreed by the Manager, the Unlisted Class Units of any

collective investment scheme managed by the Manager may only be switched into Units of the same Unlisted Class of the Sub-Fund. Where the switching is between Units denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

**Distribution policy**

*Accumulation Units*

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made currently. Any income received by the Accumulation Units (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

*Income Units*

In respect of the Income Units of the Listed Class, quarterly cash dividends (if any) may be made at the discretion of the Manager. The Manager may make declaration of distribution in March, June, September and December of each year. For the Listed Class Units, each Unitholder will receive distributions in USD.

In respect of the Income Units of the Unlisted Class, monthly cash dividends (if any) may be made at the discretion of the Manager. The Manager may make declaration of distribution every month. For the Unlisted Class Units, each Unitholder will receive distributions in the class currency of the relevant Unlisted Class.

There is no guarantee of regular distribution of dividends and, if dividend is paid, 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 the capital.

Distribution payment frequency and rates (if any) 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 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 up to 0.20% per year of the Net Asset Value for the Listed Class and Unlisted Class I Units and up to 0.40% per year of the Net Asset Value for the Unlisted Class A Units and Unlisted Class D Units of the Sub-Fund, and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The current management fee is 0% per year of the Net Asset Value for the Unlisted Class Z Units of the Sub-Fund. This fee is payable out of the Trust Fund. The current management rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Trustee'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 0.04% per year of the Net Asset Value of the Sub-Fund. The current trustee rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Fees and expenses applicable to the Listed Class Units only*

**Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only**

| | **Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)** | **Amount** |
|---|---|---|
| | Transaction Fee and Service Agent's Fee | USD 300[3] per Application and HKD1,000[4] per book-entry deposit and withdrawal transaction |
| | Application cancellation fee | USD 1,200[4] per Application |
| | Extension Fee | USD 1,200[5] 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 |

3 The Transaction Fee of USD300 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.

4 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.

5 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.

| (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[6] | Such amounts as determined by the relevant Participating Dealer |
| | ***(ii) Fees payable by all investors in respect of dealings in the Listed Class Units on SEHK (applicable After Listing)*** | |
| | Brokerage | Market rates |
| | SFC transaction levy | 0.0027%[7] |
| | AFRC transaction levy | 0.00015%[8] |
| | SEHK trading fee | 0.00565%[9] |
| | Stamp duty | Nil |

*Fees and expenses payable by investors of the Unlisted Class Units only*[10]

| | |
|---|---|
| **Preliminary Charge** | Up to 5.0% of the Issue Price of the Unlisted Class Units |
| **Redemption Charge** | Nil |
| **Switching Fee** | Up to 4.0% of the Issue Price of the Unlisted Class Units |

**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.*

The Index measures US dollar-denominated, fixed-rate, nominal debt[11] issued by the US Treasury.

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6 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.

7 The SFC transaction levy of 0.0027% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

8 AFRC transaction levy of 0.00015% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

9 The SEHK trading fee of 0.00565% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

10 Please contact the Authorised Distributor(s) of the Sub-Fund for details.

11 "Nominal debt" refers to non-inflation-linked debt.

To be included in the Index, securities must be based on the flagship Bloomberg US Treasury Index, and includes bonds with between 7, and up to, but not including, 10 years remaining to maturity. The Sub-Fund aims to match as closely as practicable, before fees and expenses, the performance of the total return version of the Index, which is calculated on the basis that dividends are reinvested.

The Index was launched in May 1997, with the history backfilled to 1 January 1992. To be eligible for inclusion in the Index, the bond has to be at least USD 300 million in amount outstanding – this ensures the constituents are liquid and investible. The Index is denominated and quoted in USD, and is a total return, market capitalisation weighted index.

US treasuries are one of the most liquid securities in global markets. As at 31 March 2026, the Index consists of 13 constituent securities. The daily total market capitalisation for the Index was USD 1.37 trillion.

The constituents of the Index together with their respective weightings, the Index methodology, the latest Index information and news may be accessed via the website of the index provider, Bloomberg Index Services Limited (the "**Index Provider**"), at https://www.bloomberg.com/professional/products/indices/fixed-income/[12]. This website has not been reviewed by the SFC.

The Manager, the Investment Sub-Manager and their connected persons are independent of the Index Provider.

*Eligibility requirements*

| | |
|---|---|
| Currency | Principal and interest must be denominated in USD. |
| Sector | Treasury bonds only. |
| Credit rating | Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used.<br><br>• Local currency treasury issues are classified using the middle issuer level rating from each agency for all outstanding bonds, even if bond level ratings are available. |
| Minimum liquidity requirements | • USD 300 million minimum par amount outstanding.<br><br>• US Treasuries held in the Federal Reserve's System Open Market Account ("**SOMA**") account (both purchases at issuance and net secondary market transactions) are deducted from the total amount outstanding. New issuance bought at auction by the Federal Reserve does not enter the index. Net secondary market purchases/sales are adjusted in the Projected Universe of the index weekly, typically on Fridays, and in the Returns Universe once a month, based on the amount outstanding in the |

12 Please select "Indices used in UCITS Funds" under the "Benchmark Indices" section and look for "Bloomberg U.S. Treasury: 7-10 Year TR Index Value Unhedged U". Most up-to-date information on the constituents of the Index together with their respective weightings is accessible by clicking the icon under the corresponding "CONSTITUENTS" column.

| | |
|---|---|
| | Projected Universe at prior month-end.[13] |
| Coupon | • Fixed-rate coupon.<br>• Original zero-coupon issues are included. |
| Maturity | Remaining years to maturity must be between 7 and 9.9999 years. |
| Security types | Included<br>• Public obligations of the US Treasury<br>• Bullet, putable, sinkable/amortizing and callable bonds<br>• Original issue zero coupons<br><br>Excluded<br>• US Treasuries held in the Federal Reserve SOMA account<br>• Inflation-linked bonds, floating-rate bonds<br>• Separate Trading of Registered Interest and Principal of Securities (STRIPS), Treasury bills, bellwethers<br>• State and local government series (SLGS) bonds |
| Rebalance date | Monthly on the last business day. |

*Index pricing methodology*

- Source: Bloomberg's evaluated pricing service ("**BVAL**")
- Quote Convention/Inputs: Dollar price
- Timing: 4 p.m. New York; 1 p.m. on early close unless otherwise noted; Prior to 14 January 2021, 3 p.m. pricing snap (and 1 p.m. New York for early close) was used for all bonds except taxable munis[14]
- Frequency: Daily
- Settlement: Next-day settlement for all dates except month-end, which is first calendar date of following month

All US Treasury bonds, including off-the-run bonds, are priced daily on the bid side by BVAL. These Treasury marks serve as the foundation for the pricing of benchmark curves for many other asset classes in Bloomberg Indices quoted relative to Treasuries.

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13 For the Index, the Index Provider maintains two universes of securities: the Returns (Backward) and Projected (Forward) Universes. The composition of the Returns Universe is rebalanced at each month-end and represents the fixed set of bonds on which official index returns are calculated for the next month. The Projected Universe is a forward-looking projection that changes daily to reflect issues dropping out of and entering the index, but is not used for return calculations. The composition of the Projected Universe on the last day of the month (the rebalancing date) becomes the Returns Universe for the following month. All float adjustment updates to the US Treasury amount outstanding in the Projected Universe are made on or prior to T-3 (3 business days before month-end using the U.S. calendar).

14 On early close days between 14 January 2021 through 25 November 2021, 2 p.m. (New York time) prices were used.

*Total return calculations*

1. Components of total return calculations

*Where:*
$P_b$ = beginning price $A_b$ = beginning accrued interest
$P_e$ = ending price $A_e$ = ending accrued interest
$Outstand_b$ = balance outstanding at beginning of period
$Outstand_e$ = balance outstanding at end of period
IntPayment: Interest payment during period
PrincPayment: Principal payment during period
$MV_b$ = beginning market price ($P_b$ + $A_b$)

| | |
|---|---|
| **Price return** | The return derived from price changes due to movements in interest rates, volatility, credit events and other factors.<br><br>**Monthly price return =** $(P_e – P_b) / MV_b$ |
| **Coupon return** | The return derived from the interest payment actually made on the certificate. In the case of an interest shortfall, the actual interest payment received will be less than the expected coupon payment.<br><br>**Monthly coupon return =** $[(A_e – A_b)$ + IntPayment] / $MV_b$ |
| **Paydown return** | The return related to scheduled and unscheduled payments of principal.<br><br>**Monthly Paydown Return =** [(PrincPayment/Outstandb) * (100 - $P_e$ - $A_e$)] / $MV_b$ |
| **Currency return** | The return derived from converting local returns to a base-reporting currency different from the underlying currency of the security. If the underlying and reporting currencies are the same, the currency return is zero. Currency returns can be hedged or unhedged.<br><br>**Monthly Currency Return (Unhedged)** = % change in spot * (1 + local return)<br>Local Return = price return + coupon return + paydown return<br><br>**Monthly Currency Return (Hedged)** = Expected Currency Return + Residual Currency Return<br><br>Expected Currency Return = Relative Forward Rate Differential * (1 + Expected Local Return)<br><br>• Relative Forward Rate Differential = (Forward Rate – Spot Rate) / Spot Rate<br>• Expected Local Return = (1 + Yield beginning/2)(1/6) - 1<br>• Residual Currency Return = (% change in spot) * (Local Return - Expected Return)<br>• Local Return = price return + coupon return + paydown return<br>• Exchange Rate = base currency / local currency<br>• Forward Rate = Spot rate beginning * (1 + One Month Base Depo) / (1 + One Month Local Depo) |

**Total return = Price return + Coupon return + Paydown return + Currency return**

2. Market value security weight calculations

*Where:*
$P_b$ = beginning price $A_b$ = beginning accrued interest
$Outstand_b$ = bond outstanding at beginning of period
RU = Returns Universe of a bond index
$MV_b$ = beginning market price ($P_b$ + $A_b$)
MarketValueb = beginning of period market value = $MV_b$ * $Outstand_b$

**RU Market Value Weight in % =** $\frac{\text{MarketValue}_b}{\sum_{RU} MarketValue_b} = \frac{(P_b+A_b)*Outstand_b}{\sum_{RU}(MV_b*Outstand_b)}$

3. Index return calculations

Index Total Return MTD = ∑ (Bond Weight * Bond Total Return MTD)

*Where:*
Bond Weight = % security contribution to Returns Universe using market value weights or other index weighting schemes
Bond Return = security-level return (total, excess, etc.) since last index rebalancing.

4. Cumulative index returns (periodic and since inception) and index values

| | |
|---|---|
| **Since Inception Total Return (SITR)** | Cumulative total return since inception indexed to zero<br>SITR = [(100 + $SITR_{BOM}$) * (1 + TRMTD)] - 100 |
| **Since Inception Price Return (SIPR)** | Cumulative price return since inception of the index |
| **Since Inception Coupon Return** | Cumulative coupon return without reinvestment, a linking of an index's MTD coupon return |
| **Since Inception Other Return** | Cumulative paydown and currency return, linking an index's MTD other return |
| **Since Inception Coupon with Reinvestment** | Cumulative coupon return with reinvestment<br>= SITR – SIPR – Inception Other |
| **Index Value (IV)** | Cumulative total return since inception indexed to 100.<br>IV = SITR + 100 |
| Where:<br>$IV_B$ = beginning of period Index Value (SITR + 100)<br>$IV_E$ = end of period Index Value (SITR + 100) | |
| **Periodic 3 Month** | Rolling 3-month total returns = [($IV_E$ / $IV_B$) * 100] – 100 |
| **Periodic 6 Month** | Rolling 6-month total returns = [($IV_E$ / $IV_B$) * 100] – 100 |

*Further information on Index methodology*

Investors can refer to the Index Provider's website (https://www.bloomberg.com/professional/products/indices/fixed-income/fact-sheets-publications/#treasury-government) for further details on the Index methodology. This website has not been reviewed by the SFC.

*Index license agreement*

The Manager has entered into a license agreement with the Index Provider. The term of the license agreement commenced on 11 September 2024 and should continue for 2 years. After the expiration of the initial term, the license will be automatically renewed for successive terms of 2 years unless either party gives at least 30 days' notice of termination prior to the end of the then current term to the other party. The license agreement may otherwise be terminated in accordance with the provisions of the license agreement.

*Index Disclaimer*

"Bloomberg®" and the indices referenced herein (the "Indices", and each such index, an "Index") are trademarks or service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the Index (collectively, "Bloomberg"), and/or one or more third-party providers (each such provider, a "Third-Party Provider,") and have been licensed for use for certain purposes to HANG SENG INVESTMENT MANAGEMENT LIMITED (the "Licensee"). To the extent a Third-Party Provider contributes intellectual property in connection with the Index, such third-party products, company names and logos are trademarks or service marks, and remain the property of such Third-Party Provider.

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INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR OTHERWISE—ARISING IN CONNECTION WITH THE INDEX OR ANY DATA OR VALUES RELATING THERETO—WHETHER ARISING FROM THEIR NEGLIGENCE OR OTHERWISE, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF.

**Appendix dated 21 September 2026**

## APPENDIX 7: HANG SENG JPMORGAN US EQUITY PREMIUM INCOME ACTIVE ETF

*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.*

**Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. Please refer to the sections relevant to your intended holding of Units.**

**Key information applicable to both Listed Class Units and Unlisted Class Units**

| | |
|---|---|
| **Base Currency** | United States dollars (USD) |
| **Investment Strategy** | Authorised 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 |
| **Dealing Day** | Each Business Day which is a dealing day of the Master ETF, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee. |
| **Website** | www.hangseninvestment.com (this website has not been reviewed by the SFC) |

**Key information applicable to the Listed Class Units only**

| | |
|---|---|
| **Listing Date (SEHK)** | 9 July 2025 |
| **Exchange Listing** | SEHK – Main Board |
| **Stock Code** | 03476 – HKD Counter |
| **Short Stock Name** | A HSJPUSINCOME – HKD Counter |
| **Trading Board Lot Size** | 500 Units – HKD Counter |
| **Trading Currency** | HKD – HKD Counter |
| **Distribution Policy** | Monthly (if any).<br><br>Monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in USD only.** |
| **Creation/Redemption Policy** | Cash (in USD) or in-kind creation and redemption |
| **Application Unit Size (only by or through Participating Dealers)** | Minimum 200,000 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 Deadline** | 4:30 p.m. (Hong Kong time) |
| **Management Fee** | Sub-Fund: Up to 0.35% per year of the Net Asset Value<br><br>Master ETF (as defined below): 0.35% per year of the net asset value of the Master ETF.<br><br>Aggregate fee charged in respect of the Sub-Fund: Up to 0.70% per year of the Net Asset Value |
| **Market Makers (HKD counter)*** | BNP Paribas Securities (Asia) Limited<br><br>China Merchants Securities (HK) Co., Limited |
| **Participating Dealers (HKD counter)*** | Barclays Bank Plc<br><br>BNP PARIBAS<br><br>China Merchants Securities (HK) Co., Limited<br><br>Merrill Lynch Far East Limited<br><br>Mirae Asset Securities (HK) Limited |
| **Service Agent** | HK Conversion Agency Services Limited |
| **Listing Agent** | Altus Capital Limited |

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

**Key information applicable to the Unlisted Class only**

| | |
|---|---|
| **Initial Issue Date** | 25 July 2025 |
| **Unlisted Classes Offered** | Class A USD – Income Units<br><br>Class A HKD – Income Units<br><br>Class A RMB (hedged) – Income Units<br><br>Class D HKD – Accumulation Units |

| | |
|---|---|
| | Class I USD – Accumulation Units<br><br>Class Z USD – Accumulation Units |
| **Initial Issue Price** | Class A USD – Income Units: USD 10<br><br>Class A HKD – Income Units: HKD 10<br><br>Class A RMB (hedged) – Income Units: RMB 10<br><br>Class D HKD – Accumulation Units: HKD 1<br><br>Class I USD – Accumulation Units: USD 10<br><br>Class Z USD – Accumulation Units: USD 10 |
| **Dealing Deadline** | 7:00 p.m. (Hong Kong time) |
| **Distribution Policy** | **Accumulation Units:**<br><br>Income arising in respect of Accumulation Units accumulated. No distributions will be made currently. Any income received by Accumulation Units (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.<br><br>**Income Units:**<br><br>Monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in their respective class currencies.** |

| | | |
|---|---|---|
| **Management Fee** | Class A USD – Income Units<br><br>Class A HKD – Income Units<br><br>Class A RMB (hedged) – Income Units | Sub-Fund: Currently up to 1.00% per year of the Net Asset Value<br><br>Master ETF (as defined below): 0.35% per year of the net asset value of the Master ETF.<br><br>Aggregate fee charged in respect of the Sub-Fund: Currently up to 1.35% per year of the Net Asset Value |
| | Class D HKD – Accumulation Units<br><br>Class I USD – Accumulation Units | Sub-Fund: Currently up to 0.50% per year of the Net Asset Value<br><br>Master ETF (as defined below): 0.35% per year of the net asset value of the Master ETF.<br><br>Aggregate fee charged in respect of the Sub-Fund: Currently up to 0.85% per year of the Net Asset Value |
| | Class Z USD – Accumulation Units | Sub-Fund: Currently 0% per year of the Net Asset Value<br><br>Master ETF (as defined below): 0.35% per year of the net asset value of the Master ETF.<br><br>Aggregate fee charged in respect of the Sub-Fund: Currently 0.35% per year of the Net Asset Value |
| **Trustee Fee** | Sub-Fund: 0.0425% per annum, subject to a minimum monthly fee of USD1,000<br><br>Master ETF (as defined below): Not applicable<br><br>Aggregate fee charged in respect of the Sub-Fund: 0.0425% per annum, subject to a minimum monthly fee of USD1,000 | |

**Key similarities and differences between Listed Class and Unlisted Class**

| | |
|---|---|
| **Investment Objective** | Same for both Listed Class and Unlisted Class. Please refer to the sections below headed “What is the investment objective?” and “What is the investment strategy?” |
| **Investment Strategy** | |
| **Valuation Policy** | Same for both Listed Class and Unlisted Class. Please refer to the section headed “DETERMINATION OF NET ASSET VALUE” of this Prospectus. |
| **Valuation Point** | Same for both Listed Class and Unlisted Class. Please refer to the section headed “DEFINITIONS” of this Prospectus. |
| **Dealing Arrangements** | There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, |

| | |
|---|---|
| | including but not limited to different Dealing Deadlines and minimum amounts for creation/subscription and redemption of Units.<br><br>Unitholders should note that the dealing frequency and the definition of "Dealing Day" in respect of Listed Class and Unlisted Class are the same. However, the applicable dealing procedures and timing with the relevant Participating Dealer (in the case of the Listed Class) and the Authorised Distributor (if applicable, in the case of the Unlisted Class) and the Dealing Deadlines for creation/ subscription and redemption of Units may be different. Unitholders should check with the relevant Participating Dealer or Authorised Distributor (as applicable) for the applicable dealing procedures and timing as well as the Dealing Deadlines.<br><br>**In respect of the Listed Class:**<br><br>- a cash or in-kind Creation Application or Redemption Application for Listed Class Units received at or before 4:30 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Listed Class Units of the Sub-Fund of Day T;<br><br>- a cash or in-kind Creation Application or Redemption Application for Listed Class Units received after the dealing deadline of Day T for such Class (i.e. 4:30 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class Units of the Sub-Fund of Day T+1;<br><br>- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the dealing deadline; and<br><br>- a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open for trading. Investors can buy or sell the Listed Class Units at market price.<br><br>**In respect of the Unlisted Class:**<br><br>- a subscription or redemption application for Unlisted Class Units received at or before 7:00 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Unlisted Class Units of Day T;<br><br>- a subscription or redemption application for Unlisted Class Units received after the dealing deadline of Day T for such class (i.e. 7:00 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of the Unlisted Class Units of Day T+1; and |

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| | - applicants may apply for Unlisted Class Units through the Manager or an Authorised Distributor. Authorised Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Unlisted Class Units through an Authorised Distributor should therefore consult the Authorised Distributor for details of the relevant dealing procedures.<br><br>Please refer to the sections headed "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" and "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" in this Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively. |
| **Distribution Policy** | In respect of Unlisted Class Units which are Accumulation Units, no distributions will be made currently, and any income received will be accumulated and reflected in the Unit price.<br><br>In respect of Listed Class Units and Unlisted Class Units which are Income Units, same for both Listed Class and Unlisted Class, that is monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>Please refer to the section below headed "Distribution Policy" for further details on the distribution policy of Listed Class Units and Unlisted Class Units. |
| **Fee Structure** | **In respect of both the Listed Class and Unlisted Class:**<br><br>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 0.0425% per year of the Net Asset Value of the Sub-Fund (subject to a minimum monthly fee of USD1,000). The current aggregate trustee/custodian fee in respect of the Sub-Fund and the Master ETF is also 0.0425% per year of the Net Asset Value of the Sub-Fund (subject to a minimum monthly fee of USD1,000), since the single annual fee of 0.35% per year of the net asset value of the Master ETF already covers all ordinary operating and administrative expenses of the Master ETF, including the Master ETF Depositary's fees and expenses.<br><br>**In respect of the Listed Class only:**<br><br>The current Management Fee is up to 0.35% per year of the Net Asset Value of the Sub-Fund, and is accrued daily, calculated as at each Dealing Day and payable monthly in arrears. The management fee payable by the Master ETF (to the Master ETF Manager) is 0.35% per year of the net asset value of the Master ETF, and is accrued daily, calculated as at each Dealing Day and payable monthly in |

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| | arrears, which will be reflected in the net asset value per unit of the Master ETF. Accordingly, the current aggregate management fee in respect of the Sub-Fund is up to 0.70% per year of the Net Asset Value of the Sub-Fund.<br><br>An investment in the Listed Class in the secondary market is subject to fees involved in relation to the trading of such Listed Class Units on the SEHK (such as the brokerage fee, transaction levy, trading fee and so on).<br><br>**In respect of the Unlisted Classes only:**<br><br>The current Management Fee is up to 1.00% per annum for Class A Units, up to 0.50% per year for Class D and Class I Units, and 0% per year for Class Z Units of the Net Asset Value of the Sub-Fund, and is accrued daily, calculated as at each Dealing Day and payable monthly in arrears. The management fee payable by the Master ETF (to the Master ETF Manager) is 0.35% per year of the net asset value of the Master ETF, and is accrued daily, calculated as at each Dealing Day and payable monthly in arrears, which will be reflected in the net asset value per unit of the Master ETF. Accordingly, the current aggregate management fee in respect of the Sub-Fund is up to 1.35% per year for Class A Units, up to 0.85% per year for Class D and Class I Units, and up to 0.35% per year for Class Z Units of the Net Asset Value of the Sub-Fund.<br><br>The Manager may levy a Preliminary Charge of up to 5.0% of the Issue Price of Unlisted Class Units. No Redemption Charge will be levied on the Unlisted Class Units.<br><br>Neither Listed Classes nor Unlisted Classes of the Sub-Fund employ a single management fee structure. The following fees and expenses of the Sub-Fund may be payable out of and borne by each of the Classes: the Trustee's fee, Registrar's fees, custodian's fees, fees and expenses of the auditors, transaction fee, license fees, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or any of their agents.<br><br>Please refer to the sections headed "Fees and expenses payable by a Sub-Fund" and "Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only" in this Appendix for further details. |
| **Net Asset Value per unit** | There is a separate Net Asset Value for each class of Units. The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee and expense items applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different. |

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| | Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class.<br><br>Please refer to the relevant risk factors in the product key facts statements of the Listed Class and Unlisted Class and the section headed "RISK FACTORS" in this Prospectus. |
| **Termination** | Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub-section headed "Termination" under the section headed "STATUTORY AND GENERAL INFORMATION" of this Prospectus for further details. |

**What is the investment objective?**

The investment objective of the Sub-Fund is to provide income and long-term capital growth.

**What is the investment strategy?**

The Sub-Fund is a feeder fund that seeks to achieve its investment objective by investing substantially (at least 90% of its Net Asset Value) into JPMorgan ETFs (Ireland) ICAV - US Equity Premium Income Active UCITS 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 through exchanges on which the Master ETF is listed.[1]

The Sub-Fund may also invest up to 10% of its Net Asset Value in (i) other securities (which may include securities, ETFs and other SFC-authorised collective investment schemes) and/or (ii) cash and cash equivalents (including money market funds which are authorised under Chapter 8.2 of the Code) and/or (iii) FDIs (including futures and options and forward foreign exchange contracts), for investment, market access/exposure replication (e.g. to maximise portfolio management efficiency and to minimise transaction costs), cash management purposes and/or hedging purposes. Investments in ETFs (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.

Although FDIs may be used (as aforesaid), they will not be used extensively for investment purpose. FDIs may also be used for currency hedging purposes in respect of hedged Unlisted Class(es).

*Securities financing transactions*

The Sub-Fund can enter into securities lending transactions for a maximum level of up to 30% and expected level of up to 20% of its Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. As part of its securities lending transactions, the Sub-Fund will receive collateral, the value of which, during the duration of the securities lending agreement, will be equivalent to at least 100% of the valuation of the securities

[1] Please refer to the website of the Master ETF Manager (as defined below) at https://am.jpmorgan.com/lu/en/asset-management/per/products/jpm-us-equity-premium-income-active-ucits-etf-usd-dist-ie000u5mjoz6#/overview for the latest list of exchanges on which the Master ETF is listed. The aforesaid website has not been reviewed by the SFC.

lent, marked to market on a daily basis and safekept by the Trustee or an agent appointed by the Trustee. Non-cash collateral received may not be sold, reinvested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the Code. Please refer to the sub-section headed "Securities Financing Transactions" in Schedule 1 to Part 1 of this Prospectus for the details of the arrangements.

Currently, the Manager has no intention to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund. In the future, where the Manager intends to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund, subject to SFC's prior approval (if necessary), 1 month's prior notice will be given to the relevant Unitholders.

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 actively managed sub-fund of JPMorgan ETFs (Ireland) ICAV, an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland ("**CBI**") pursuant to the UCITS Regulations[2].

The Master ETF was established on 29 October 2024. The list of exchanges on which the Master ETF is currently listed is as follows:[1]

| *Exchange* | *Trading currency* | *Listing date* |
|---|---|---|
| London Stock Exchange | USD | 6 November 2024 |
| | GBX | 6 November 2024 |
| Deutsche Borse | EUR | 6 November 2024 |
| Six Swiss Exchange | USD | 6 November 2024 |
| Borsa Italiana | EUR | 28 January 2025 |

The benchmark of the Master ETF is S&P 500 (Total Return Net) ("**Benchmark**"), which consists of large capitalisation stocks issued by companies in the USA ("**Benchmark Securities**"). The Benchmark comprises 500 of the top companies in leading industries of the US economy. The constituents of the Benchmark may be subject to change over time.

The investment objective of the Master ETF is to provide income and long-term capital growth.

The Master ETF aims to (i) invest in a portfolio of equity securities comprising primarily of companies that are domiciled in, or carrying out the main part of their economic activity in the USA, and (ii) sell equity call options and/or equity index call options, to generate an income through the associated dividends and options premiums.

*(i) Equity Portfolio*

The Master ETF aims to invest at least 67% of its assets (excluding assets held for ancillary liquidity purposes) in a portfolio of equity securities comprising primarily of companies that are domiciled in, or carrying out the main part of their economic activity in the USA. The Master ETF may also invest in equity securities issued by companies from any other country.

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2 The European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. 352 of 2011), as amended, and all applicable Central Bank notices issued or conditions imposed or derogations granted thereunder, which are adopted by the European Union (EU) Commission to regulate investment funds domiciled within the EU member states with the main objective of facilitating the cross-border marketing of funds throughout Europe.

The Master ETF will primarily invest in equity securities issued by large capitalisation companies across any industrial sector, which may include common stocks, preferred stocks and depositary receipts. The Master ETF will invest primarily in securities listed or traded on recognised markets in the USA[3]. The Master ETF may also invest in units of REITs.

The Benchmark has been included as a point of reference against which the performance of the Master ETF may be measured and as it reflects the main investment universe and strategy for the Master ETF. For the avoidance of doubt, the Master ETF will not seek to track the performance of or replicate the Benchmark, rather the Master ETF will hold a portfolio of equity securities (which may include but will not be limited to Benchmark Securities) which is actively selected and managed with the aim of contributing to the Master ETF's objective of providing an income. The Master ETF also seeks a lower volatility than the Benchmark.

*(ii) Equity Call Options / Equity Index Call Options*

The Master ETF Investment Manager (as defined below) seeks additional income through employing a FDI overlay strategy which will be implemented by systematically selling equity call options and/or equity index call options which will typically have exposure to indices comprised of Benchmark Securities.

The Master ETF will typically invest in assets denominated in USD. For any non-USD denominated assets, the currency exposure may be hedged back to USD.

In normal circumstances the Master ETF may hold up to 10% of its net asset value in ancillary liquid assets (deposits, certificates of deposit, commercial paper, fixed rate bonds issued by governments which are rated investment grade and money market funds) in accordance with the UCITS Regulations.

The Master ETF will not invest more than 10% of its net asset value in other regulated, open-ended collective investment schemes, including ETFs and money market funds.

The base currency of the Master ETF is USD.

The prospectus of the Master ETF is available at the Master ETF's website: https://am.jpmorgan.com/lu/en/asset-management/per/products/jpm-us-equity-premium-income-active-ucits-etf-usd-dist-ie000u5mjoz6#/overview (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.

*Management of the Master ETF*

The Master ETF is managed by the JPMorgan Asset Management (Europe) S.à r.l. as the management company of JPMorgan ETFs (Ireland) ICAV (the "**Master ETF Manager**") pursuant to the agreement signed on 28 September 2017 between JPMorgan ETFs (Ireland) ICAV and the Master ETF Manager. The Master ETF Manager is regulated by the Commission de Surveillance du Secteur Financier in Luxembourg and authorised to act as a management company to UCITS and as an Alternative Investment Fund Manager and supervises the activities of JPMorgan's Luxembourg and French domiciled mutual fund ranges, as well as JPMorgan ETFs (Ireland) ICAV. The corporate object of the Master ETF Manager is to provide investment management, distribution,

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[3] Recognised markets in the USA include Nasdaq, Portal Market, the OTC market in the US government securities conducted by primary dealers selected by the Federal Reserve Bank of New York, New York Stock Exchange, New York Stock Exchange Arca, the OTC Bulletin Board operated by NASD and COMEX. The latest list of recognised markets in the USA is available from the prospectus of the Master ETF.

administrative, operational and client servicing capabilities and services to collective investment schemes. The Master ETF Manager is responsible to carry out the management, distribution and administration services in respect of the Master ETF.

The Master ETF Manager has appointed J.P. Morgan Investment Management Inc. as the investment manager of the Master ETF ("**Master ETF Investment Manager**") to manage the investments of the Master ETF in accordance with stated investment objectives and restrictions and, on a discretionary basis, acquire and dispose of securities of the Master ETF.

JPMorgan ETFs (Ireland) ICAV has appointed Brown Brothers Harriman Trustee Services (Ireland) Limited to act as depositary ("**Master ETF Depositary**") for the safekeeping of all the investments, cash and other assets of the Master ETF and to ensure that the issue and repurchase of shares by the Master ETF and the calculation of the net asset value and net asset value per share is carried out and that all income received and investments made are in accordance with the instrument of incorporation of JPMorgan ETFs (Ireland) ICAV ("**IOI**") has and the UCITS Regulations. In addition, the Master ETF Depositary is obliged to enquire into the conduct of the Master ETF in each financial year and report thereon to shareholders. The Master ETF Depositary is a private limited company incorporated under the laws of Ireland and is permitted to provide custody and depositary services to Irish domiciled collective investment schemes authorised by the CBI and to international and Irish institutions.

*Use of FDI and Risk Management*

The Master ETF may, for efficient portfolio management and investment purposes, use FDI to gain exposure to UCITS eligible equity indices of the type described above, to hedge specific risks, and/or to manage the cash flows and trading across multiple time-zones. Any use of FDI by the Master ETF shall be limited to (i) options in respect of UCITS-eligible equity indices, as described above; (ii) futures in respect of the other assets in which the Master ETF may invest, as described above; (iii) forward foreign exchange contracts (including non-deliverable forwards) and (iv) warrants (subject to a maximum of 5% of net asset value). The details of the equity indices to which exposure is taken will be disclosed in the annual financial statements of the Master ETF.

The global exposure of the Master ETF is measured by the relative value-at-risk ("**Relative VaR**") methodology, the reference portfolio being the Benchmark. The Master ETF's expected level of leverage is 200% of its net asset value, although it is possible that leverage might exceed this level from time to time. In this context, leverage is calculated as the sum of notional exposure of the FDI used. The expected level of leverage disclosed is an indicative level and is not a regulatory limit.

Leverage is a measure of the aggregate derivative usage and is calculated as the sum of the notional exposure of the FDI used, without the use of netting arrangements. As the calculation neither takes into account whether a particular FDI increases or decreases investment risk, nor takes into account the varying sensitivities of the notional exposure of the FDI to market movements, this may not be representative of the level of investment risk within the Master ETF.

The Relative VaR of the Master ETF (including derivatives) is expressed as a multiple of the VaR of the reference portfolio and is limited to no more than twice the VaR on the reference portfolio. The reference portfolio for VaR purposes, as amended from time to time, may be different from the benchmark.

*Termination of the Master ETF*

The Master ETF may be wound-up by the directors of the Master ETF Manager ("**Master ETF Manager Directors**") in their absolute discretion, as if it were a separate fund, if the Master ETF Manager Directors resolve that it is desirable to terminate the Master ETF and provided the termination is in accordance with the applicable provisions of the IOI and the governing rules and regulations.

All of the shares of the Master ETF or any of its share class(es) in issue may be redeemed if:

1. the shareholders of the Master ETF or the relevant share class(es) pass a special resolution providing for such redemption at a general meeting of the holders of the shares of the Master ETF or the relevant share class(es) or in writing;

2. the Master ETF Manager Directors deem it appropriate because of adverse political, economic, fiscal or regulatory changes affecting the Master ETF in any way;

3. the net asset value of the Master ETF of the relevant share class(es) falls below US$30,000,000 or the prevailing currency equivalent in the currency in which shares of the Master ETF or the relevant share class(es) are denominated;

4. where the Master ETF Depositary has served notice of its intention to retire in accordance with the applicable provisions of the IOI, and no new Master ETF Depositary acceptable to JPMorgan ETFs (Ireland) ICAV and the CBI has been appointed within 90 days of such notice;

5. the shares in the Master ETF or the relevant share class(es) cease to be listed on a listing stock exchange;

6. the Master ETF Manager Directors deem it appropriate for any other reason and provide advance notification (as specified in the Master ETF's offering documents) to shareholders; or

7. such other circumstances as may be set out in the Master ETF's offering documents from time to time come to pass.

**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 financial report and the first semi-annual financial report for the Sub-Fund will be for the periods ending 31 December 2026 and 30 June 2026 respectively.

**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 May 2024, 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 with satisfactory safeguards and measures in place to provide substantially comparable investor protection as an ETF authorised under the Code, taking into account its underlying assets, investment strategy, applicable rules and regulations in home jurisdiction;

(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; and

(c) the master ETF must have sizeable assets under management with a good track record.

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:

(a) the Master ETF remains authorized by the CBI and listed and regularly traded on internationally recognised stock exchange(s) open to the public;

(b) the Master ETF Manager and the Master ETF Depositary, or such other entities acceptable to the SFC, shall remain as the management company and the depositary respectively; and

(c) the Sub-Fund and the Master ETF 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:

(1) the requirement under Chapter 7.12(a) of the Code that the Master ETF must be authorised by the SFC; and

(2) 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 is 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**

In addition to the relevant 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.

*Risks related to master/feeder fund structure*

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 and/or Master ETF Investment 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 Master 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.

The Sub-Fund may invest in the Master ETF through the primary market and/or the secondary market. 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. Any event affecting the Sub-Fund's ability to deal in units of the Master ETF 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.

There is no guarantee that the Master ETF will always have sufficient liquidity and the Sub-Fund may not be able to realise or liquidate its investment in the Master ETF at such time as it wants to. There is no assurance that the liquidity of the Master ETF will always be sufficient to meet realisation requests.

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 and distribution policy. While the Sub-Fund seeks to minimise the foregoing deviation, 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 regulatory framework regarding 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 constantly evolving. 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 Irish collective asset-management vehicle (which is different to the structure of the Sub-Fund). The Master ETF is regulated by the CBI and is subject to the applicable Irish laws and regulations. Future changes in the applicable Irish 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, Master ETF Investment 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. If the Manager is unable to implement such changes, the Sub-Fund may be terminated early.

*Reliance on the same group risk*

Each of the Trustee (also acting as the Registrar) and the Manager are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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 and the Manager (are presently all members of the Group, and one or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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, will vigorously manage any such conflict in the best interest of investors 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.

*Dividend risk*

Dividend or distribution payment rates in respect of the Sub-Fund 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, including the Master ETF. There can be no assurance that such entities, including the Master ETF, will declare or pay dividends or distributions.

There can be no assurance that the distribution yield of the Sub-Fund is the same as that of the Master ETF.

**Risk factors relating to the Master ETF and its investments**

In addition to the relevant risk factors presented in Part 1 of this Prospectus (as applicable in the context of an Irish ETF regulated by the CBI), 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.

*Equity market risk*

The Master ETF's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors (e.g. changes in investment sentiment, political and economic conditions and issuer-specific factors).

*Concentration risk*

The Master ETF's investments are concentrated in a specific geographical region (i.e. the USA). The value of the Master ETF may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Master ETF may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the US market.

*Active investment management risk*

The Master ETF employs an actively managed investment strategy. The Master ETF aims to invest in a portfolio of equity securities comprising primarily of companies that are domiciled in, or carrying out the main part of their economic activity in the USA, and sell equity call options and/or equity index call options, to generate an income through the associated dividends and options premiums.

The degree to which the Master ETF may resemble the composition and risk characteristics of the Benchmark will vary over time and its performance may be meaningfully different. Additionally, the Master ETF's overall market exposure may vary significantly from the Benchmark as a result of its options overlay strategy. For the avoidance of doubt, the Master ETF will not seek to track the performance of or replicate the Benchmark, rather the Master ETF will hold a portfolio of equity securities (which may include but will not be limited to Benchmark Securities) which is actively selected and managed with the aim of contributing to the Master ETF's objective of providing an income.

The Master ETF may fail to meet its objective as a result of the implementation of investment process which may cause the Master ETF to underperform as compared to direct investments in the constituent equity securities of the Benchmark.

*Risks associated with call options strategy*

While the Master ETF uses an FDI overlay strategy which is intended to provide income, there is no guarantee that such strategy will achieve this. The Master ETF may forego some capital appreciation potential, while retaining the risk of loss should the price of the underlying investment declines.

Although the income provided from the option premiums may reduce the Master ETF's volatility and help offset part of the losses from the equity portfolio, the losses from the sale of equity call options and/or equity index call options may also offset the Master ETF's profits from increases in the value of the equity portfolio.

Selling call options will create exposure for the Master ETF, as it may have to deliver the underlying securities or their value and, should the market move unfavourably, this may result in a substantial loss. The maximum loss for the writer of a call option is potentially unlimited if the writer does not hold the underlying securities, although the underlying securities are not delivered if the option is exercised, as the contract is cash settled. The Master ETF's financial liability is therefore linked to the value of the underlying securities.

Investors should also take note of the "Financial Derivative Instruments risks" as set out in the section on "RISK FACTORS" in Part 1 of this Prospectus.

*Currency risk*

The Master ETF's base currency, net asset value and underlying assets are in USD but the Sub-Fund's Listed Class Units are traded in HKD. Accordingly secondary market investors may be subject to additional costs or losses associated with foreign currency fluctuations between USD and HKD when trading shares in the secondary market and changes in exchange rate controls (if any) when trading Listed Class Units in the secondary market.

*Risks relating to the differences between the Hong Kong and European securities markets*

As the relevant European markets may be open when Units in the Sub-Fund are not priced, the value of the Master ETF may change on days when investors will not be able to purchase or sell the Sub-Fund's Units. Furthermore, the market prices of the Master ETF may not be available during part of or all of the SEHK trading sessions due to trading hour differences which may result in Units of the Sub-Fund being traded at a premium or discount to its Net Asset Value.

The prices quoted by the market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the net asset value of the Master ETF 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.

*Delisting risk*

Delisting risk refers to the risk that the shares in the Master ETF cannot continue to be traded in the secondary market due to the early termination of listing of the Master ETF.

*Management risk*

The knowledge, experience, judgment, decision-making and skill of the Master ETF Manager or the Master ETF Investment Manager (as the case may be) during the management and operation of the Master ETF will affect his/her analysis and judgment on the economic and market conditions

and the trend of securities prices, thus influencing the return of the Master ETF. In addition, the professional ethics and ethical standards of the Master ETF Manager or the Master ETF Investment Manager (as the case may be) may also have impact on the return of the Master ETF.

*Risk associated with REITs*

REITs and real estate related investments are subject to the risks associated with the ownership of real estate which may expose the relevant Master ETF to increased liquidity risk, price volatility and losses due to changes in economic conditions and interest rates.

**The Offering and Redemption of Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 9 July 2025.

For Eligible Investors, special creations and redemptions for Listed Class Units in the Sub-Fund are available.

The current Dealing Deadline for making a Creation Application, a Redemption Application, a Special Creation Application or a Special Redemption Application is 4:30 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 or the relevant exchanges on which the Master ETF is listed 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. Settlement for subscribing Listed Class 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 Issue Price or redemption price of each Listed Class Unit for any relevant Dealing Day will, subject to the qualification in respect of the swing pricing adjustments as set out in the sub-section headed ‘‘Issue Price and Redemption Value of Units” under “DETERMINATION OF NET ASSET VALUE” of this Prospectus be based on the Net Asset Value of the Listed Class Units of the Sub-Fund in USD at the Valuation Point divided by the number of Listed Class Units then in issue or deemed to be in issue, rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up (unless otherwise agreed by the Manager and the Trustee). Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund.

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

The attention of investors is drawn to the section entitled “THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS” in Part 1 of this Prospectus.

**Trading of Listed Class Units**

The Sub-Fund offers HKD counter on the SEHK to investors for secondary trading purposes. Listed Class Units are denominated in HKD.

The HKD counter and traded Listed Class Units have a SEHK stock code 03476 and a short name “A HSJPUSINCOME”. The ISIN for HKD counter and traded Listed Class Units is HK0001157814.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the HKD Counter.

**Exchange Listing and Trading (Secondary Market) for Listed Class Units**

Dealings in the Listed Class Units on the SEHK began on 9 July 2025. Listed Class Units will trade

on the SEHK in board lots of 500 Units.

Participating Dealers and Eligible Investors should note that they will not be able to sell or otherwise deal in the Listed Class Units on the SEHK until dealings begin on the SEHK.

Listed Class 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 Listed Class 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 for Listed Class Units**

Listed Class Units can be redeemed directly (through a Participating Dealer) by way of a Redemption Application or (through an Eligible Investor) by way of a Special Redemption Application. Redemption proceeds may be paid in (i) cash or (ii) in-kind. Any accepted Redemption Application or Special Redemption Application will be effected by the payment of cash and/or transfer of Securities (as the case may be) 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.

**The Subscription and Redemption of Unlisted Class Units**

*Unlisted Classes of Units*

The Sub-Fund currently offers the following Unlisted Classes of Units to investors:

- Class A HKD – Income Units
- Class A USD – Income Units
- Class A RMB (hedged) – Income Units
- Class D HKD – Accumulation Units
- Class I USD – Accumulation Units
- Class Z USD – Accumulation Units

*Subscription and Redemption Procedures*

The following apply to Unlisted Classes:

- Initial issue date: 25 July 2025
- Dealing Deadline: 7:00 p.m. (Hong Kong time) on each Dealing Day
- Subscription payment deadline: payment for Unlisted Class Units being applied for, together with any Preliminary Charge, is due in the Class currency of the relevant Class within two Business Days of the Dealing Day on which the subscription application is made, unless the Manager agrees to accept late payment

The Issue Price or redemption price of each Unlisted Class Unit for any relevant Dealing Day will be based on the Net Asset Value of the Unlisted Class Units of the Sub-Fund at the Valuation Point divided by the number of Unlisted Class Units then in issue or deemed to be in issue. Unless otherwise agreed by the Manager and the Trustee, the issue price or redemption price of a Unit is rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up. The benefit of any such rounding shall accrue to the Sub-Fund. Please refer to the section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" of this Prospectus for further details on the subscription, redemption and payment procedures in respect of the Unlisted Class Units.

## Switching

Switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

Unless otherwise agreed by the Manager, Unlisted Class Units of the Sub-Fund may only be switched into the same Unlisted Class Units of any collective investment scheme managed by the Manager. Similarly, unless otherwise agreed by the Manager, the Unlisted Class Units of any collective investment scheme managed by the Manager may only be switched into Units of the same Unlisted Class of the Sub-Fund. Where the switching is between Units denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

## Distribution policy

*Accumulation Units*

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made currently. Any income received by the Accumulation Units (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

*Income Units*

Monthly cash dividends (if any) may be made at the discretion of the Manager. The Manager may make declaration of distribution every month. For the Listed Class Units, each Unitholder will receive distributions in USD only. For the Unlisted Class Units, each Unitholder will receive distributions in the class currency of the relevant Unlisted Class.

There is no guarantee of regular distribution of dividends and, if dividend is paid, 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 the capital.

Distribution payment frequency and rates (if any) 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.hangseninvestment.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*

Under the Trust Deed, 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 up to 1.00% per year for Unlisted Class A Units, up to 0.50% per year for Unlisted Class D and Unlisted Class I Units, up to 0.35% for Listed Class Units, and 0% per year for Unlisted Class Z Units of the Net Asset Value of the Sub-Fund, and is accrued daily, calculated as at each Dealing Day and payable monthly in arrears. The management fee payable by the Master ETF (to the Master ETF Manager) is 0.35% per year of the net asset value of the Master ETF, and is accrued daily, calculated as at each Dealing Day and payable monthly in arrears, which will be reflected 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 up to 1.35% per year for Unlisted Class A Units, up to 0.85% per year for Unlisted Class D and Unlisted Class I Units, up to 0.70% for Listed Class Units, and up to 0.35% per year for Unlisted Class Z Units of the Net Asset Value of the Sub-Fund.

*Trustee'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 0.0425% per year of the Net Asset Value of the Sub-Fund, subject to a minimum monthly fee of USD1,000.

The current aggregate trustee/custodian fee in respect of the Sub-Fund and the Master ETF is also 0.0425% per year of the Net Asset Value of the Sub-Fund (subject to a minimum monthly fee of USD1,000), since the single annual fee of 0.35% per year of the net asset value of the Master ETF (as set out in the sub-section "Manager's fee" above) already covers all ordinary operating and administrative expenses of the Master ETF, including the Master ETF Depositary's fees and expenses.

*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 Depositary 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 applicable to the Listed Class Units only*

**Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only**

| | | |
|---|---|---|
| **(a)** | **Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)** | **Amount** |

| | | |
|---|---|---|
| | Transaction Fee and Service Agent's Fee | USD130[4] per Application and HKD1,000[4] per book-entry deposit and withdrawal transaction |
| | Application cancellation fee | USD1,200[5] per Application |
| | Extension Fee | USD1,200[6] 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[7] | Such amounts as determined by the relevant Participating Dealer |
| | ***(ii) Fees payable by all investors in respect of dealings in the Listed Class Units on SEHK (applicable After Listing)*** | |
| | Brokerage | Market rates |
| | SFC transaction levy | 0.0027%[8] |
| | AFRC transaction levy | 0.00015%[9] |
| | SEHK trading fee | 0.00565%[10] |
| | Stamp duty | Nil |

4 The Transaction Fee of USD130 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.

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.

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 Listed Class Units is payable by each of the buyer and the seller.

9 AFRC transaction levy of 0.00015% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

10 The SEHK trading fee of 0.00565% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

*Fees and expenses payable by investors of the Unlisted Class Units only*[11]

| | |
|---|---|
| **Preliminary Charge** | Up to 5.0% of the Issue Price of the Unlisted Class Units |
| **Redemption Charge** | Nil |
| **Switching Fee** | Up to 4.0% of the Issue Price of the Unlisted Class Units |

**Appendix dated 21 September 2026**

[11] Please contact the Authorised Distributor(s) of the Sub-Fund for details.

## ANNEX TO APPENDIX 7

## Investment restrictions of the Master ETF

The assets of the Master ETF will be invested in accordance with the investment restrictions contained in the UCITS Regulations which are summarised below and such additional investment restrictions, if any, as may be adopted by the Master ETF Manager Directors, the details of such additional investment restrictions will be set out below and/or in the offering documents of the Master ETF.

| 1 | **Permitted Investments** |
|---|---|
| | Investments of a UCITS are confined to: |
| **1.1** | Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognized and open to the public in a Member State or non-Member State. |
| **1.2** | Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year. |
| **1.3** | Money market instruments other than those dealt on a regulated market. |
| **1.4** | Units of UCITS. |
| **1.5** | Units of alternative investment funds. |
| **1.6** | Deposits with credit institutions. |
| **1.7** | FDIs. |
| **2** | **Investment Restrictions** |
| **2.1** | A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1. |
| **2.2** | A UCITS shall not invest any more than 10% of assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the UCITS in US securities known as Rule 144A securities provided that:<br>- the relevant securities have been issued with an undertaking to register the securities with the US Securities and Exchanges Commission within one year of issue; and<br>- the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, which they are valued by the UCITS. |
| **2.3** | A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%. |
| **2.4** | Subject to the prior approval of the CBI, the limit of 10% (in 2.3) may be raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments across all issuers may not exceed 80% of the net asset value of the UCITS. |
| **2.5** | The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members. |
| **2.6** | The transferable securities and money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3. |
| **2.7** | Cash booked in accounts with any single credit institution and held as ancillary liquidity shall not exceed 20% of the net assets of the Master ETF. |

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|---|---|
| **2.8** | The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.<br><br>This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand. |
| **2.9** | Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:<br>- investments in transferable securities or money market instruments;<br>- deposits, and/or<br>- counterparty risk exposures arising from OTC derivatives transactions. |
| **2.10** | The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined and consequently exposure to a single body shall not exceed 35% of net assets. |
| **2.11** | Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group. |
| **2.12** | A UCITS may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.<br><br>The individual issuers must be listed in the prospectus and may be drawn from the following list: OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter-American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.<br><br>The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets. |
| **3** | **Investment in Collective Investment Schemes (CIS")** |
| **3.1** | A UCITS may not invest more than 20% of net assets in any one CIS. |
| **3.2** | Investment in alternative investment funds may not, in aggregate, exceed 30% of net assets. |
| **3.3** | The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS. |
| **3.4** | When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS. |
| **3.5** | Where by virtue of investment in the units of another CIS, the responsible person, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission), the responsible person shall ensure that the relevant commission is paid into the property of the UCITS. |

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| **4** | **Index Tracking UCITS** |
| **4.1** | A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the Central Bank UCITS Regulations and is recognised by the CBI. |
| **4.2** | The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions. |
| **5** | **General Provisions** |
| **5.1** | An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body. |
| **5.2** | A UCITS may acquire no more than:<br>(1) 10% of the non-voting shares of any single issuing body;<br>(2) 10% of the debt securities of any single issuing body;<br>(3) 25% of the units of any single CIS;<br>(4) 10% of the money market instruments of any single issuing body.<br><br>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated. |
| **5.3** | 5.1 and 5.2 shall not be applicable to:<br>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;<br>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;<br>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;<br>(iv) shares held by a UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.<br>(v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf. |
| **5.4** | UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets. |
| **5.5** | The CBI may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading. |
| **5.6** | If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders. |
| **5.7** | Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered short sales of:<br>- transferable securities;<br>- money market instruments*;<br>- units of CIS; or<br>- financial derivative instruments. |

| | |
|---|---|
| **5.8** | A UCITS may hold ancillary liquid assets.<br><br>* Any short selling of money market instruments by UCITS is prohibited |
| **6** | **FDIs** |
| **6.1** | A UCITS' global exposure relating to FDI must not exceed its total net asset value. |
| **6.2** | Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations.) |
| **6.3** | UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the CBI. |
| **6.4** | Investment in FDIs is subject to the conditions and limits laid down by the CBI. |

In addition to the above, the following investment restrictions are also adopted by the Master ETF Manager Directors with respect to the Master ETF:

In normal circumstances the Master ETF may hold up to 10% of its net asset value in ancillary liquid assets (deposits, certificates of deposit, commercial paper, fixed rate bonds issued by governments which are rated investment grade and money market funds) in accordance with the UCITS Regulations. Subject to the following paragraph, the Master ETF may hold a higher percentage of its net asset value in such ancillary liquid assets following large cash flows into or out of the Master ETF, as it may be inefficient and contrary to shareholders' best interests to seek to invest cash received as subscriptions, or realise assets to meet large redemptions, solely on the relevant dealing day. The Master ETF will seek to reduce the percentage of its net asset value held as ancillary liquid assets to below 10% of net asset value as quickly as practicable, acting in the best interests of shareholders.

The Master ETF will not invest more than 10% of its net asset value in other regulated, open-ended collective investment schemes, including ETFs and money market funds.

The Master ETF shall not acquire commodities, precious metals or certificates representing them.

The Master ETF Manager has implemented a policy in respect of the Master ETF that seeks to restrict investments in securities issued by companies that have been identified by third party providers as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armour or anti-personnel mines.

The Master ETF Manager Directors may at their absolute discretion from time to time impose such further investment restrictions as shall be compatible with or in the interests of investors, in order to comply with the laws and regulations of the countries where investors are located.

The investment restrictions referred to above are deemed to apply at the time of purchase of the investments. If such limits are exceeded for reasons beyond the control of the Master ETF, or as a result of the exercise of subscription rights, the Master ETF must adopt, as a priority objective, the remedying of the situation, taking due account of the interests of shareholders.

**Borrowing Money**

The Master ETF may not grant loans or act as guarantor on behalf of third parties. The Master ETF may borrow up to 10% of its net asset value on a temporary basis. The Master ETF Manager shall ensure that, where the Master ETF has foreign currency borrowings which exceed the value of a back-to-back deposit, the excess is treated as borrowing for the purpose of the UCITS Regulations. Reverse repurchase agreements and stock lending are not treated as borrowings for these purposes.

## APPENDIX 8: HANG SENG HSCEI COVERED CALL ACTIVE ETF

*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.*

**Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. Please refer to the sections relevant to your intended holding of Units.**

**Key information applicable to both Listed Class Units and Unlisted Class Units**

| | |
|---|---|
| **Base Currency** | Hong Kong dollars ("**HKD**") |
| **Investment Strategy** | Please refer to the section on "What is the investment strategy?" below |
| **Financial Year End** | 31 December |
| **Dealing Day** | Each Business Day and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee |
| **Website** | www.hangsenginvestment.com (this website has not been reviewed by the SFC) |

**Key information applicable to the Listed Class Units only**

| | |
|---|---|
| **Listing Date (SEHK)** | 8 May 2026 |
| **Exchange Listing** | SEHK – Main Board |
| **Stock Code** | 03519 – HKD Counter |
| **Short Stock Name** | A HSCEICC – HKD Counter |
| **Trading Board Lot Size** | 100 Units – HKD Counter |
| **Trading Currency** | HKD – HKD Counter |
| **Distribution Policy** | Monthly (if any)<br><br>Monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 |

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| | 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 will receive distributions in HKD only.** |
| **Creation/Redemption Policy** | Cash (in HKD) or hybrid (i.e., a combination of cash and in-kind creation/redemption for Reference Index Equities (as defined below) only) |
| **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 Deadline** | 2:30 p.m. (Hong Kong time) on each Dealing Day, or such other time prior to the calculation of the Net Asset Value of the Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee |
| **Management Fee** | 0.70% |
| **Market Makers (HKD Counter)*** | Optiver Trading Hong Kong Limited<br>Eclipse Options (HK) Limited |
| **Participating Dealers (HKD Counter)*** | ABN AMRO Clearing Hong Kong Limited<br>Barclays Bank Plc<br>Mirae Asset Securities (HK) Limited<br>Korea Investment & Securities Asia Limited<br>China Merchants Securities (HK) Co., Limited |
| **Service Agent** | HK Conversion Agency Services Limited |
| **Listing Agent** | Hang Seng Investment Management Limited |

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

**Key information applicable to the Unlisted Class only**

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| **Initial Issue Date** | To be determined by the Manager |
| **Unlisted Classes Offered** | Class A HKD – Income Units<br>Class A USD – Income Units<br>Class A RMB (hedged) – Income Units<br>Class I HKD – Income Units<br>Class Z HKD – Income Units |
| **Initial Issue Price** | Class A HKD – Income Units: HKD 10<br>Class A USD – Income Units: USD 10 |

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| | Class A RMB (hedged) – Income Units: RMB 10<br><br>Class I HKD – Income Units: HKD 10<br><br>Class Z HKD – Income Units: HKD 10 | |
| **Dealing Deadline** | 1:00 p.m. (Hong Kong time) on each Dealing Day, or such other time prior to the calculation of the Net Asset Value of the Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee | |
| **Distribution Policy** | **Income Units:**<br><br>Monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in their respective class currencies.** | |
| **Management Fee** | Class A HKD – Income Units<br><br>Class A USD – Income Units<br><br>Class A RMB (hedged) – Income Units | Currently up to 1.00% per year of the Net Asset Value |
| | Class I HKD – Income Units | Currently up to 0.50% per year of the Net Asset Value |
| | Class Z HKD – Income Units | Currently 0% per year of the Net Asset Value |
| **Trustee Fee** | 0.045% per year of the Net Asset Value of the Sub-Fund | |

**Key similarities and differences between Listed Class and Unlisted Class**

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| **Investment Objective**<br>**Investment Strategy** | Same for both Listed Class and Unlisted Class. Please refer to the sections below headed "What is the investment objective?" and "What is the investment strategy?" |
| **Valuation Policy** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DETERMINATION OF NET ASSET VALUE" of this Prospectus. |
| **Valuation Point** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DEFINITIONS" of this Prospectus. |
| **Dealing Arrangements** | There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, including but not limited to different Dealing Deadlines and minimum amounts for creation/subscription and redemption of Units.<br><br>Unitholders should note that the dealing frequency and the definition of "Dealing Day" in respect of Listed Class and Unlisted Class are the same. However, the applicable dealing procedures and timing with the relevant Participating Dealer (in the case of the Listed Class) and the Authorised Distributor (if applicable, in the case of the Unlisted Class) and the Dealing Deadlines for creation/ subscription and redemption of Units may be different. Unitholders should check with the relevant Participating Dealer or Authorised Distributor (as applicable) for the applicable dealing procedures and timing as well as the Dealing Deadlines.<br><br>**In respect of the Listed Class:**<br><br>- a cash or hybrid (i.e., a combination of cash and in-kind) Creation Application or Redemption Application for Listed Class Units received at or before 2:30 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Listed Class Units of the Sub-Fund of Day T;<br><br>- a cash or hybrid (i.e., a combination of cash and in-kind) Creation Application or Redemption Application for Listed Class Units received after the dealing deadline of Day T for such Class (i.e., 2:30 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e., Day T+1) at the Net Asset Value per Unit of Listed Class Units of the Sub-Fund of Day T+1;<br><br>- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the dealing deadline; and<br><br>- a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open for trading. Investors can buy or sell the Listed Class Units at market price. |

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| | **In respect of the Unlisted Class:**<br><br>- a subscription or redemption application for Unlisted Class Units received at or before 1:00 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Unlisted Class Units of Day T;<br><br>- a subscription or redemption application for Unlisted Class Units received after the dealing deadline of Day T for such class (i.e., 1:00 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e., Day T+1) at the Net Asset Value per Unit of the Unlisted Class Units of Day T+1;<br><br>- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the dealing deadline; and<br><br>- applicants may apply for Unlisted Class Units through the Manager or an Authorised Distributor. Authorised Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Unlisted Class Units through an Authorised Distributor should therefore consult the Authorised Distributor for details of the relevant dealing procedures.<br><br>Please refer to the sections headed "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" and "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" in this Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively. |
| **Distribution Policy** | In respect of Listed Class Units and Unlisted Class Units which are Income Units, same for both Listed Class and Unlisted Class, that is monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>Please refer to the section below headed "Distribution Policy" for further details on the distribution policy of Listed Class Units and Unlisted Class Units. |
| **Fee Structure** | **In respect of both the Listed Class and Unlisted Class:**<br><br>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.<br><br>**In respect of the Listed Class:**<br><br>The current management fee is up to 0.70% per year of the Net Asset Value of Listed Class and is accrued daily and |

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| | calculated as at each Dealing Day. It is payable out of the Listed Class monthly in arrears.<br><br>An investment in the Listed Class in the secondary market is subject to fees involved in relation to the trading of such Listed Class Units on the SEHK (such as the brokerage fee, transaction levy, trading fee and so on).<br><br>**In respect of the Unlisted Classes:**<br><br>For Class A Units, the management fee is currently up to 1.00% per year of the Net Asset Value of the class, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class I Units, the management fee is currently up to 0.50% per year of the Net Asset Value of the class, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class Z Units, the management fee is currently 0% per year of the Net Asset Value.<br><br>The Manager may levy a Preliminary Charge of up to 5.0% of the Issue Price of Unlisted Class Units. No Redemption Charge will be levied on the Unlisted Class Units.<br><br>Neither Listed Classes nor Unlisted Classes employ a single management fee structure. The following fees and expenses may be payable out of and borne by each of the Classes: Trustee's fee, Registrar's fees, custodian's fees, fees and expenses of the auditors, transaction fee, license fees, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or any of their agents.<br><br>Please refer to the sections headed "Fees and expenses payable by a Sub-Fund" and "Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only" in this Appendix for further details. |
| **Net Asset Value per unit** | There is a separate Net Asset Value for each class of Units. The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee and expense items applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different.<br><br>Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class.<br><br>Please refer to the relevant risk factors in the product key facts statements of the Listed Class and Unlisted Class and the section headed "RISK FACTORS" in this Prospectus. |
| **Termination** | Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub- |

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| | section headed "Termination" under the section headed "STATUTORY AND GENERAL INFORMATION" of this Prospectus for further details. |

**What is the investment objective?**

The investment objective of the Sub-Fund is to generate income and maintain prospects for capital appreciation while mitigating some downside risk through the use of covered call strategy. It should be noted that the use of covered call strategy also limits potential upside.

**What is the investment strategy?**

The Sub-Fund seeks to achieve its investment objective by primarily (i) investing in constituent equity securities in the Hang Seng China Enterprises Index (the "Reference Index" or the "HSCEI"); and (ii) selling (i.e. "writing") call options on the Reference Index to receive payments of money from the purchaser of call options (i.e. "premium"). The Sub-Fund will obtain exposure to the constituent equity securities in the Reference Index in substantially the same weightings as these securities have in the Reference Index through investing:

i. directly in constituent equity securities of the Reference Index (the "Reference Index Equities") of at least 50% but not exceeding 100% of its Net Asset Value; and/or

ii. in long positions of FDIs (e.g., front-month[1] HSCEI futures contracts and/or mini-HSCEI futures contracts listed on the HKFE (collectively, the "Reference Index Futures") and/or equity swaps)[2] with notional value of up to 50% of its Net Asset Value. The Sub-Fund may also hold back-month Reference Index Futures and/or equity swaps when the Manager rolls the Reference Index Futures and/or equity swaps prior to expiration; and/or

iii. up to 30% of its Net Asset Value in ETFs that track the performance of the Reference Index (the "Reference Index ETF"), which are either authorised by the SFC or eligible schemes under Chapter 7.11A of the Code.

The Sub-Fund will also adopt a covered call strategy (as further described below) which involves writing listed or over-the-counter ("OTC") call options (including ETF options) on the Reference Index (the "Reference Index Call Options") with notional value ranging from 70% to 100% of the aggregate value of the constituent equity securities of the Reference Index and the Reference Index ETF held by the Sub-Fund as well as the notional value of the long positions in FDIs held by the Sub-Fund (the "Covered Call Exposure"). The Reference Index Call Options are cash-settled and European-style options that are exercisable only at expiry.

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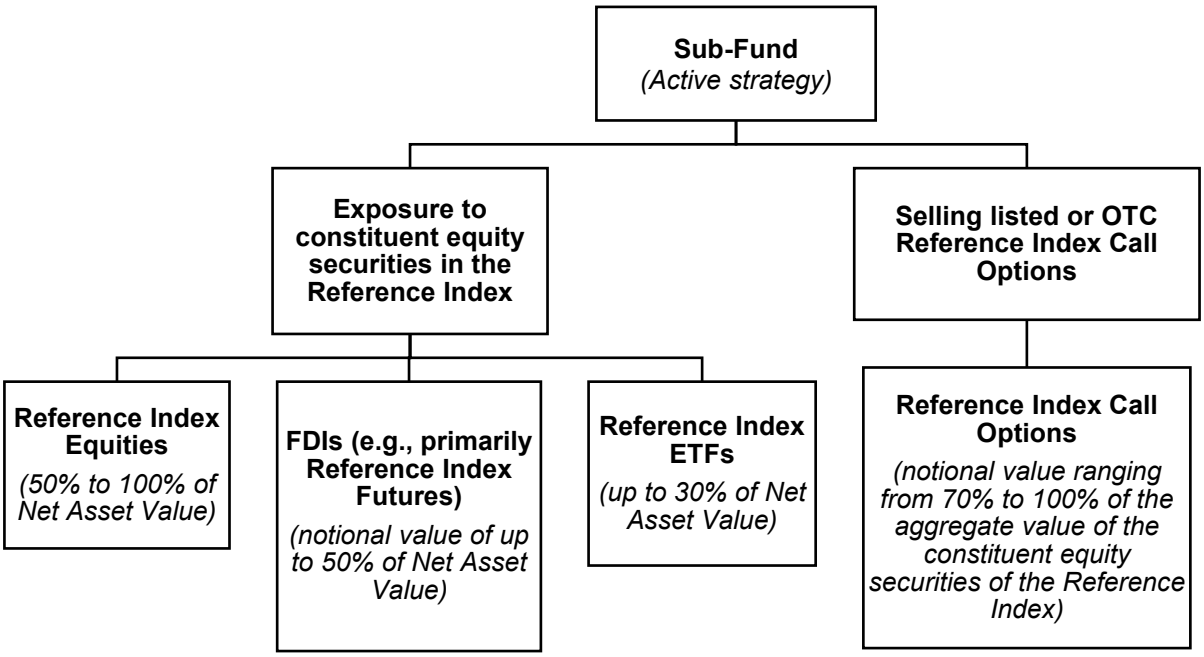
1 "Front-month" FDIs or Reference Index Call Options are monthly contracts with the shortest time to maturity. "Back-month" FDIs or Reference Index Call Options are those with longer time to maturity.

2 For investment in long positions of FDIs, under normal circumstances, the Sub-Fund will primarily invest in long positions of futures contracts.

The diagram below shows the main investment strategies of the Sub-Fund:




*Details of the option strategy*

**Creation/subscription of Units**

When there will be an increase in the number of Units due to creation/subscription of Units, the Sub-Fund may have to write additional Reference Index Call Options in order to maintain the Covered Call Exposure. The Sub-Fund may seek to write additional Reference Index Call Options with the same specified exercise price (i.e., "strike price") and expiration date as the existing Reference Index Call Options that have been written. Depending on the latest level of the Reference Index, the additional Reference Index Call Options to be written can be in-the-money, at-the-money or out-of-the-money[3]. The Sub-Fund may also write additional Reference Index Call Options with strike price and expiration date different from the existing Reference Index Call Options that have been written, with factors including but not limited to the liquidity and bid-ask spread of the Reference Index Call Options, premium of the Reference Index Call Options, as well as the potential risks of writing the Reference Index Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) being considered.

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[3] Moneyness is a term to describe whether an option is "in-the-money", "at-the-money" or "out-of-the-money". An "in-the-money" call option is a call option with a strike price that is below the current market price of the underlying asset (i.e., the latest level of the Reference Index in the case of the Sub-Fund). A call option is "at-the-money" if it has a strike price which is at or very near to the current market price of the underlying asset, and a call option is "out-of-the-money" if it has a strike price which exceeds the current market price of the underlying asset. The moneyness of an option will affect the likelihood of the option being exercised. An "in-the-money" call option is likely to be exercised by the purchaser at expiry in order to make a profit from the favourable price difference between the strike price and the market price of the underlying asset, whereas the likelihood of exercise for an "at-the-money" call is relatively lower. An "out-of-the-money" call option has no intrinsic value and is not likely to be exercised at expiry.

**Rolling of Reference Index Call Options**

When existing Reference Index Call Options written by the Sub-Fund expire, the Sub-Fund seeks to write front-month Reference Index Call Options to maintain the Covered Call Exposure. Depending on the prevailing market conditions, such front-month Reference Index Call Options may be at-the-money and/or out-of-the-money. The Sub-Fund may also write back-month Reference Index Call Options, with factors including but not limited to the liquidity and bid-ask spread of the Reference Index Call Options, premium of the Reference Index Call Options as well as the potential risks of writing the Reference Index Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) being considered.

The Manager may also "roll" the Reference Index Call Options prior to expiration (i.e., closing an existing Reference Index Call Option which is about to expire and write another Reference Index Call Option with a later expiration date). A call option expires on a designated date (the "expiration date"). In determining whether to roll the Reference Index Call Options, the Manager will consider various factors including but not limited to the liquidity and bid-ask spread of the Reference Index Call Options, premium of the Reference Index Call Options, the potential risks of rolling the Reference Index Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) as well as whether such "rolling" is in the best interest of the investors. There is no guarantee that such rolling strategy will produce the desired results.

The Sub-Fund may also write weekly Reference Index Call Options (only out-of-the-money), which are weekly contracts expiring at the end of each week with the shortest time to maturity, with factors including but not limited to the liquidity and bid-ask spread of the Reference Index Call Options, premium of the Reference Index Call Options as well as the potential risks of writing or rolling the Reference Index Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) being considered.

**Restriction on strike price**

The strike price of the in-the-money Reference Index Call Options written by the Sub-Fund will be capped at 30% below the index level of the Reference Index when written, whereas the strike price of the out-of-the-money Reference Index Call Options written by the Sub-Fund will be capped at 30% above the index level of the Reference Index when written. The tenor of the Reference Index Call Options shall not exceed one year when they are written by the Sub-Fund.

*Margin requirements and other investments*
In acquiring FDIs and selling the Reference Index Call Options, the Manager anticipates that not more than 25% of the Net Asset Value of the Sub-Fund will be used as margin from time to time. Under exceptional circumstances (for instance, when there is increased margin requirement by the HKFE, the SEHK and/or brokers in extreme market turbulence), the margin exposure may increase substantially beyond 25% of the Net Asset Value of the Sub-Fund.

Not more than 30% of the Net Asset Value of the Sub-Fund may be invested in cash (HKD or USD) and/or other HKD or USD denominated investment products, such as deposits with banks in Hong Kong and HKD or USD denominated short-term (i.e., maturity less than 3 years) investment-grade bonds and money market funds (which are authorised under Chapter 8.2 of the Code or eligible schemes under Chapter 7.11A of the Code) in accordance with the requirements of the Code.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Part 1 of this Prospectus.

FDIs may also be used for currency hedging purposes in respect of hedged Unlisted Class(es). Save as disclosed above, currently, the Manager has no intention to invest the Sub-Fund in any FDIs for hedging or non-hedging (i.e. investment) purposes.

*Securities financing transactions*
The Sub-Fund can enter into securities lending transactions for a maximum level of up to 30% and expected level of up to 20% of its Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. As part of its securities lending transactions, the Sub-Fund will receive collateral, the value of which, during the duration of the securities lending agreement, will be equivalent to at least 100% of the valuation of the securities lent, marked to market on a daily basis and safekept by the Trustee or an agent appointed by the Trustee. Non-cash collateral received may not be sold, reinvested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the Code. Please refer to the sub-section headed "Securities Financing Transactions" in Schedule 1 to Part 1 of this Prospectus for the details of the arrangements.

Currently, the Manager has no intention to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund. In the future, where the Manager intends to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund, subject to SFC's prior approval (if necessary), 1 month's prior notice will be given to the relevant Unitholders.

The Sub-Fund's net derivative exposure will be up to 50% of its Net Asset Value.

**Covered call strategy adopted by the Sub-Fund**

*Overview*
A "covered call strategy" is an options trading strategy which involves holding a long position in a particular asset (for example, a stock, a commodity, a bond, an ETF, a currency or an index), whilst writing call options on the same asset simultaneously. Each European-style call option represents the right, but not the obligation, for the purchaser of the call option to buy the underlying asset at the strike price (or to receive a cash payment equal to any positive difference between the strike price and the market price of the underlying asset (the "cash payment at expiry")) at expiry. In return for writing a call option, the writer receives a payment of money from the purchaser who buys the call option, which is called the "premium".

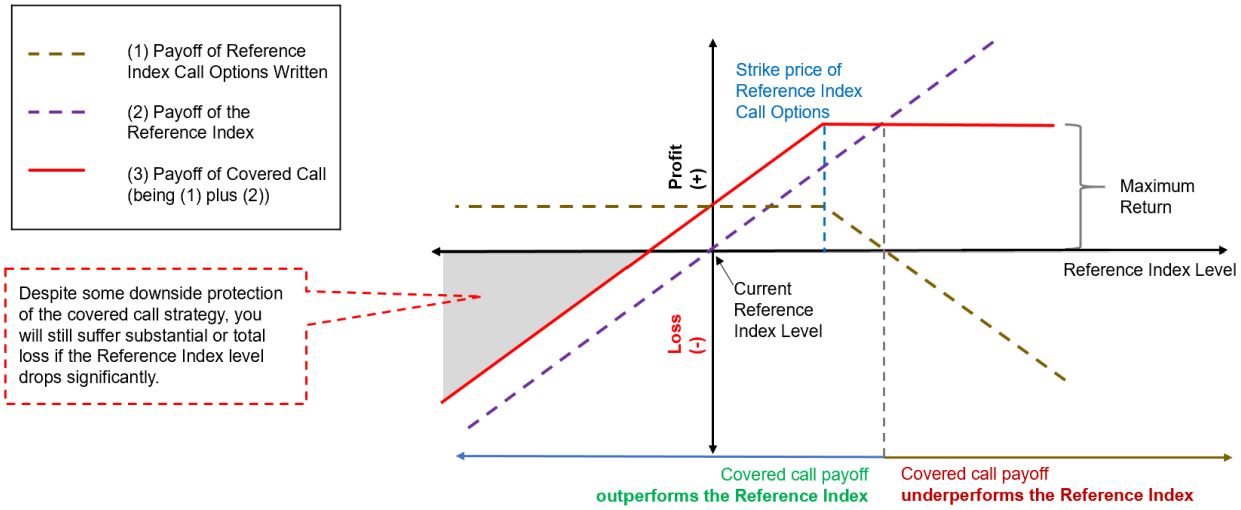
This strategy is considered "covered" because the writer of the call options holds the underlying asset which can be delivered to the purchaser if the call option is exercised (in the case of physically-settled options), or liquidated to pay the purchaser the cash payment at expiry (in the case of cash-settled options).

*Advantages and disadvantages of adopting a covered call strategy*
The objective of adopting a covered call strategy is to generate income and reduce potential loss against the downward market. Each time the Sub-Fund writes a Reference Index Call Option, the Sub-Fund receives a premium. If the value of the securities relating to the Reference Index held by the Sub-Fund declines, the premium that the Sub-Fund received for writing the Reference Index Call Option may reduce such loss to some extent.

However, the downside of adopting a covered call strategy is that the Sub-Fund's opportunity to profit from an increase in the level of the Reference Index is limited to the strike price of the Reference Index Call Options written, plus the premium received. In return for the premium, the Sub-Fund gives the purchaser of the Reference Index Call Options the right to receive a cash payment equal to any positive difference between the level of the Reference Index and the strike price of the Reference Index Call Options at expiry (the "cash payment at expiry"). Insofar as the

Sub-Fund's Covered Call Exposure is concerned, during the tenor of the Reference Index Call Options, the Sub-Fund may not be able to benefit from any potential increases in the value of the Reference Index above the strike price of the Reference Index Call Options (however, the Sub-Fund may still be benefited from potential increases in the value of the Reference Index above the strike price of the Reference Index Call Options for the Sub-Fund's exposure to the Reference Index that exceeds the notional value of the Reference Index Call Options written). The purchaser may exercise the Reference Index Call Options at the strike price at expiry and as such, the Sub-Fund will be obligated to give the cash payment at expiry to the purchaser. The Sub-Fund will not benefit from any appreciation of the Reference Index beyond the strike price of the Reference Index Call Options and the cash payment at expiry to the purchaser may be more than the premium received if the positive difference between the level of the Reference Index and the strike price of the Reference Index Call Options is greater than the premium received. When the value of the securities relating to the Reference Index held by the Sub-Fund is rallying rapidly, the Sub-Fund is expected to underperform the Reference Index.

The payoff of a covered call strategy in comparison with the HSCEI is illustrated in the following diagram:




The covered call strategy outperforms the HSCEI when the current price of the HSCEI is less than the sum of the strike price and the call option premium and underperforms the HSCEI when the current price of the HSCEI is more than the sum of the strike price and the call option premium.

As the Sub-Fund seeks to write covered Reference Index Call Options to maintain the Covered Call Exposure, its ability to benefit from capital appreciation of the Reference Index is limited as a result. Please refer to the risk factor "Covered call option writing risk" below for further details.

For the avoidance of doubt, the Sub-Fund does not seek to track the Reference Index given its covered call strategy.

**The Sub-Fund's performance in different market scenarios**

For illustrative purpose only, the Sub-Fund's performance in adopting the covered call strategy in different market scenarios is set out below:

**(a) Bullish market scenario (worst case scenario)**

In a bullish market where the market value of the Reference Index is continuously rising, the covered call strategy adopted by the Sub-Fund may result in limited participation in the upside potential of the Reference Index.

The Sub-Fund's ability to benefit from the increasing value of the Reference Index is limited to the strike price of the Reference Index Call Options written, plus the premium received. As the market value of the Reference Index rises and may reach a level exceeding the strike price, the Reference Index Call Options written by the Sub-Fund may be exercised by the purchaser at expiry. This will trigger the Sub-Fund's obligation to pay the purchaser the cash payment at expiry. The Sub-Fund may have to liquidate its long positions in Reference Index Equities, FDIs and/or Reference Index ETF in such a case. Therefore, the Sub-Fund may not be able to benefit from any potential increases in the value of the Reference Index above the strike price of the Reference Index Call Options written by the Sub-Fund, insofar as the Sub-Fund's Covered Call Exposure is concerned (i.e., upside potential from the increase in value of the Reference Index is limited). Such forgone gain above the strike price of the Reference Index Call Options may not be sufficiently offset by the premium received. Accordingly, the Sub-Fund's performance in a bullish market may be inferior compared to direct investments in constituent equity securities of the Reference Index without adopting a covered call strategy.

**(b) Range-trading market scenario (best case scenario)**

In a range-trading market where the market value of the Reference Index is neither rising nor declining, the Sub-Fund's covered call strategy may generate positive returns for the Sub-Fund. In writing the Reference Index Call Options, the Sub-Fund will receive a premium from the purchaser. If the market remains range-bound, it is likely that (i) the Reference Index Call Options will not be exercised by the purchaser at expiry (if the level of the Reference Index is equal to or below the strike price) or (ii) the cash payment at expiry to the purchaser is less than the premium received if the positive difference between the level of the Reference Index and the strike price when the Reference Index Call Options expires is less than the premium received. Accordingly, the Sub-Fund can generate positive returns and potentially enhance its overall performance during a range-trading market.

**(c) Bearish market scenario**

In a bearish market where the market value of the Reference Index declines continuously, the Sub-Fund's covered call strategy may provide the Sub-Fund with downside protection to a certain extent. As the market value of the Reference Index continues to decline and may reach a level below the strike price of the Reference Index Call Options written by the Sub-Fund, the likelihood that the Reference Index Call Options will be exercised at expiry is low. The Sub-Fund retains the premium received from writing the Reference Index Call Options as income, which may partially reduce the losses suffered from the declining market (if any). However, in the event that the decline in value of the Reference Index (and a corresponding decline in the value of the Sub-Fund's long positions in Reference Index Equities, FDIs and/or Reference Index ETF) exceeds the income generated from writing the Reference Index Call Options, the Sub-Fund's overall performance and Net Asset Value may be adversely affected.

For the avoidance of doubt, the above is set out for illustrative purpose only and should not be construed as any guarantee or warranty regarding the Sub-Fund's performance. The effectiveness of the Sub-Fund's covered call strategy is subject to an array of factors including but not limited to market conditions, volatility of the Reference Index, investor outlook and interest rates. There is no guarantee that the Sub-Fund will be able to fully implement its covered call strategy as intended or at all. Please refer to "Risk factors relating to the Sub-Fund" of this Appendix for further details on the relevant risk factors.

**Reference Index**

The Reference Index is a free-float-adjusted market-capitalisation-weighted index that tracks the performance of the largest Mainland securities listed and traded on the SEHK. The universe of securities of the Reference Index includes securities listed on the Main Board of the SEHK. Stapled securities, foreign companies, biotech companies with stock names ended with marker "B",

specialist technology companies with stock names end with marker "P" and investment companies listed under Chapter 21 of the Main Board Listing Rules of Hong Kong Exchanges and Clearing Limited are excluded. The Reference Index adopts a free-float-adjusted market capitalisation-weighted methodology with a cap of 8% on individual constituents.

The Reference Index was launched on 8 August 1994. The Reference Index is denominated in HKD and is calculated with a base value of 2,000 as of 3 January 2000. The Reference Index is compiled and managed by Hang Seng Indexes Company Limited ("**HSIL**"), a wholly-owned subsidiary of Hang Seng Bank Limited. As at 31 March 2026, the Reference Index comprised 50 constituents listed on SEHK with freefloat-adjusted index market capitalisation (after capping) of HKD 10,548.7 billion.

**Risk factors relating to the Sub-Fund**

In addition to the relevant 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.

*Active investment management risk*

The Manager employs an actively managed investment strategy for the Sub-Fund. In addition to seeking to obtain exposure to the constituent equity securities in the Reference Index in substantially the same weightings as these securities have in the Reference Index through investing directly in constituent equity securities of the Reference Index and Reference Index ETF and long positions of FDIs, the Sub-Fund also writes call options on the Reference Index.

For the avoidance of doubt, the Sub-Fund does not seek to track any index or benchmark (including the Reference Index), and there is no replication or representative sampling conducted by the Manager. The Sub-Fund may fail to meet its objective as a result of the Manager's selection of investments for the Sub-Fund, and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to direct investments in the constituent equity securities of the Reference Index.

Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective, there can be no assurance that these strategies will be successful. The Manager may not be successful in selecting the best-performing instruments or investment techniques. Accordingly, there is a risk that investors may not recoup the original amount invested in the Sub-Fund or may lose a substantial part or all of their initial investment.

*Covered call option writing risk*

The Sub-Fund adopts a covered call strategy which involves writing call options (including ETF options) on the Reference Index. A covered call strategy offers some downside protection but limits potential upside. Notwithstanding the downside protection of a covered call strategy, you will still suffer substantial or total loss if the Reference Index level drops significantly.

The market value of a Reference Index Call Option may be affected by an array of factors including but not limited to supply and demand, interest rates, the current market price of the Reference Index in relation to the strike price of the Reference Index Call Options, the actual or perceived volatility of the Reference Index and the time remaining until the expiration date. The Sub-Fund's ability to utilise Reference Index Call Options successfully will depend on the ability of the Manager to correctly predict future price fluctuations, which cannot be assured and are subject to market behaviour or unexpected events.

In writing the covered Reference Index Call Options, the Sub-Fund will receive a premium from purchasers and the premium income will vary depending on different factors. However, in the case of an increase in the market price of the constituent equity securities of the Reference Index, the

Sub-Fund's opportunity to profit from such an increase is limited to the strike price of the Reference Index Call Options. In the event that the level of the Reference Index is on a continuous rise, the exercise of written Reference Index Call Options by purchasers could result in the Sub-Fund's existing long positions in Reference Index Equities, FDIs and/or Reference Index ETF being liquidated for settlement of cash payment at expiry of Reference Index Call Options, and subsequent long positions would need to be re-established at a higher market level, thereby limiting the quantity of Reference Index Equities, FDIs and/or Reference Index ETF in which the Sub-Fund will be able to invest and accordingly, the quantity of the Reference Index Call Options which may be written by the Sub-Fund will also decrease.

On the other hand, the Sub-Fund will take an underlying long position in Reference Index Equities, FDIs and Reference Index ETF and, as the writer of the Reference Index Call Options which are covered by the underlying long positions, the Sub-Fund will continue to bear the risk of declines in the market value of the Reference Index. If a Reference Index Call Option expires and if there is a decline in the market value of the Reference Index during the option period, the premiums received by the Sub-Fund from writing the Reference Index Call Options may not be sufficient to offset the loss realised.

In addition, the Sub-Fund's ability to sell the Reference Index Equities, FDIs and/or Reference Index ETF underlying the Reference Index Call Options will be limited in order to maintain the Covered Call Exposure unless the Sub-Fund cancels out its short positions in the written Reference Index Call Options by purchasing offsetting identical Reference Index Call Options prior to their expiry. There is no guarantee that such offsetting identical Reference Index Call Options will be available on terms favourable to the Sub-Fund or at all. Even if the Sub-Fund is able to cancel out its short positions in the written Reference Index Call Options in the manner as aforementioned, the Sub-Fund may still sustain a loss in selling the underlying Reference Index Equities, FDIs and/or Reference Index ETF in the event that the market value of the Reference Index declines. Also, the Sub-Fund may write Reference Index Call Options over an exchange or in the OTC market. The Reference Index Call Options in the OTC markets may not be as liquid as exchange-listed options. There may be a limited number of counterparties which are willing to enter into Reference Index Call Options as purchasers or the Sub-Fund may find the terms of such counterparties to be less favourable than the terms available for listed options. Moreover, the SEHK may suspend the trading of options in volatile markets. If trading is suspended, the Sub-Fund may not be able to write Reference Index Call Options at times that may be desirable or advantageous to do so.

*Futures contracts risk*

Market risk

The use of futures contracts involves risks that are in addition to, and potentially greater than, the risks of investing directly in securities and other more traditional assets. Although the Reference Index Futures market is relatively developed, the Sub-Fund is subject to a potential risk that it may not be able to terminate or sell positions. A liquid secondary market may not always exist for the Sub-Fund's positions at times when the Sub-Fund wishes to terminate or sell such positions.

In addition, Reference Index Futures exhibit "futures basis", which refers to the difference between the current market value of the Reference Index and the price of Reference Index Futures. A negative futures basis exists when Reference Index Futures generally trade at a premium to the current market value of the Reference Index. If a negative futures basis exists, the Sub-Fund's investments in Reference Index Futures will generally underperform a direct investment in Reference Index Equities. The value of Reference Index Futures may move in unexpected ways, especially in unusual market conditions, and may result in increased volatility, among other consequences. There may be imperfect correlation between changes in the market value of Reference Index Futures and the value of the Reference Index, and this may be exaggerated in times of market stress or volatility.

Volatility risk

The price of Reference Index Futures can be highly volatile and is influenced by, among others,

interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and changing investor confidence in future fluctuations in the price of the Reference Index.

Leverage risk

Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in Reference Index Futures may result in a proportionally high impact and substantial losses to the Sub-Fund, having a material adverse effect on the Net Asset Value. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested by the Sub-Fund.

Margin requirement risk

Investing in Reference Index Futures and writing Reference Index Call Options generally involve the posting of margin. Additional funds may need to be posted as margin to meet margin calls based upon daily marking to market of Reference Index Futures and Reference Index Call Options. Increases in the amount of margin or similar payments may result in the need for the Sub-Fund to liquidate its investments at unfavourable prices in order to meet margin calls. If the Sub-Fund is unable to meet its investment objective as a result of margin requirements imposed by the HKFE, the SEHK and/or the Sub-Fund's futures broker, the Sub-Fund may experience significant losses, which may exceed the amount of the Sub-Fund's initial investment, and the investors may suffer substantial or total loss of their own investments.

Negative roll yields and "contango" market risk

Excluding other considerations, if the market for Reference Index Futures is in a "contango" market, i.e., the prices are higher in the distant delivery months than in the nearer delivery months, the sale of Reference Index Futures would take place at a price that is lower than the price of the contract which such Reference Index Futures will be rolled to. Accordingly, sale proceeds from selling existing Reference Index Futures when rolling will not be sufficient to purchase the same number of contracts with later expiration date which have a higher price, thereby creating a negative "roll yield".

By contrast, if the market for these contracts is in "backwardation", i.e., the prices of Reference Index Futures with later expiration dates are lower than the prices of Reference Index Futures with earlier expiration dates, the sale of the current contracts would take place at a price that is higher than the price of the contracts with later expiration date, thereby creating a positive "roll yield".

Contango or backwardation could last for an undetermined period of time. The presence of contango in the market for Reference Index Futures could result in negative "roll yields", which could adversely affect the Net Asset Value of the Sub-Fund. The impact of contango on the Sub-Fund's performance may be greater than it would have been if the Sub-Fund rolled Reference Index Futures more frequently. Investors should note that save for the transaction cost incurred, "rolling" in itself is not a loss or return-generating event. The roll yield is typically realised over time.

Reference Index Futures position limit risk

The positions of futures contracts or stock options contracts held or controlled by the Manager, including positions held for the Manager's own account or for the funds under its management (such as the Sub-Fund) but controlled by the Manager, may not in aggregate exceed the relevant maximum under the Securities and Futures (Contracts Limits and Reportable Positions) Rules (the "Rules").

Accordingly, if the position held or controlled by the Manager reaches the relevant position limit or if the Net Asset Value of the Sub-Fund grows significantly, the restrictions under the Rules may prevent creations of additional Units due to the inability of the Sub-Fund to acquire further Reference Index Futures. This may cause a divergence between the trading price of a Listed Class Unit on the SEHK and the Net Asset Value per Listed Class Unit. In the event that the relevant position limit is reached or is closed to being reached, the Manager will evaluate its existing

positions and consider partially or fully closing out certain positions, or obtain exposure to the Reference Index through investment in Reference Index Equities or Reference Index ETF.

Failure of clearing house risk

The Sub-Fund may have exposure to Reference Index Futures and Reference Index Call Options that are registered, cleared and guaranteed by the HKFE Clearing Corporation. In the event of the bankruptcy of the clearing house, the Sub-Fund could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Sub-Fund would be afforded the protections granted to participants to transactions cleared through a clearing house under applicable laws. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt clearing house if the clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Sub-Fund to recover all, or even any, of the amounts it has deposited as margin.

*FDI risks*

The Sub-Fund invests in Reference Index Futures and/or equity swaps, and writes Reference Index Call Options, which are FDIs. Risks associated with FDIs also include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and OTC transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI. Exposure to FDIs may lead to a high risk of significant loss. In the case of swaps, the Sub-Fund may suffer significant loss if a swap counterparty fails to perform its obligations, or in case of insolvency or default of the swap counterparty(ies).There is no assurance that the derivative strategy used by a Sub-Fund (if any) will succeed. For further details, please refer to the “Financial Derivate Instruments risks” as presented in the section on “RISK FACTORS” in Part 1 of this Prospectus.

*Counterparty risk*

The Sub-Fund may invest in FDIs such as Reference Index Futures and/or equity swaps involving counterparties for the purpose of attempting to gain exposure to the Reference Index without actually purchasing the Reference Index Equities. The use of these FDIs involves risks that are different from those associated with Securities. For example, the Sub-Fund is exposed to the risk that the swap counterparty may be unwilling or unable to make timely payments to meet its contractual obligations or may fail to return holdings that are subject to the agreement with the swap counterparty. If the swap counterparty becomes bankrupt or defaults on its payment obligations to the Sub-Fund, it may not receive the full amount it is entitled to receive. In addition, the Sub-Fund may enter into swap agreements with a limited number of counterparties, which may increase the Sub-Fund’s exposure to counterparty credit risk. The Sub-Fund does not specifically limit its counterparty risk with respect to any single counterparty and there is a chance for the Sub-Fund to have single counterparty. Further, there is a risk that no suitable counterparties are willing to enter into, or continue to enter into, transactions with the Sub-Fund and, as a result, the Sub-Fund may not be able to achieve its investment objectives. The Sub-Fund will not enter into any agreement involving a swap counterparty unless the Manager believes that the other party to the transaction is creditworthy.

*Concentration and Mainland market risk*

The Sub-Fund’s investments are concentrated in securities listed on the SEHK of companies having major business exposure to Mainland. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Mainland market.

The Sub-Fund’s exposure to mainland China, an emerging market, may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and

taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

*Risk of investing in other collective investment schemes*

The underlying collective investment schemes in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

If the Sub-Fund invests in other active or passive investment products managed by the Manager or Connected Person of the Manager, all initial charges and redemption charges on these listed or unlisted funds must be waived, and the Manager must not obtain rebate of any fees or charges levied by these funds or any quantifiable monetary benefits in connection with investments in these funds. In case any conflicts of interest may still arise out of such investments, the Manager will use its best endeavours to resolve it fairly.

*Reliance on the same group risk*

Each of the Trustee (also acting as the Registrar), the Manager (also acting as the Listing Agent with respect to the Listed Class Units only) and HSIL are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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 HSIL are presently all members of the Group, and one or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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, will vigorously manage any such conflict in the best interest of investors 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 and Redemption of Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 8 May 2026.

For Eligible Investors, special creations and redemptions for Listed Class Units in the Sub-Fund are available.

The current Dealing Deadline for making a Creation Application, a Redemption Application, a Special Creation Application or a Special Redemption Application is 2:30 p.m. (Hong Kong time) on each Dealing Day, or such other time prior to the calculation of the Net Asset Value of the Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee.

Settlement for subscribing Listed Class 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 Issue Price or Redemption Value of each Listed Class Unit for any relevant Dealing Day will, subject to the qualification in respect of the swing pricing adjustments as set out in the sub-section

headed "Issue Price and Redemption Value of Units" under "DETERMINATION OF NET ASSET VALUE" of this Prospectus be based on the Net Asset Value of the Listed Class Units of the Sub-Fund in HKD at the Valuation Point divided by the number of Listed Class Units then in issue or deemed to be in issue, rounded to the nearest four decimal places, with any amount of 0.00005 or above being rounded up (unless otherwise agreed by the Manager and the Trustee). Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund.

All investors may buy and sell Listed Class Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for cash or hybrid (i.e., a combination of cash and in-kind) creation and redemption of Listed Class Units in the primary market.

The attention of investors is drawn to the section entitled "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" in Part 1 of this Prospectus.

**Trading of Listed Class Units**

The Sub-Fund offers HKD Counter on the SEHK to investors for secondary trading purposes. Listed Class Units are denominated in HKD.

The HKD Counter and traded Listed Class Units have a SEHK stock code 03519 and a short name "A HSCEICC". The ISIN for HKD Counter and traded Listed Class Units is HK0001298436.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the HKD Counter.

**Exchange Listing and Trading (Secondary Market) for Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 8 May 2026. Listed Class Units will trade on the SEHK in board lots of 100 Units.

Participating Dealers and Eligible Investors should note that they will not be able to sell or otherwise deal in the Listed Class Units on the SEHK until dealings begin on the SEHK.

Listed Class 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 Listed Class 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 for Listed Class Units**

Listed Class Units can be redeemed directly (through a Participating Dealer) by way of a Redemption Application or (through an Eligible Investor) by way of a Special Redemption Application. Redemption proceeds may be paid in (i) cash or (ii) hybrid (i.e., a combination of cash and in-kind). Any accepted Redemption Application or Special Redemption Application will be effected by the payment of cash and/or transfer of Securities (as the case may be) 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.

**The Subscription and Redemption of Unlisted Class Units**

*Unlisted Classes of Units*

The Sub-Fund currently offers the following Unlisted Classes of Units to investors:

- Class A HKD – Income Units
- Class A USD – Income Units
- Class A RMB (hedged) – Income Units
- Class I HKD – Income Units
- Class Z HKD – Income Units

*Subscription and Redemption Procedures*

The following apply to Unlisted Classes:

- Initial issue date: To be determined by the Manager.
- Dealing Deadline: 1:00 p.m. (Hong Kong time) on each Dealing Day, or such other time prior to the calculation of the Net Asset Value of the Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee
- Subscription payment deadline: payment for Unlisted Class Units being applied for, together with any Preliminary Charge, is due in the Class currency of the relevant Class within one Business Day of the Dealing Day on which the subscription application is made, unless the Manager agrees to accept late payment

The Issue Price or Redemption Value of each Unlisted Class Unit for any relevant Dealing Day will be based on the Net Asset Value of the Unlisted Class Units of the Sub-Fund at the Valuation Point divided by the number of Unlisted Class Units then in issue or deemed to be in issue. Unless otherwise agreed by the Manager and the Trustee, the Issue Price or Redemption Value of a Unit is rounded to the nearest four decimal places, with any amount of 0.00005 or above being rounded up. Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund. Please refer to the section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" of this Prospectus for further details on the subscription, redemption and payment procedures in respect of the Unlisted Class Units.

**Switching**

Switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

Unless otherwise agreed by the Manager, Unlisted Class Units of the Sub-Fund may only be switched into the same Unlisted Class Units of any collective investment scheme managed by the Manager. Similarly, unless otherwise agreed by the Manager, the Unlisted Class Units of any collective investment scheme managed by the Manager may only be switched into Units of the same Unlisted Class of the Sub-Fund. Where the switching is between Units denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

**Distribution policy**

*Income Units*

Monthly cash dividends (if any) may be made at the discretion of the Manager. The Manager may make declaration of distribution every month. For the Listed Class Units, each Unitholder will receive distributions in HKD only. For the Unlisted Class Units, each Unitholder will receive distributions in the class currency of the relevant Unlisted Class.

There is no guarantee of regular distribution of dividends and, if dividend is paid, 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 the capital.

Distribution payment frequency and rates (if any) 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 the Sub-Fund**

*Manager's fee*

Under the Trust Deed, 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 up to 0.70% per year of the Net Asset Value for Listed Class Units. The current management fee is up to 1.00% per year of the Net Asset Value for Unlisted Class A Units. The current management fee is up to 0.50% per year of the Net Asset Value for Unlisted Class I Units. The current management fee is 0% per year of the Net Asset Value for Unlisted Class Z Units. This fee is payable out of the Trust Fund. The current management rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Trustee'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. The current trustee rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Fees and expenses applicable to the Listed Class Units only*

**Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only**

| | | |
|---|---|---|
| **(a)** | **Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)** | **Amount** |
| | Transaction Fee | HKD3,000[4] per Application and HKD1,000[4] per book-entry deposit and withdrawal transaction |
| | Application cancellation fee | HKD9,500[5] per Application |
| | Extension Fee | HKD9,500[6] 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[7] | Such amounts as determined by the relevant Participating Dealer |
| | ***(ii) Fees payable by all investors in respect of dealings in the Listed Class Units on SEHK (applicable After Listing)*** | |
| | Brokerage | Market rates |
| | SFC transaction levy | 0.0027%[8] |

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4 A Transaction Fee (comprising a sum of HKD3,000 for each Application and a sum of HKD1,000 for each book-entry deposit and withdrawal transaction) is payable by a Participating Dealer to the Trustee for the benefit of the Trustee and/or Registrar.

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.

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 Listed Class Units is payable by each of the buyer and the seller.

| | |
|---|---|
| AFRC transaction levy | 0.00015%[9] |
| SEHK trading fee | 0.00565%[10] |
| Stamp duty | Nil |

*Fees and expenses payable by investors of the Unlisted Class Units only*[11]

| | |
|---|---|
| **Preliminary Charge** | Up to 5.0% of the Issue Price of the Unlisted Class Units |
| **Redemption Charge** | Nil |
| **Switching Fee** | Up to 4.0% of the Issue Price of the Unlisted Class Units |

**Additional information relating to the Sub-Fund**

Please refer to heading "Information available on the Internet" in the section "STATUTORY AND GENERAL INFORMATION" in Part 1 of this Prospectus for the important news and information to be published by the Manager with respect to the Sub-Fund on the Manager's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC).

In addition, the following information relating to the Sub-Fund will be published on the Manager's website:

(a) the full portfolio information of the Sub-Fund, including details of the Reference Index Call Options written by the Sub-Fund (in English only), updated on a daily basis;
(b) a "performance simulator" which simulates the performance of the Sub-Fund based on its holdings; and
(c) additional information on the Sub-Fund's covered call strategy.

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9 AFRC transaction levy of 0.00015% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.
10 The SEHK trading fee of 0.00565% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.
11 Please contact the Authorised Distributor(s) of the Sub-Fund for details.

## APPENDIX 9: HANG SENG TECH COVERED CALL ACTIVE ETF

*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.*

**Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. Please refer to the sections relevant to your intended holding of Units.**

**Key information applicable to both Listed Class Units and Unlisted Class Units**

| | |
|---|---|
| **Base Currency** | Hong Kong dollars ("**HKD**") |
| **Investment Strategy** | Please refer to the section on "What is the investment strategy?" below |
| **Financial Year End** | 31 December |
| **Dealing Day** | Each Business Day and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee |
| **Website** | www.hangsenginvestment.com (this website has not been reviewed by the SFC) |

**Key information applicable to the Listed Class Units only**

| | |
|---|---|
| **Listing Date (SEHK)** | 8 May 2026 |
| **Exchange Listing** | SEHK – Main Board |
| **Stock Code** | 03589 – HKD Counter |
| **Short Stock Name** | A HSTECHCC – HKD Counter |
| **Trading Board Lot Size** | 100 Units – HKD Counter |
| **Trading Currency** | HKD – HKD Counter |
| **Distribution Policy** | Monthly (if any)<br><br>Monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 |

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| | 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 will receive distributions in HKD only.** |
| **Creation/Redemption Policy** | Cash (in HKD) or hybrid (i.e., a combination of cash and in-kind creation/redemption for Reference Index Equities (as defined below) only) |
| **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 Deadline** | 2:30 p.m. (Hong Kong time) on each Dealing Day, or such other time prior to the calculation of the Net Asset Value of the Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee |
| **Management Fee** | 0.70% |
| **Market Makers (HKD Counter)*** | Optiver Trading Hong Kong Limited<br>Eclipse Options (HK) Limited |
| **Participating Dealers (HKD Counter)*** | ABN AMRO Clearing Hong Kong Limited<br>Barclays Bank Plc<br>Mirae Asset Securities (HK) Limited<br>Korea Investment & Securities Asia Limited<br>China Merchants Securities (HK) Co., Limited |
| **Service Agent** | HK Conversion Agency Services Limited |
| **Listing Agent** | Hang Seng Investment Management Limited |

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

**Key information applicable to the Unlisted Class only**

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|---|---|
| **Initial Issue Date** | To be determined by the Manager |
| **Unlisted Classes Offered** | Class A HKD – Income Units<br>Class A USD – Income Units<br>Class A RMB (hedged) – Income Units<br>Class I HKD – Income Units<br>Class Z HKD – Income Units |
| **Initial Issue Price** | Class A HKD – Income Units: HKD 10<br>Class A USD – Income Units: USD 10 |

| | | |
|---|---|---|
| | Class A RMB (hedged) – Income Units: RMB 10<br><br>Class I HKD – Income Units: HKD 10<br><br>Class Z HKD – Income Units: HKD 10 | |
| **Dealing Deadline** | 1:00 p.m. (Hong Kong time) on each Dealing Day, or such other time prior to the calculation of the Net Asset Value of the Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee | |
| **Distribution Policy** | **Income Units:**<br><br>Monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in their respective class currencies.** | |
| **Management Fee** | Class A HKD – Income Units<br><br>Class A USD – Income Units<br><br>Class A RMB (hedged) – Income Units | Currently up to 1.00% per year of the Net Asset Value |
| | Class I HKD – Income Units | Currently up to 0.50% per year of the Net Asset Value |
| | Class Z HKD – Income Units | Currently 0% per year of the Net Asset Value |
| **Trustee Fee** | 0.045% per year of the Net Asset Value of the Sub-Fund | |

**Key similarities and differences between Listed Class and Unlisted Class**

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| **Investment Objective**<br>**Investment Strategy** | Same for both Listed Class and Unlisted Class. Please refer to the sections below headed "What is the investment objective?" and "What is the investment strategy?" |
| **Valuation Policy** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DETERMINATION OF NET ASSET VALUE" of this Prospectus. |
| **Valuation Point** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DEFINITIONS" of this Prospectus. |
| **Dealing Arrangements** | There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, including but not limited to different Dealing Deadlines and minimum amounts for creation/subscription and redemption of Units.<br><br>Unitholders should note that the dealing frequency and the definition of "Dealing Day" in respect of Listed Class and Unlisted Class are the same. However, the applicable dealing procedures and timing with the relevant Participating Dealer (in the case of the Listed Class) and the Authorised Distributor (if applicable, in the case of the Unlisted Class) and the Dealing Deadlines for creation/ subscription and redemption of Units may be different. Unitholders should check with the relevant Participating Dealer or Authorised Distributor (as applicable) for the applicable dealing procedures and timing as well as the Dealing Deadlines.<br><br>**In respect of the Listed Class:**<br><br>- a cash or hybrid (i.e., a combination of cash and in-kind) Creation Application or Redemption Application for Listed Class Units received at or before 2:30 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Listed Class Units of the Sub-Fund of Day T;<br><br>- a cash or hybrid (i.e., a combination of cash and in-kind) Creation Application or Redemption Application for Listed Class Units received after the dealing deadline of Day T for such Class (i.e., 2:30 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e., Day T+1) at the Net Asset Value per Unit of Listed Class Units of the Sub-Fund of Day T+1;<br><br>- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the dealing deadline; and<br><br>- a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open for trading. Investors can buy or sell the Listed Class Units at market price. |

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| | **In respect of the Unlisted Class:**<br><br>- a subscription or redemption application for Unlisted Class Units received at or before 1:00 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Unlisted Class Units of Day T;<br><br>- a subscription or redemption application for Unlisted Class Units received after the dealing deadline of Day T for such class (i.e., 1:00 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e., Day T+1) at the Net Asset Value per Unit of the Unlisted Class Units of Day T+1;<br><br>- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the dealing deadline; and<br><br>- applicants may apply for Unlisted Class Units through the Manager or an Authorised Distributor. Authorised Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Unlisted Class Units through an Authorised Distributor should therefore consult the Authorised Distributor for details of the relevant dealing procedures.<br><br>Please refer to the sections headed "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" and "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" in this Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively. |
| **Distribution Policy** | In respect of Listed Class Units and Unlisted Class Units which are Income Units, same for both Listed Class and Unlisted Class, that is monthly cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution every month. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>Please refer to the section below headed "Distribution Policy" for further details on the distribution policy of Listed Class Units and Unlisted Class Units. |
| **Fee Structure** | **In respect of both the Listed Class and Unlisted Class:**<br><br>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.<br><br>**In respect of the Listed Class:**<br><br>The current management fee is up to 0.70% per year of the Net Asset Value of Listed Class and is accrued daily and |

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| | calculated as at each Dealing Day. It is payable out of the Listed Class monthly in arrears.<br><br>An investment in the Listed Class in the secondary market is subject to fees involved in relation to the trading of such Listed Class Units on the SEHK (such as the brokerage fee, transaction levy, trading fee and so on).<br><br>**In respect of the Unlisted Classes:**<br><br>For Class A Units, the management fee is currently up to 1.00% per year of the Net Asset Value of the class, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class I Units, the management fee is currently up to 0.50% per year of the Net Asset Value of the class, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class Z Units, the management fee is currently 0% per year of the Net Asset Value.<br><br>The Manager may levy a Preliminary Charge of up to 5.0% of the Issue Price of Unlisted Class Units. No Redemption Charge will be levied on the Unlisted Class Units.<br><br>Neither Listed Classes nor Unlisted Classes employ a single management fee structure. The following fees and expenses may be payable out of and borne by each of the Classes: Trustee's fee, Registrar's fees, custodian's fees, fees and expenses of the auditors, transaction fee, license fees, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or any of their agents.<br><br>Please refer to the sections headed "Fees and expenses payable by a Sub-Fund" and "Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only" in this Appendix for further details. |
| **Net Asset Value per unit** | There is a separate Net Asset Value for each class of Units. The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee and expense items applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different.<br><br>Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class.<br><br>Please refer to the relevant risk factors in the product key facts statements of the Listed Class and Unlisted Class and the section headed "RISK FACTORS" in this Prospectus. |
| **Termination** | Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub-section headed "Termination" under the section headed |

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| | "STATUTORY AND GENERAL INFORMATION" of this Prospectus for further details. |

**What is the investment objective?**

The investment objective of the Sub-Fund is to generate income and maintain prospects for capital appreciation while mitigating some downside risk through the use of covered call strategy. It should be noted that the use of covered call strategy also limits potential upside.

**What is the investment strategy?**

The Sub-Fund seeks to achieve its investment objective by primarily (i) investing in constituent equity securities in the Hang Seng TECH Index (the "Reference Index" or the "HS TECH"); and (ii) selling (i.e. "writing") call options on the Reference Index to receive payments of money from the purchaser of call options (i.e. "premium"). The Sub-Fund will obtain exposure to the constituent equity securities in the Reference Index in substantially the same weightings as these securities have in the Reference Index through investing:

i. directly in constituent equity securities of the Reference Index (the "Reference Index Equities") of at least 50% but not exceeding 100% of its Net Asset Value; and/or

ii. in long positions of FDIs (e.g., front-month[1] HS TECH futures contracts and/or mini-HS TECH futures contracts listed on the HKFE (collectively, the "Reference Index Futures") and/or equity swaps)[2] with notional value of up to 50% of its Net Asset Value. The Sub-Fund may also hold back-month Reference Index Futures and/or equity swaps when the Manager rolls the Reference Index Futures and/or equity swaps prior to expiration; and/or

iii. up to 30% of its Net Asset Value in ETFs that track the performance of the Reference Index (the "Reference Index ETF"), which are either authorised by the SFC or eligible schemes under Chapter 7.11A of the Code.

The Sub-Fund will also adopt a covered call strategy (as further described below) which involves writing listed or over-the-counter ("OTC") call options (including ETF options) on the Reference Index (the "Reference Index Call Options") with notional value ranging from 70% to 100% of the aggregate value of the constituent equity securities of the Reference Index and the Reference Index ETF held by the Sub-Fund as well as the notional value of the long positions in FDIs held by the Sub-Fund (the "Covered Call Exposure"). The Reference Index Call Options are cash-settled and European-style options that are exercisable only at expiry.

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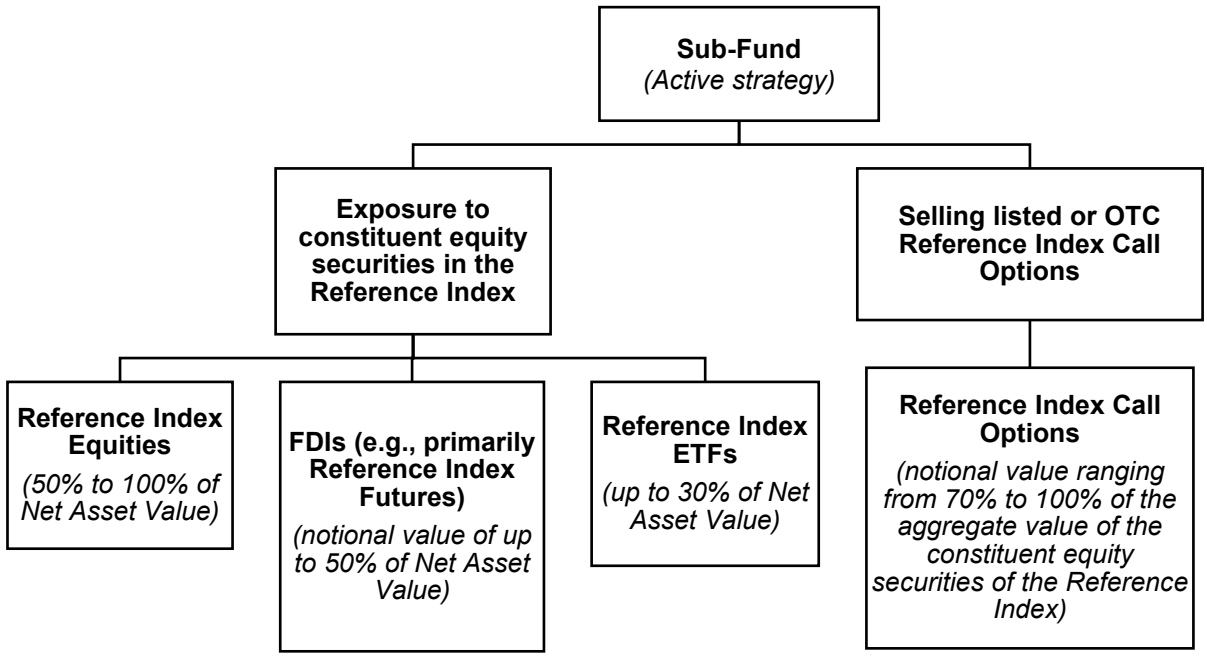
1 "Front-month" FDIs or Reference Index Call Options are monthly contracts with the shortest time to maturity. "Back-month" FDIs or Reference Index Call Options are those with longer time to maturity.

2 For investment in long positions of FDIs, under normal circumstances, the Sub-Fund will primarily invest in long positions of futures contracts.

The diagram below shows the main investment strategies of the Sub-Fund:




*Details of the option strategy*

**Creation/subscription of Units**

When there will be an increase in the number of Units due to creation/subscription of Units, the Sub-Fund may have to write additional Reference Index Call Options in order to maintain the Covered Call Exposure. The Sub-Fund may seek to write additional Reference Index Call Options with the same specified exercise price (i.e., "strike price") and expiration date as the existing Reference Index Call Options that have been written. Depending on the latest level of the Reference Index, the additional Reference Index Call Options to be written can be in-the-money, at-the-money or out-of-the-money[3]. The Sub-Fund may also write additional Reference Index Call Options with strike price and expiration date different from the existing Reference Index Call Options that have been written, with factors including but not limited to the liquidity and bid-ask spread of the Reference Index Call Options, premium of the Reference Index Call Options, as well as the potential risks of writing the Reference Index Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) being considered.

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3 Moneyness is a term to describe whether an option is "in-the-money", "at-the-money" or "out-of-the-money". An "in-the-money" call option is a call option with a strike price that is below the current market price of the underlying asset (i.e., the latest level of the Reference Index in the case of the Sub-Fund). A call option is "at-the-money" if it has a strike price which is at or very near to the current market price of the underlying asset, and a call option is "out-of-the-money" if it has a strike price which exceeds the current market price of the underlying asset. The moneyness of an option will affect the likelihood of the option being exercised. An "in-the-money" call option is likely to be exercised by the purchaser at expiry in order to make a profit from the favourable price difference between the strike price and the market price of the underlying asset, whereas the likelihood of exercise for an "at-the-money" call is relatively lower. An "out-of-the-money" call option has no intrinsic value and is not likely to be exercised at expiry.

**Rolling of Reference Index Call Options**

When existing Reference Index Call Options written by the Sub-Fund expire, the Sub-Fund seeks to write front-month Reference Index Call Options to maintain the Covered Call Exposure. Depending on the prevailing market conditions, such front-month Reference Index Call Options may be at-the-money and/or out-of-the-money. The Sub-Fund may also write back-month Reference Index Call Options, with factors including but not limited to the liquidity and bid-ask spread of the Reference Index Call Options, premium of the Reference Index Call Options as well as the potential risks of writing the Reference Index Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) being considered.

The Manager may also "roll" the Reference Index Call Options prior to expiration (i.e., closing an existing Reference Index Call Option which is about to expire and write another Reference Index Call Option with a later expiration date). A call option expires on a designated date (the "expiration date"). In determining whether to roll the Reference Index Call Options, the Manager will consider various factors including but not limited to the liquidity and bid-ask spread of the Reference Index Call Options, premium of the Reference Index Call Options, the potential risks of rolling the Reference Index Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) as well as whether such "rolling" is in the best interest of the investors. There is no guarantee that such rolling strategy will produce the desired results.

The Sub-Fund may also write weekly Reference Index Call Options (only out-of-the-money), which are weekly contracts expiring at the end of each week with the shortest time to maturity, with factors including but not limited to the liquidity and bid-ask spread of the Reference Index Call Options, premium of the Reference Index Call Options as well as the potential risks of writing or rolling the Reference Index Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) being considered.

**Restriction on strike price**

The strike price of the in-the-money Reference Index Call Options written by the Sub-Fund will be capped at 30% below the index level of the Reference Index when written, whereas the strike price of the out-of-the-money Reference Index Call Options written by the Sub-Fund will be capped at 30% above the index level of the Reference Index when written. The tenor of the Reference Index Call Options shall not exceed one year when they are written by the Sub-Fund.

*Margin requirements and other investments*
In acquiring FDIs and selling the Reference Index Call Options, the Manager anticipates that not more than 25% of the Net Asset Value of the Sub-Fund will be used as margin from time to time. Under exceptional circumstances (for instance, when there is increased margin requirement by the HKFE, the SEHK and/or brokers in extreme market turbulence), the margin exposure may increase substantially beyond 25% of the Net Asset Value of the Sub-Fund.

Not more than 30% of the Net Asset Value of the Sub-Fund may be invested in cash (HKD or USD) and/or other HKD or USD denominated investment products, such as deposits with banks in Hong Kong and HKD or USD denominated short-term (i.e., maturity less than 3 years) investment-grade bonds and money market funds (which are authorised under Chapter 8.2 of the Code or eligible schemes under Chapter 7.11A of the Code) in accordance with the requirements of the Code.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Part 1 of this Prospectus.

FDIs may also be used for currency hedging purposes in respect of hedged Unlisted Class(es). Save as disclosed above, currently, the Manager has no intention to invest the Sub-Fund in any FDIs for hedging or non-hedging (i.e. investment) purposes.

*Securities financing transactions*
The Sub-Fund can enter into securities lending transactions for a maximum level of up to 30% and expected level of up to 20% of its Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. As part of its securities lending transactions, the Sub-Fund will receive collateral, the value of which, during the duration of the securities lending agreement, will be equivalent to at least 100% of the valuation of the securities lent, marked to market on a daily basis and safekept by the Trustee or an agent appointed by the Trustee. Non-cash collateral received may not be sold, reinvested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the Code. Please refer to the sub-section headed "Securities Financing Transactions" in Schedule 1 to Part 1 of this Prospectus for the details of the arrangements.

Currently, the Manager has no intention to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund. In the future, where the Manager intends to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund, subject to SFC's prior approval (if necessary), 1 month's prior notice will be given to the relevant Unitholders.

The Sub-Fund's net derivative exposure will be up to 50% of its Net Asset Value.

**Covered call strategy adopted by the Sub-Fund**

*Overview*
A "covered call strategy" is an options trading strategy which involves holding a long position in a particular asset (for example, a stock, a commodity, a bond, an ETF, a currency or an index), whilst writing call options on the same asset simultaneously. Each European-style call option represents the right, but not the obligation, for the purchaser of the call option to buy the underlying asset at the strike price (or to receive a cash payment equal to any positive difference between the strike price and the market price of the underlying asset (the "cash payment at expiry")) at expiry. In return for writing a call option, the writer receives a payment of money from the purchaser who buys the call option, which is called the "premium".

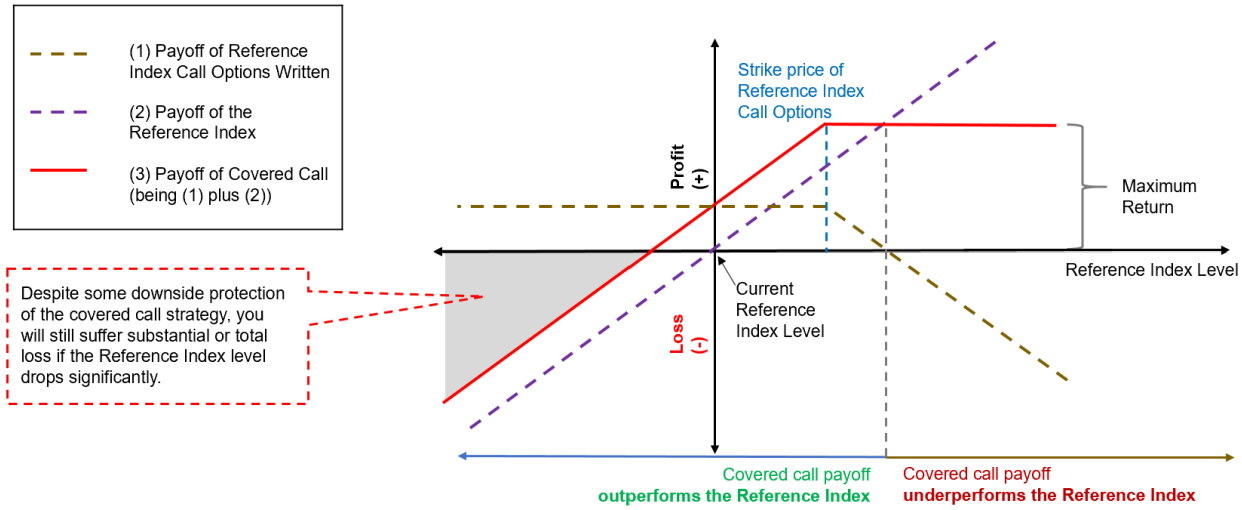
This strategy is considered "covered" because the writer of the call options holds the underlying asset which can be delivered to the purchaser if the call option is exercised (in the case of physically-settled options), or liquidated to pay the purchaser the cash payment at expiry (in the case of cash-settled options).

*Advantages and disadvantages of adopting a covered call strategy*
The objective of adopting a covered call strategy is to generate income and reduce potential loss against the downward market. Each time the Sub-Fund writes a Reference Index Call Option, the Sub-Fund receives a premium. If the value of the securities relating to the Reference Index held by the Sub-Fund declines, the premium that the Sub-Fund received for writing the Reference Index Call Option may reduce such loss to some extent.

However, the downside of adopting a covered call strategy is that the Sub-Fund's opportunity to profit from an increase in the level of the Reference Index is limited to the strike price of the Reference Index Call Options written, plus the premium received. In return for the premium, the Sub-Fund gives the purchaser of the Reference Index Call Options the right to receive a cash payment equal to any positive difference between the level of the Reference Index and the strike

price of the Reference Index Call Options at expiry (the "cash payment at expiry"). Insofar as the Sub-Fund's Covered Call Exposure is concerned, during the tenor of the Reference Index Call Options, the Sub-Fund may not be able to benefit from any potential increases in the value of the Reference Index above the strike price of the Reference Index Call Options (however, the Sub-Fund may still be benefited from potential increases in the value of the Reference Index above the strike price of the Reference Index Call Options for the Sub-Fund's exposure to the Reference Index that exceeds the notional value of the Reference Index Call Options written). The purchaser may exercise the Reference Index Call Options at the strike price at expiry and as such, the Sub-Fund will be obligated to give the cash payment at expiry to the purchaser. The Sub-Fund will not benefit from any appreciation of the Reference Index beyond the strike price of the Reference Index Call Options and the cash payment at expiry to the purchaser may be more than the premium received if the positive difference between the level of the Reference Index and the strike price of the Reference Index Call Options is greater than the premium received. When the value of the securities relating to the Reference Index held by the Sub-Fund is rallying rapidly, the Sub-Fund is expected to underperform the Reference Index.

The payoff of a covered call strategy in comparison with the HS TECH is illustrated in the following diagram:




The covered call strategy outperforms the HS TECH when the current price of the HS TECH is less than the sum of the strike price and the call option premium and underperforms the HS TECH when the current price of the HS TECH is more than the sum of the strike price and the call option premium.
As the Sub-Fund seeks to write covered Reference Index Call Options to maintain the Covered Call Exposure, its ability to benefit from capital appreciation of the Reference Index is limited as a result. Please refer to the risk factor "Covered call option writing risk" below for further details.

For the avoidance of doubt, the Sub-Fund does not seek to track the Reference Index given its covered call strategy.

**The Sub-Fund's performance in different market scenarios**

For illustrative purpose only, the Sub-Fund's performance in adopting the covered call strategy in different market scenarios is set out below:

**(a) Bullish market scenario (worst case scenario)**

In a bullish market where the market value of the Reference Index is continuously rising, the covered call strategy adopted by the Sub-Fund may result in limited participation in the upside potential of the Reference Index.

The Sub-Fund's ability to benefit from the increasing value of the Reference Index is limited to the strike price of the Reference Index Call Options written, plus the premium received. As the market value of the Reference Index rises and may reach a level exceeding the strike price, the Reference Index Call Options written by the Sub-Fund may be exercised by the purchaser at expiry. This will trigger the Sub-Fund's obligation to pay the purchaser the cash payment at expiry. The Sub-Fund may have to liquidate its long positions in Reference Index Equities, FDIs and/or Reference Index ETF in such a case. Therefore, the Sub-Fund may not be able to benefit from any potential increases in the value of the Reference Index above the strike price of the Reference Index Call Options written by the Sub-Fund, insofar as the Sub-Fund's Covered Call Exposure is concerned (i.e., upside potential from the increase in value of the Reference Index is limited). Such forgone gain above the strike price of the Reference Index Call Options may not be sufficiently offset by the premium received. Accordingly, the Sub-Fund's performance in a bullish market may be inferior compared to direct investments in constituent equity securities of the Reference Index without adopting a covered call strategy.

**(b) Range-trading market scenario (best case scenario)**

In a range-trading market where the market value of the Reference Index is neither rising nor declining, the Sub-Fund's covered call strategy may generate positive returns for the Sub-Fund. In writing the Reference Index Call Options, the Sub-Fund will receive a premium from the purchaser. If the market remains range-bound, it is likely that (i) the Reference Index Call Options will not be exercised by the purchaser at expiry (if the level of the Reference Index is equal to or below the strike price) or (ii) the cash payment at expiry to the purchaser is less than the premium received if the positive difference between the level of the Reference Index and the strike price when the Reference Index Call Options expires is less than the premium received. Accordingly, the Sub-Fund can generate positive returns and potentially enhance its overall performance during a range-trading market.

**(c) Bearish market scenario**

In a bearish market where the market value of the Reference Index declines continuously, the Sub-Fund's covered call strategy may provide the Sub-Fund with downside protection to a certain extent. As the market value of the Reference Index continues to decline and may reach a level below the strike price of the Reference Index Call Options written by the Sub-Fund, the likelihood that the Reference Index Call Options will be exercised at expiry is low. The Sub-Fund retains the premium received from writing the Reference Index Call Options as income, which may partially reduce the losses suffered from the declining market (if any). However, in the event that the decline in value of the Reference Index (and a corresponding decline in the value of the Sub-Fund's long positions in Reference Index Equities, FDIs and/or Reference Index ETF) exceeds the income generated from writing the Reference Index Call Options, the Sub-Fund's overall performance and Net Asset Value may be adversely affected.

For the avoidance of doubt, the above is set out for illustrative purpose only and should not be construed as any guarantee or warranty regarding the Sub-Fund's performance. The effectiveness of the Sub-Fund's covered call strategy is subject to an array of factors including but not limited to market conditions, volatility of the Reference Index, investor outlook and interest rates. There is no guarantee that the Sub-Fund will be able to fully implement its covered call strategy as intended or at all. Please refer to "Risk factors relating to the Sub-Fund" of this Appendix for further details on the relevant risk factors.

**Reference Index**

The Reference Index is a free-float-adjusted market-capitalisation-weighted index, the objective of which is to represent the 30 largest technology companies listed in Hong Kong which have high business exposure to selected technology themes, including internet (including mobile), fintech, cloud, e-commerce, digital or autonomous. The technology companies selected have to be

companies that are listed on the main board of the SEHK, but exclude secondary-listed Foreign Companies and investment companies listed under Chapter 21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. "Foreign Companies" in this connection means companies which are incorporated outside Greater China region and have the majority of their business presence outside Greater China region.

The Reference Index adopts a free-float adjusted market capitalisation weighted methodology, with a 4% cap on Foreign Companies constituent weightings and a 8% cap on other individual constituent weightings applied on the date of rebalancing. As such, the weighting of a constituent may exceed 4% and 8% respectively between rebalancings. Foreign Companies constituents are further subject to an aggregate constituent weighting cap at 10%.

The Reference Index was launched on 27 July 2020 with a base value of 3,000 as of 31 December 2014. The Reference Index is compiled and managed by Hang Seng Indexes Company Limited ("**HSIL**"), a wholly-owned subsidiary of Hang Seng Bank Limited. As at 31 March 2026, the Reference Index has 30 constituent securities and a free-float-adjusted index market capitalisation (after capping) of HKD 3,273.8 billion.

**Risk factors relating to the Sub-Fund**

In addition to the relevant 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.

*Active investment management risk*

The Manager employs an actively managed investment strategy for the Sub-Fund. In addition to seeking to obtain exposure to the constituent equity securities in the Reference Index in substantially the same weightings as these securities have in the Reference Index through investing directly in constituent equity securities of the Reference Index and Reference Index ETF and long positions of FDIs, the Sub-Fund also writes call options on the Reference Index.

For the avoidance of doubt, the Sub-Fund does not seek to track any index or benchmark (including the Reference Index), and there is no replication or representative sampling conducted by the Manager. The Sub-Fund may fail to meet its objective as a result of the Manager's selection of investments for the Sub-Fund, and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to direct investments in the constituent equity securities of the Reference Index.

Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective, there can be no assurance that these strategies will be successful. The Manager may not be successful in selecting the best-performing instruments or investment techniques. Accordingly, there is a risk that investors may not recoup the original amount invested in the Sub-Fund or may lose a substantial part or all of their initial investment.

*Covered call option writing risk*

The Sub-Fund adopts a covered call strategy which involves writing call options (including ETF options) on the Reference Index. A covered call strategy offers some downside protection but limits potential upside. Notwithstanding the downside protection of a covered call strategy, you will still suffer substantial or total loss if the Reference Index level drops significantly.

The market value of a Reference Index Call Option may be affected by an array of factors including but not limited to supply and demand, interest rates, the current market price of the Reference Index in relation to the strike price of the Reference Index Call Options, the actual or perceived volatility of the Reference Index and the time remaining until the expiration date. The Sub-Fund's ability to utilise Reference Index Call Options successfully will depend on the ability of the Manager to

correctly predict future price fluctuations, which cannot be assured and are subject to market behaviour or unexpected events.

In writing the covered Reference Index Call Options, the Sub-Fund will receive a premium from purchasers and the premium income will vary depending on different factors. However, in the case of an increase in the market price of the constituent equity securities of the Reference Index, the Sub-Fund's opportunity to profit from such an increase is limited to the strike price of the Reference Index Call Options. In the event that the level of the Reference Index is on a continuous rise, the exercise of written Reference Index Call Options by purchasers could result in the Sub-Fund's existing long positions in Reference Index Equities, FDIs and/or Reference Index ETF being liquidated for settlement of cash payment at expiry of Reference Index Call Options, and subsequent long positions would need to be re-established at a higher market level, thereby limiting the quantity of Reference Index Equities, FDIs and/or Reference Index ETF in which the Sub-Fund will be able to invest and accordingly, the quantity of the Reference Index Call Options which may be written by the Sub-Fund will also decrease.

On the other hand, the Sub-Fund will take an underlying long position in Reference Index Equities, FDIs and Reference Index ETF and, as the writer of the Reference Index Call Options which are covered by the underlying long positions, the Sub-Fund will continue to bear the risk of declines in the market value of the Reference Index. If a Reference Index Call Option expires and if there is a decline in the market value of the Reference Index during the option period, the premiums received by the Sub-Fund from writing the Reference Index Call Options may not be sufficient to offset the loss realised.

In addition, the Sub-Fund's ability to sell the Reference Index Equities, FDIs and/or Reference Index ETF underlying the Reference Index Call Options will be limited in order to maintain the Covered Call Exposure unless the Sub-Fund cancels out its short positions in the written Reference Index Call Options by purchasing offsetting identical Reference Index Call Options prior to their expiry. There is no guarantee that such offsetting identical Reference Index Call Options will be available on terms favourable to the Sub-Fund or at all. Even if the Sub-Fund is able to cancel out its short positions in the written Reference Index Call Options in the manner as aforementioned, the Sub-Fund may still sustain a loss in selling the underlying Reference Index Equities, FDIs and/or Reference Index ETF in the event that the market value of the Reference Index declines. Also, the Sub-Fund may write Reference Index Call Options over an exchange or in the OTC market. The Reference Index Call Options in the OTC markets may not be as liquid as exchange-listed options. There may be a limited number of counterparties which are willing to enter into Reference Index Call Options as purchasers or the Sub-Fund may find the terms of such counterparties to be less favourable than the terms available for listed options. Moreover, the SEHK may suspend the trading of options in volatile markets. If trading is suspended, the Sub-Fund may not be able to write Reference Index Call Options at times that may be desirable or advantageous to do so.

*Futures contracts risk*

Market risk

The use of futures contracts involves risks that are in addition to, and potentially greater than, the risks of investing directly in securities and other more traditional assets. Although the Reference Index Futures market is relatively developed, the Sub-Fund is subject to a potential risk that it may not be able to terminate or sell positions. A liquid secondary market may not always exist for the Sub-Fund's positions at times when the Sub-Fund wishes to terminate or sell such positions.

In addition, Reference Index Futures exhibit "futures basis", which refers to the difference between the current market value of the Reference Index and the price of Reference Index Futures. A negative futures basis exists when Reference Index Futures generally trade at a premium to the current market value of the Reference Index. If a negative futures basis exists, the Sub-Fund's investments in Reference Index Futures will generally underperform a direct investment in Reference Index Equities. The value of Reference Index Futures may move in unexpected ways, especially in unusual market conditions, and may result in increased volatility, among other

consequences. There may be imperfect correlation between changes in the market value of Reference Index Futures and the value of the Reference Index, and this may be exaggerated in times of market stress or volatility.

Volatility risk
The price of Reference Index Futures can be highly volatile and is influenced by, among others, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and changing investor confidence in future fluctuations in the price of the Reference Index.

Leverage risk
Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in Reference Index Futures may result in a proportionally high impact and substantial losses to the Sub-Fund, having a material adverse effect on the Net Asset Value. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested by the Sub-Fund.

Margin requirement risk
Investing in Reference Index Futures and writing Reference Index Call Options generally involve the posting of margin. Additional funds may need to be posted as margin to meet margin calls based upon daily marking to market of Reference Index Futures and Reference Index Call Options. Increases in the amount of margin or similar payments may result in the need for the Sub-Fund to liquidate its investments at unfavourable prices in order to meet margin calls. If the Sub-Fund is unable to meet its investment objective as a result of margin requirements imposed by the HKFE, the SEHK and/or the Sub-Fund's futures broker, the Sub-Fund may experience significant losses, which may exceed the amount of the Sub-Fund's initial investment, and the investors may suffer substantial or total loss of their own investments.

Negative roll yields and "contango" market risk
Excluding other considerations, if the market for Reference Index Futures is in a "contango" market, i.e., the prices are higher in the distant delivery months than in the nearer delivery months, the sale of Reference Index Futures would take place at a price that is lower than the price of the contract which such Reference Index Futures will be rolled to. Accordingly, sale proceeds from selling existing Reference Index Futures when rolling will not be sufficient to purchase the same number of contracts with later expiration date which have a higher price, thereby creating a negative "roll yield".

By contrast, if the market for these contracts is in "backwardation", i.e., the prices of Reference Index Futures with later expiration dates are lower than the prices of Reference Index Futures with earlier expiration dates, the sale of the current contracts would take place at a price that is higher than the price of the contracts with later expiration date, thereby creating a positive "roll yield".

Contango or backwardation could last for an undetermined period of time. The presence of contango in the market for Reference Index Futures could result in negative "roll yields", which could adversely affect the Net Asset Value of the Sub-Fund. The impact of contango on the Sub-Fund's performance may be greater than it would have been if the Sub-Fund rolled Reference Index Futures more frequently. Investors should note that save for the transaction cost incurred, "rolling" in itself is not a loss or return-generating event. The roll yield is typically realised over time.

Reference Index Futures position limit risk
The positions of futures contracts or stock options contracts held or controlled by the Manager, including positions held for the Manager's own account or for the funds under its management (such as the Sub-Fund) but controlled by the Manager, may not in aggregate exceed the relevant maximum under the Securities and Futures (Contracts Limits and Reportable Positions) Rules (the

"Rules").

Accordingly, if the position held or controlled by the Manager reaches the relevant position limit or if the Net Asset Value of the Sub-Fund grows significantly, the restrictions under the Rules may prevent creations of additional Units due to the inability of the Sub-Fund to acquire further Reference Index Futures. This may cause a divergence between the trading price of a Listed Class Unit on the SEHK and the Net Asset Value per Listed Class Unit. In the event that the relevant position limit is reached or is closed to being reached, the Manager will evaluate its existing positions and consider partially or fully closing out certain positions, or obtain exposure to the Reference Index through investment in Reference Index Equities or Reference Index ETF.

Failure of clearing house risk

The Sub-Fund may have exposure to Reference Index Futures and Reference Index Call Options that are registered, cleared and guaranteed by the HKFE Clearing Corporation. In the event of the bankruptcy of the clearing house, the Sub-Fund could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Sub-Fund would be afforded the protections granted to participants to transactions cleared through a clearing house under applicable laws. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt clearing house if the clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Sub-Fund to recover all, or even any, of the amounts it has deposited as margin.

*FDI risks*

The Sub-Fund invests in Reference Index Futures and/or equity swaps, and writes Reference Index Call Options, which are FDIs. Risks associated with FDIs also include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and OTC transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI. Exposure to FDIs may lead to a high risk of significant loss. In the case of swaps, the Sub-Fund may suffer significant loss if a swap counterparty fails to perform its obligations, or in case of insolvency or default of the swap counterparty(ies). There is no assurance that the derivative strategy used by a Sub-Fund (if any) will succeed. For further details, please refer to the "Financial Derivate Instruments risks" as presented in the section on "RISK FACTORS" in Part 1 of this Prospectus.

*Counterparty risk*

The Sub-Fund may invest in FDIs such as Reference Index Futures and/or equity swaps involving counterparties for the purpose of attempting to gain exposure to the Reference Index without actually purchasing the Reference Index Equities. The use of these FDIs involves risks that are different from those associated with Securities. For example, the Sub-Fund is exposed to the risk that the swap counterparty may be unwilling or unable to make timely payments to meet its contractual obligations or may fail to return holdings that are subject to the agreement with the swap counterparty. If the swap counterparty becomes bankrupt or defaults on its payment obligations to the Sub-Fund, it may not receive the full amount it is entitled to receive. In addition, the Sub-Fund may enter into swap agreements with a limited number of counterparties, which may increase the Sub-Fund's exposure to counterparty credit risk. The Sub-Fund does not specifically limit its counterparty risk with respect to any single counterparty and there is a chance for the Sub-Fund to have single counterparty. Further, there is a risk that no suitable counterparties are willing to enter into, or continue to enter into, transactions with the Sub-Fund and, as a result, the Sub-Fund may not be able to achieve its investment objectives. The Sub-Fund will not enter into any agreement involving a swap counterparty unless the Manager believes that the other party to the transaction is creditworthy.

*Sector and geographical concentration risks*

The Sub-Fund's investments are concentrated in securities listed on the SEHK of companies having

major business exposure to selected technology themes. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The equity securities of the companies in which the Sub-Fund may invest are likely to be affected by worldwide scientific or technological developments, and the products or services of such companies may rapidly fall into obsolescence. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting relevant industries.

The Reference Index is subject to concentration risk as a result of tracking the performance of securities incorporated in, or with majority of revenue derived from, or with a principal place of business in, the China region. The Sub-Fund's Net Asset Value is therefore likely to be more volatile than a broad-based fund.

*Risks associated with investing in companies with technology themes*

The Sub-Fund may invest in equity securities of companies which have high business exposure to technology related themes, such as internet (including mobile), fintech, cloud, e-commerce, digital and autonomous. Many of such companies have a relatively short operating history. Rapid changes could render obsolete the products and services offered by such companies, and cause severe or complete declines in the prices of the securities of those companies. As such, valuations of companies with this theme may be subject to significant instability and fluctuations in valuations. In addition, the valuation of companies with this theme 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.

Companies that have high business exposure to the internet, cloud computing and e-commerce industries are dependent on the internet and related systems, and any system interruption could interrupt or substantially reduce a company's ability to conduct its business. The products and services offered by internet and related services companies generally incorporate complex software, which may contain errors, bugs or vulnerabilities. Companies that have high business exposure to a fintech theme are also heavily dependent on patent and intellectual property rights and/or licences and are subject to cyber security risks.

Further, the prospects of such companies may be significantly impacted by increased government intervention and changes in laws, regulations and practice, which may result in claims, changes to business practices, increased cost of operations or declines in user growth, and may also delay or impede the development of new products and services.

All these may have an impact on the business and/or profitability of companies with a technology theme in which the Sub-Fund invests and therefore may adversely affect the value of investment of the Sub-Fund.

*Risks associated with investing in the industrials, consumer discretionary, healthcare, financials and information technology sectors*

As the Sub-Fund may invest in securities of companies in the industrials, consumer discretionary, healthcare, financials and information technology sectors, an investment in the HS TECH 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.

Companies in the industrials sector will be adversely affected by imposition of import controls, increased competition, depletion of resources, strained labour relations, negative changes in government regulation, environmental damage claims, commodity price volatility, changes in interest rates, world events and economic conditions.

Companies in the consumer discretionary sector with particular exposure to the Mainland market will be affected by any future slowdowns or declines in the Mainland economy or consumer spending, which may materially and adversely affect the business of such companies. The

Mainland consumer sector may be reliant upon trade and an increase in global trade restrictions, or even the threat thereof, may negatively affect the performance of Mainland companies in the consumer discretionary sector.

Healthcare companies may allocate greater than usual financial resources to research and product development and may be adversely affected by lack of commercial acceptance of a new product or process or by technological change and obsolescence.

Companies in the financial sector (e.g., banks, insurance and other financial services companies) are also exposed to risks that may impact the value of investments in the financial sector more severely than investments outside this sector, such as increases in interest rates and loan losses, decreases in the availability of money or asset valuations and adverse conditions in other related markets.

A downturn in the business for companies in these sectors may have adverse effects on the Sub-Fund.

*Risk of investing in other collective investment schemes*

The underlying collective investment schemes in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

If the Sub-Fund invests in other active or passive investment products managed by the Manager or Connected Person of the Manager, all initial charges and redemption charges on these listed or unlisted funds must be waived, and the Manager must not obtain rebate of any fees or charges levied by these funds or any quantifiable monetary benefits in connection with investments in these funds. In case any conflicts of interest may still arise out of such investments, the Manager will use its best endeavours to resolve it fairly.

*Reliance on the same group risk*

Each of the Trustee (also acting as the Registrar), the Manager (also acting as the Listing Agent with respect to the Listed Class Units only) and HSIL are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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 HSIL are presently all members of the Group, and one or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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, will vigorously manage any such conflict in the best interest of investors 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 and Redemption of Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 8 May 2026.

For Eligible Investors, special creations and redemptions for Listed Class Units in the Sub-Fund are available.

The current Dealing Deadline for making a Creation Application, a Redemption Application, a Special Creation Application or a Special Redemption Application is 2:30 p.m. (Hong Kong time) on each Dealing Day, or such other time prior to the calculation of the Net Asset Value of the Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee.

Settlement for subscribing Listed Class 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 Issue Price or Redemption Value of each Listed Class Unit for any relevant Dealing Day will, subject to the qualification in respect of the swing pricing adjustments as set out in the sub-section headed ‘‘Issue Price and Redemption Value of Units” under “DETERMINATION OF NET ASSET VALUE” of this Prospectus be based on the Net Asset Value of the Listed Class Units of the Sub-Fund in HKD at the Valuation Point divided by the number of Listed Class Units then in issue or deemed to be in issue, rounded to the nearest four decimal places, with any amount of 0.00005 or above being rounded up (unless otherwise agreed by the Manager and the Trustee). Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund.

All investors may buy and sell Listed Class Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for cash or hybrid (i.e., a combination of cash and in-kind) creation and redemption of Listed Class Units in the primary market.

The attention of investors is drawn to the section entitled “THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS” in Part 1 of this Prospectus.

**Trading of Listed Class Units**

The Sub-Fund offers HKD Counter on the SEHK to investors for secondary trading purposes. Listed Class Units are denominated in HKD.

The HKD Counter and traded Listed Class Units have a SEHK stock code 03589 and a short name “A HSTECHCC”. The ISIN for HKD Counter and traded Listed Class Units is HK0001298378.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the HKD Counter.

**Exchange Listing and Trading (Secondary Market) for Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 8 May 2026. Listed Class Units will trade on the SEHK in board lots of 100 Units.

Participating Dealers and Eligible Investors should note that they will not be able to sell or otherwise deal in the Listed Class Units on the SEHK until dealings begin on the SEHK.

Listed Class 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 Listed Class 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 for Listed Class Units**

Listed Class Units can be redeemed directly (through a Participating Dealer) by way of a

Redemption Application or (through an Eligible Investor) by way of a Special Redemption Application. Redemption proceeds may be paid in (i) cash or (ii) hybrid (i.e., a combination of cash and in-kind). Any accepted Redemption Application or Special Redemption Application will be effected by the payment of cash and/or transfer of Securities (as the case may be) 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.

**The Subscription and Redemption of Unlisted Class Units**

*Unlisted Classes of Units*

The Sub-Fund currently offers the following Unlisted Classes of Units to investors:

- Class A HKD – Income Units
- Class A USD – Income Units
- Class A RMB (hedged) – Income Units
- Class I HKD – Income Units
- Class Z HKD – Income Units

*Subscription and Redemption Procedures*

The following apply to Unlisted Classes:

- Initial issue date: To be determined by the Manager.
- Dealing Deadline: 1:00 p.m. (Hong Kong time) on each Dealing Day, or such other time prior to the calculation of the Net Asset Value of the Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee
- Subscription payment deadline: payment for Unlisted Class Units being applied for, together with any Preliminary Charge, is due in the Class currency of the relevant Class within one Business Day of the Dealing Day on which the subscription application is made, unless the Manager agrees to accept late payment

The Issue Price or Redemption Value of each Unlisted Class Unit for any relevant Dealing Day will be based on the Net Asset Value of the Unlisted Class Units of the Sub-Fund at the Valuation Point divided by the number of Unlisted Class Units then in issue or deemed to be in issue. Unless otherwise agreed by the Manager and the Trustee, the Issue Price or Redemption Value of a Unit is rounded to the nearest four decimal places, with any amount of 0.00005 or above being rounded up. Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund. Please refer to the section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" of this Prospectus for further details on the subscription, redemption and payment procedures in respect of the Unlisted Class Units.

**Switching**

Switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

Unless otherwise agreed by the Manager, Unlisted Class Units of the Sub-Fund may only be switched into the same Unlisted Class Units of any collective investment scheme managed by the Manager. Similarly, unless otherwise agreed by the Manager, the Unlisted Class Units of any collective investment scheme managed by the Manager may only be switched into Units of the same Unlisted Class of the Sub-Fund. Where the switching is between Units denominated in

different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

**Distribution policy**

*Income Units*

Monthly cash dividends (if any) may be made at the discretion of the Manager. The Manager may make declaration of distribution every month. For the Listed Class Units, each Unitholder will receive distributions in HKD only. For the Unlisted Class Units, each Unitholder will receive distributions in the class currency of the relevant Unlisted Class.

There is no guarantee of regular distribution of dividends and, if dividend is paid, 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 the capital.

Distribution payment frequency and rates (if any) 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 the Sub-Fund**

*Manager's fee*

Under the Trust Deed, 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 up to 0.70% per year of the Net Asset Value for Listed Class Units. The current management fee is up to 1.00% per year of the Net Asset Value for Unlisted Class A Units. The current management fee is up to 0.50% per year of the Net Asset Value for Unlisted Class I Units. The current management fee is 0% per year of the Net Asset Value for Unlisted Class Z Units. This fee is payable out of the Trust Fund. The current management rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Trustee'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. The current trustee rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Fees and expenses applicable to the Listed Class Units only*

**Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only**

| | | |
|---|---|---|
| **(a)** | **Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)** | **Amount** |
| | Transaction Fee | HKD3,000[4] per Application and HKD1,000[4] per book-entry deposit and withdrawal transaction |
| | Application cancellation fee | HKD9,500[5] per Application |
| | Extension Fee | HKD9,500[6] 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[7] | Such amounts as determined by the relevant Participating Dealer |
| | ***(ii) Fees payable by all investors in respect of dealings in the Listed Class Units on SEHK (applicable After Listing)*** | |

4 A Transaction Fee (comprising a sum of HKD3,000 for each Application and a sum of HKD1,000 for each book-entry deposit and withdrawal transaction) is payable by a Participating Dealer to the Trustee for the benefit of the Trustee and/or Registrar.

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.

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.

| | |
|---|---|
| Brokerage | Market rates |
| SFC transaction levy | 0.0027%[8] |
| AFRC transaction levy | 0.00015%[9] |
| SEHK trading fee | 0.00565%[10] |
| Stamp duty | Nil |

*Fees and expenses payable by investors of the Unlisted Class Units only*[11]

| | |
|---|---|
| **Preliminary Charge** | Up to 5.0% of the Issue Price of the Unlisted Class Units |
| **Redemption Charge** | Nil |
| **Switching Fee** | Up to 4.0% of the Issue Price of the Unlisted Class Units |

**Additional information relating to the Sub-Fund**

Please refer to heading "Information available on the Internet" in the section "STATUTORY AND GENERAL INFORMATION" in Part 1 of this Prospectus for the important news and information to be published by the Manager with respect to the Sub-Fund on the Manager's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC).

In addition, the following information relating to the Sub-Fund will be published on the Manager's website:

(a) the full portfolio information of the Sub-Fund, including details of the Reference Index Call Options written by the Sub-Fund (in English only), updated on a daily basis;
(b) a "performance simulator" which simulates the performance of the Sub-Fund based on its holdings; and
(c) additional information on the Sub-Fund's covered call strategy.

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8 The SFC transaction levy of 0.0027% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.
9 AFRC transaction levy of 0.00015% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.
10 The SEHK trading fee of 0.00565% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.
11 Please contact the Authorised Distributor(s) of the Sub-Fund for details.

## APPENDIX 10: HANG SENG FTSE HONG KONG EQUITY ETF

*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.*

**Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. Please refer to the sections relevant to your intended holding of Units.**

**Key information applicable to both Listed Class Units and Unlisted Class Units**

| | |
|---|---|
| **Index** | FTSE MPF Hong Kong Index ("**Index**") |
| **Type of index** | Net total return, i.e. the performance of the Index is calculated on the basis that dividends are reinvested after the deduction of withholding taxes |
| **Base Currency** | Hong Kong dollars ("**HKD**") |
| **Investment Strategy** | Please refer to the section on "What is the investment strategy?" below |
| **Financial Year End** | 31 December |
| **Dealing Day** | Each Business Day and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee |
| **Website** | www.hangsenginvestment.com (this website has not been reviewed by the SFC) |

**Key information applicable to the Listed Class Units only**

| | |
|---|---|
| **Listing Date (SEHK)** | 15 May 2026 |
| **Exchange Listing** | SEHK – Main Board |
| **Stock Code** | 03444 – HKD Counter |
| **Short Stock Name** | HS HK EQUITY – HKD Counter |
| **Trading Board Lot Size** | 100 Units – HKD Counter |
| **Trading Currency** | HKD – HKD counter |
| **Distribution Policy** | Annually (if any).<br><br>Annual cash dividends (if any) at the discretion of the Manager. The Manager may make declaration of distribution in December of each year. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.<br><br>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 will receive distributions in HKD only.** |
| **Creation/Redemption Policy** | Cash (in HKD) or a combination of cash and in-kind ("Hybrid") |
| **Application Unit Size (only by or through Participating Dealers)** | Minimum 300,000 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 Deadline** | (1) 3:30 p.m. (Hong Kong time) for cash Applications (for all underlying market securities), (2) 4:30 p.m. (Hong Kong time) for Applications in a combination of cash (for non-Hong Kong market securities) and in-kind (for Hong Kong market securities), and (3) 3:30 p.m. (Hong Kong time) for Applications in a combination of cash (for non-Hong Kong market securities) and Hybrid (for Hong Kong market securities) on the relevant Dealing Day, or such other time as the Manager (with the written approval of the Trustee) may determine on any day when the trading hours of the Stock Exchange of Hong Kong Limited ("SEHK") and/or the underlying market(s) are reduced |
| **Management Fee (as defined below)** | Currently 0.09% per year of the Net Asset Value |
| **Market Makers (HKD Counter)*** | Optiver Trading Hong Kong Limited<br>Flow Traders Hong Kong Limited |
| **Participating Dealers*** | Mirae Asset Securities (HK) Limited<br>China Merchants Securities (HK) Co., Limited |
| **Service Agent** | HK Conversion Agency Services Limited |
| **Listing Agent** | Hang Seng Investment Management Limited |

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

**Key information applicable to the Unlisted Class only**

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| **Initial Issue Date** | To be determined by the Manager |
| **Unlisted Class(es) Offered** | Class I HKD – Accumulation Units |
| **Initial Issue Price** | Class I HKD – Accumulation Units: HKD 10 |

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| **Dealing Deadline** | 4:00 p.m. (Hong Kong time) | |
| **Distribution Policy** | **Accumulation Units:**<br>Income arising in respect of Accumulation Units accumulated.<br><br>No distributions will be made currently. Any income received by Accumulation Units (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price. | |
| **Management Fee** | Class I HKD – Accumulation Units | Currently 0.09% per year of the Net Asset Value |

**Key similarities and differences between Listed Class and Unlisted Class**

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| **Investment Objective**<br><br>**Investment Strategy** | Same for both Listed Class and Unlisted Class. Please refer to the sections below headed "What is the investment objective?" and "What is the investment strategy?" |
| **Valuation Policy** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DETERMINATION OF NET ASSET VALUE" of this Prospectus. |
| **Valuation Point** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DEFINITIONS" of this Prospectus. |
| **Dealing Arrangements** | There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, including but not limited to different minimum amounts for creation/subscription and redemption of Units.<br><br>Unitholders should note that the dealing frequency, the definition of "Dealing Day" and the Dealing Deadlines for creation/subscription and redemption in respect of Listed Class and Unlisted Class are the same. However, the applicable dealing procedures and timing with the relevant Participating Dealer (in the case of the Listed Class) and the Authorised Distributor (if applicable, in the case of the Unlisted Class) may be different. Unitholders should check with the relevant Participating Dealer or Authorised Distributor (as applicable) for the applicable dealing procedures and timing.<br><br>**In respect of the Listed Class:**<br><br>- (1) a cash Application (for all underlying market securities) received at or before 3:30 p.m. (Hong Kong time) on Day T, (2) an Application in a combination of cash (for non-Hong Kong market securities) and in-kind (for Hong Kong market securities) received at or before 4:30 p.m. (Hong Kong time) on Day T, and (3) an Application in a combination of cash (for non-Hong Kong market securities) and Hybrid (for Hong Kong market securities) received at or before 3:30 p.m. |

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| | (Hong Kong time) on Day T, or such other time as the Manager (with the written approval of the Trustee) may determine on any day when the trading hours of the SEHK and/or the underlying market(s) are reduced, will be processed at the Net Asset Value per Unit of the Listed Class Units of the Sub-Fund of Day T;<br><br>- (1) a cash Application (for all underlying market securities) received after 3:30 p.m. (Hong Kong time) on Day T, (2) an Application in a combination of cash (for non-Hong Kong market securities) and in-kind (for Hong Kong market securities) received after 4:30 p.m. (Hong Kong time) on Day T, and (3) an Application in a combination of cash (for non-Hong Kong market securities) and Hybrid (for Hong Kong market securities) received after 3:30 p.m. (Hong Kong time) on Day T, or such other time as the Manager (with the written approval of the Trustee) may determine on any day when the trading hours of the SEHK and/or the underlying market(s) are reduced, will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of the Listed Class Units of the Sub-Fund of Day T+1;<br><br>- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the dealing deadline; and<br><br>- a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open for trading. Investors can buy or sell the Listed Class Units at market price.<br><br>**In respect of the Unlisted Class:**<br><br>- a subscription or redemption application for Unlisted Class Units received at or before 4:00 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Unlisted Class Units of Day T;<br><br>- a subscription or redemption application for Unlisted Class Units received after the dealing deadline of Day T for such class (i.e. 4:00 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of the Unlisted Class Units of Day T+1; and<br><br>- applicants may apply for Unlisted Class Units through the Manager or an Authorised Distributor. Authorised Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Unlisted Class Units through an Authorised Distributor should therefore consult the Authorised Distributor for details of the relevant dealing procedures. |

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| | Please refer to the sections headed “THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS” and “THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS” in this Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively. |
| **Distribution Policy** | Please refer to the sections above headed “Key information applicable to the Listed Class Units only” and “Key information applicable to the Unlisted Class only” for details on the distribution policy applicable to the Listed Class and the Unlisted Class respectively. |
| **Fee Structure** | **In respect of the Listed Class:**<br><br>The current Management Fee is up to 0.09% per annum of the Net Asset Value of Listed Class and is accrued daily and calculated as at each Dealing Day. It is payable out of the Listed Class monthly in arrears.<br><br>An investment in the Listed Class in the secondary market is subject to fees involved in relation to the trading of such Listed Class Units on the SEHK (such as the brokerage fee, transaction levy, trading fee and so on).<br><br>**In respect of the Unlisted Class(es):**<br><br>For Class I Units, the Management Fee is currently 0.09% per year of the Net Asset Value of such class, and is accrued daily and calculated as of each Dealing Day.<br><br>The Manager may levy a Preliminary Charge of up to 5.0% of the Issue Price of Unlisted Class Units. No Redemption Charge will be levied on the Unlisted Class Units.<br><br>Both the Listed Class and Unlisted Class(es) employ a single management fee structure i.e., all fees, costs and expenses attributable to the relevant class are paid out of the relevant class as a single flat fee, being the Management Fee.<br><br>Please refer to the sections headed “Fees and expenses payable by a Sub-Fund” and “Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only” in this Appendix for further details. |
| **Net Asset Value per unit** | There is a separate Net Asset Value for each class of Units. The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee and expense items applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different.<br><br>Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class. |

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| | Please refer to the relevant risk factors in the product key facts statements of the Listed Class and Unlisted Class and the section headed "RISK FACTORS" in this Prospectus. |
| **Termination** | Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub-section headed "Termination" under the section headed "STATUTORY AND GENERAL INFORMATION" of this Prospectus for further details. |

**What is the investment objective?**

The Sub-Fund is an index-tracking fund which aims to match as closely as practicable, before fees and expenses, the HKD denominated total return performance (net of withholding tax) of the Index.

**What is the investment strategy?**

In seeking to achieve the Sub-Fund's investment objective, the Sub-Fund will obtain exposure to the Index through representative sampling strategies which include:

(i) direct holding of a representative sample of securities; and/or
(ii) FDIs; and/or
(iii) other collective investment schemes (including ETFs[1]),

from which the return to the Sub-Fund substantially reflects the performance of the Index. As part of the foregoing, the Sub-Fund may or may not have exposure to all of the securities in the Index, and may have exposure to securities which are not included in the Index. The Sub-Fund will invest at least 70% of its Net Asset Value directly in the securities which are underlying constituents of the Index.

When representative sampling 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 and financial derivative instruments are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index.

Depending on prevailing market conditions, the Sub-Fund may also 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, where the Manager considers appropriate in its absolute discretion. Prior notice will not be given to investors if the Manager switches from a physical representative sampling strategy to a full replication strategy, or vice versa.

The Manager may invest in FDIs including index futures and funded total return swaps with no more than 10% of the Sub-Fund's Net Asset Value for investment and hedging purposes, where the Manager believes such investments will help the Sub-Fund achieve its investment objective and are beneficial to the Sub-Fund. FDIs may also be used for currency hedging purposes in respect of hedged Unlisted Class Units.

The Sub-Fund may also invest not more than 10% of its Net Asset Value in cash and cash equivalents (including money market funds which are either authorised by the SFC under Chapter

[1] Investments in ETFs by the Sub-Fund are considered and treated as collective investment schemes for the purposes of and subject to the requirements in Chapters 7.11, 7.11A and 7.11B of the Code.

8.2 of the Code or eligible schemes under Chapter 7.11A of the Code) for cash management purposes.

The Sub-Fund can enter into securities lending transactions for a maximum level of up to 10% and expected level of up to 10% of its Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. As part of its securities lending transactions, the Sub-Fund will receive collateral, the value of which, during the duration of the securities lending agreement, will be equivalent to at least 100% of the valuation of the securities lent, marked to market on a daily basis and safekept by the Trustee or an agent appointed by the Trustee. Non-cash collateral received may not be sold, reinvested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the Code. Please refer to the sub-section headed "Securities Financing Transactions" in Schedule 1 to Part 1 of this Prospectus for the details of the arrangements.

Currently, the Manager has no intention to have any sale and repurchase transactions and reverse repurchase transactions or similar over-the-counter ("OTC") transactions entered into for the account of the Sub-Fund. In the future, where the Manager intends to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund, subject to SFC's prior approval (if necessary), 1 month's prior notice will be given to the relevant Unitholders.

The net derivative exposure will be up to 50% of its Net Asset Value.

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 relevant 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's investments are concentrated in a specific geographical region (i.e., Hong Kong). The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Hong Kong market.

*Risks associated with Hong Kong listed Chinese companies*

The Sub-Fund may invest in H shares, red chips or P chips issued by Hong Kong listed Chinese companies. Investing in such securities is subject to the risks of investing in emerging markets generally. This may involve increased risks and special considerations not typically associated with investment in companies based in more developed markets.

Political changes, social instability and adverse diplomatic developments could result in the imposition of additional government restrictions affecting Hong Kong listed Chinese companies. In addition, laws and regulations affecting Hong Kong listed Chinese companies are evolving and subject to change. There is 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 the business operations of Hong Kong listed Chinese companies.

The promulgation of new tax laws, regulations and practice affecting Hong Kong listed Chinese

companies may operate to the advantage or disadvantage of the Unitholders. Existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice applicable to Hong Kong listed Chinese companies will be changed with retrospective effect in the future.

Moreover, there is no assurance that tax incentives currently offered to Hong Kong listed Chinese companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the Hong Kong listed Chinese companies in which the Sub-Fund invests, thereby reducing the income from, and/or value of the Units.

*Risk of investing in other collective investment schemes*

The underlying collective investment schemes in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

*Reliance on the same group risk*

Each of the Trustee (also acting as the Registrar) and the Manager (also acting as the Listing Agent with respect to the Listed Class Units only) are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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 and the Manager are presently all members of the Group, and one or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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, will vigorously manage any such conflict in the best interest of investors 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 and Redemption of Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 15 May 2026.

For Eligible Investors, special creations and redemptions for Listed Class Units in the Sub-Fund are available.

The current Dealing Deadline for making a Creation Application, a Redemption Application, a Special Creation Application or a Special Redemption Application is (1) 3:30 p.m. (Hong Kong time) for cash Applications (for all underlying market securities), (2) 4:30 p.m. (Hong Kong time) for Applications in a combination of cash (for non-Hong Kong market securities) and in-kind (for Hong Kong market securities), and (3) 3:30 p.m. (Hong Kong time) for Applications in a combination of cash (for non-Hong Kong market securities) and Hybrid (for Hong Kong market securities), on the relevant 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 and/or the underlying market(s) 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. Settlement for subscribing Listed Class 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 Issue Price or redemption price of each Listed Class Unit for any relevant Dealing Day will, subject to the qualification in respect of the swing pricing adjustments as set out in the sub-section headed ‘‘Issue Price and Redemption Value of Units” under “DETERMINATION OF NET ASSET VALUE” of this Prospectus be based on the Net Asset Value of the Listed Class Units of the Sub-Fund in HKD at the Valuation Point divided by the number of Listed Class Units then in issue or deemed to be in issue, rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up (unless otherwise agreed by the Manager and the Trustee). Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund.

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

The attention of investors is drawn to the section entitled “THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS” in Part 1 of this Prospectus.

**Trading of Listed Class Units**

The Sub-Fund offers HKD Counter on the SEHK to investors for secondary trading purposes. Listed Class Units are denominated in HKD.

The HKD Counter and traded Listed Class Units have a SEHK stock code 03444 and a short name “HS HK EQUITY”. The ISIN for HKD Counter and traded Listed Class Units is HK0001298493.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the HKD Counter.

**Exchange Listing and Trading (Secondary Market) for Listed Class Units**

Dealings in the Listed Class Units on the SEHK commenced on 15 May 2026. Listed Class Units will trade on the SEHK in board lots of 100 Units.

Participating Dealers and Eligible Investors should note that they will not be able to sell or otherwise deal in the Listed Class Units on the SEHK until dealings begin on the SEHK.

Listed Class 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 Listed Class 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 for Listed Class Units**

Listed Class Units can be redeemed directly (through a Participating Dealer) by way of a Redemption Application or (through an Eligible Investor) by way of a Special Redemption Application. Redemption proceeds may be paid in (i) cash or (ii) in-kind. Any accepted Redemption Application or Special Redemption Application will be effected by the payment of cash and/or transfer of Securities (as the case may be) 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.

**The Subscription and Redemption of Unlisted Class Units**

*Unlisted Class(es) of Units*

The Sub-Fund currently offers Unlisted Class I HKD – Accumulation Units to investors. Please note that Unlisted Class I – HKD Accumulation Units are not currently offered to the retail public in Hong Kong.

*Subscription and Redemption Procedures*

The following apply to Unlisted Class:

- Initial issue date: To be determined by the Manager.
- Dealing Deadline: 4:00 p.m. (Hong Kong time) on each Dealing Day
- Subscription payment deadline: payment for Unlisted Class Units being applied for, together with any Preliminary Charge, is due in the Class currency of the relevant Class within two Business Days of the Dealing Day on which the subscription application is made, unless the Manager agrees to accept late payment

The Issue Price or redemption price of each Unlisted Class Unit for any relevant Dealing Day will be based on the Net Asset Value of the Unlisted Class Units of the Sub-Fund at the Valuation Point divided by the number of Unlisted Class Units then in issue or deemed to be in issue. Unless otherwise agreed by the Manager and the Trustee, the issue price or redemption price of a Unit is rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up. Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund. Please refer to the section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" of this Prospectus for further details on the subscription, redemption and payment procedures in respect of the Unlisted Class Units.

To supplement the sub-section headed "Payment Procedures" under the section headed "Subscription of Unlisted Class Units" in Part I of this Prospectus, payment for Unlisted Class Units shall be due in the Class currency of the relevant Class within two Business Days of the Dealing Day on which the subscription application is made.

**Switching**

Switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

Unless otherwise agreed by the Manager, Unlisted Class Units of the Sub-Fund may only be switched into the same Unlisted Class Units of any collective investment scheme managed by the Manager. Similarly, unless otherwise agreed by the Manager, the Unlisted Class Units of any collective investment scheme managed by the Manager may only be switched into Units of the same Unlisted Class of the Sub-Fund. Where the switching is between Units denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

**Distribution policy**

*Accumulation Units*

In respect of Unlisted Class I HKD – Accumulation Units, no distributions will be made currently. Any income received by the Accumulation Units (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

*Income Units*

In respect of the Income Units of Listed Class Units, annual cash dividends (if any) may be made at the discretion of the Manager. The Manager may make declaration of distribution in December of each year. For the Listed Class Units, each Unitholder will receive distributions in HKD.

There is no guarantee of regular distribution of dividends and, if dividend is paid, 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 the capital.

Distribution payment frequency and rates (if any) 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 the Sub-Fund**

*Management Fee*

The Sub-Fund employs a single management fee structure, with the Sub-Fund paying all of its fees, costs and expenses (and its due proportion of any costs and expenses of the Trust allocated to it) as a single flat fee (the "**Management Fee**").

Fees and expenses taken into account in determining the Sub-Fund's Management Fee include, but are not limited to, the Manager's fee, the Trustee's fee, the custodian's fee, the Registrar's fee, the Service Agent's fee, the fees and expenses of the Auditor, service agents, ordinary legal and out-of-pocket expenses incurred by the Trustee or the Manager, and the costs and expenses of licensing indices used in connection with the Sub-Fund. The Manager may also pay a distribution fee to any distributor or sub-distributor of the Sub-Fund out of the Management Fee. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

Notwithstanding the above, the Management Fee does not include brokerage and transaction costs such as the fees and charges relating to the investment and realising the investments of the Sub-Fund and extraordinary items such as litigation expenses. The Management Fee is accrued daily, paid monthly in arrears.

The maximum rate of Management Fee is up to 1.00% per year of the Net Asset Value of the Sub-Fund. For Listed Class Units, the current Management Fee is 0.09% per year of the Net Asset Value of each class, and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. For Unlisted Class I Units, the current Management Fee is 0.09% per year of the Net Asset

Value of such class, 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 current management rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Fees and expenses applicable to the Listed Class Units only*

**Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only**

| (a) | **Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)** | **Amount** |
|---|---|---|
| | Transaction Fee and Service Agent's Fee | HKD 3,000[2] per Application and HKD1,000[4] per book-entry deposit and withdrawal transaction |
| | Application cancellation fee | HKD 9,500[3] per Application |
| | Extension Fee | HKD 9,500[4] 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[5] | Such amounts as determined by the relevant Participating Dealer |
| | ***(ii) Fees payable by all investors in respect of dealings in the Listed Class Units on SEHK (applicable After Listing)*** | |
| | Brokerage | Market rates |
| | SFC transaction levy | 0.0027%[6] |

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2 The Transaction Fee of HKD 3,000 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.

3 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.

4 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.

5 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.

6 The SFC transaction levy of 0.0027% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

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| AFRC transaction levy | 0.00015%[7] |
| SEHK trading fee | 0.00565%[8] |
| Stamp duty | Nil |

*Fees and expenses payable by investors of the Unlisted Class Units only*[9]

| | |
|---|---|
| **Preliminary Charge** | Up to 5.0% of the Issue Price of the Unlisted Class Units |
| **Redemption Charge** | Nil |
| **Switching Fee** | Up to 4.0% of the Issue Price of the Unlisted Class Units |

**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 information***

The Index is a free float-adjusted market capitalisation weighted index which consists of the Hong Kong listed HSBC Holdings, as well as eligible large cap and mid cap Hong Kong companies and Hong Kong listed Chinese companies (H shares, red chips and P chips) in the FTSE MPF All-World Index. Such Hong Kong companies and Hong Kong listed Chinese companies should be listed on the stock exchanges approved by the Mandatory Provident Fund Schemes Authority (the "**MPFA**"), which include the SEHK and other stock exchanges established outside Hong Kong as approved by the MPFA.

The Index forms part of the FTSE MPF Index Series. The FTSE MPF Index Series was designed to provide benchmarks for the Hong Kong market by accurately reflecting the regulatory requirements, permitted investment markets and asset classes applicable to Mandatory Provident Fund ("**MPF**") schemes in Hong Kong as well as accounting for any dividend withholding tax rates and investment restrictions applied to the MPF system. The FTSE MPF Index Series was launched in 2001.

The Index is a net total return index, which means that it reflects the reinvestment of dividends or distributions, after deduction of any withholding tax.

The Index is denominated and quoted in HKD.

The Index was launched on 1 January 2005 and had a base level of 5000 on 30 November 2000.

As of 30 April 2026, the Index had investable market capitalisation of HKD22,395.56 billion and 341

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7 AFRC transaction levy of 0.00015% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

8 The SEHK trading fee of 0.00565% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

9 Please contact the Authorised Distributor(s) of the Sub-Fund for details.

constituents.

The Index is compiled and managed by FTSE Russell (the "**Index Provider**"). The Manager (and each of its Connected Persons) are independent of the Index Provider.

***Index methodology***

Index universe

The FTSE MPF Index Series (to which the Index belongs) is based on the FTSE All-World Index Series. In order to be included in the FTSE MPF Index Series, the security must meet the following eligibility criteria:

1. Each security of the Index must be a current constituent of the FTSE All-World Index (with exception of the Hong Kong listed HSBC Holdings in the Index). A non-constituent P chip whose associated N share is already a constituent of the FTSE All-World Index will be eligible for inclusion in the FTSE MPF Index Series at the next quarterly review after a minimum three-month trading period, subject to satisfying all other FTSE All-World Index eligibility criteria.

   The FTSE All-World Index is a market-capitalisation weighted index representing the performance of the large and mid-cap stocks from the FTSE Global Equity Index Series ("**GEIS**"). It targets 90% coverage of the 9 regions used to construct the GEIS universe, which include Asia Pacific ex China ex Japan, Canada, China, Developed Europe, Emerging Europe, Japan, Latin America, Middle East and Africa and USA. Countries are grouped into regions for the purpose of review.

   A size screen is applied to all eligible companies in respective regions. The companies are ranked in descending order by their full market capitalisation, and only the largest 98% of all companies in respective regions are eligible for selection.

   **Market capitalisation:** The FTSE All-World Index covers large and mid-cap companies. The size is determined based on ranking within its index universe by full market capitalisation. The "buffer zones" for determining the cut-off points for large cap and mid cap are as follows:

| | **Turnover bands (based on the index universe)** | |
|---|---|---|
| | **Eligible for Inclusion** | **Eligible for Exclusion** |
| Large Cap | top 68% | below 72% |
| Mid Cap | top 86% | below 92% |

   In order to be included in the FTSE All-World Index, eligible securities are required to pass the screens including minimum voting rights, investability weightings screen such as free float and minimum foreign headroom requirements, and liquidity screen.

   **Minimum voting rights:** Companies assigned a developed market nationality are required to have greater than 5% of the company's voting rights (aggregated across all of its equity securities, including, where identifiable, those that are not listed or trading) in the hands of unrestricted shareholders or they will be deemed ineligible for index inclusion. Emerging market securities are not subject to this requirement.

   **Investability weightings screen:** Constituents are adjusted for free float and foreign ownership limits.

   - *Free float*: Except where the investable market capitalisation of the security exceeds 10 times the regional inclusion percentage level, securities with a free float of 5% or below are excluded from the Index.

   - *Minimum foreign headroom requirement*: A constituent's investability weight will be

further adjusted when there is a limited foreign room available.

*Liquidity screen*: Each security will be tested for liquidity semi-annually in March and September by calculation of its monthly median of daily trading volume. A security will be excluded from the FTSE All-World Index if there is not enough trading activity (mainly measured by the monthly median of daily trading volume). Details of the index methodologies of FTSE Global Equity Index Series including FTSE All-World Index can be accessed at the Index Provider's website at https://www.lseg.com/en/ftse-russell/indices/global-equity-index-series (this website has not been reviewed by the SFC).

2. Each security of the Index is screened by MPFA eligibility requirements in Hong Kong, including the following in order to derive the FTSE MPF All-World Index:

   All constituents within the FTSE MPF Index Series must be listed on eligible exchanges approved by MPFA[10] (the "**Approved Exchanges**"). Securities admitted to trading and listing on stock exchanges that are not Approved Exchanges will be excluded from the calculation of the FTSE MPF Index Series.

   Fully-paid up shares listed on an Approved Exchange will be eligible for inclusion.

   All stapled securities, such as paired shares, split shares and linked units, which represent an arrangement under which two or more securities are quoted jointly, will not be eligible for inclusion unless the securities themselves are permissible under Section 8(1) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation.

   Securities which are receipts or certificates entitling the holders to the economic benefits (which may or may not include voting rights) of ownership of the underlying shares of a single company will be eligible if (i) the receipts or certificates are fully paid up and do not require further or future payment; (ii) the underlying shares of the company are fully-paid up; and (iii) both the receipts/certificates and the underlying shares of the company are listed on Approved Exchanges.

   Unit trusts, mutual funds, and any collective closed-end or open-end investment schemes will not be eligible for inclusion as they are not fully permissible under the MPF regulation.

Selection of securities

The Index is constructed by including the following securities subject to the eligibility criteria mentioned above:

- HSBC Holdings (the Hong Kong-listed line)
- Hong Kong companies
- Hong Kong listed Chinese companies (H shares, red chips and P chips)

Changes to constituents

If a constituent ceases to be a constituent of the FTSE All-World Index Series, it will be removed from the FTSE MPF Index Series. The removal will be concurrent with its removal from the FTSE All-World Index. In addition, if a constituent becomes ineligible under the current or any new MPF regulations, it will be removed as soon as practical after giving users of the index sufficient notification of the changes before their implementation.

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[10] The Approved Exchanges include the SEHK and other stock exchanges established outside Hong Kong as approved by the MPFA. The list of Approved Exchanges can be accessed through the MPFA webpage: https://www.mpfa.org.hk/en/info-center/laws-and-regulations/guidelines/iii_4 (this website has not been reviewed by the SFC).

If a constituent is added to the FTSE All-World Index Series, it will be included in the FTSE MPF Index Series if it passes the relevant eligibility screening set out above. The inclusion in the FTSE MPF Index Series will be concurrent with its inclusion in the FTSE All-World Index.

All fast entries to the FTSE All-World Index Series will become members of the FTSE MPF Index Series if they pass the relevant eligibility screening set out above. The constituent will be added to the FTSE MPF Index Series concurrent with its inclusion in the FTSE All-World Index.

***Periodic review of constituents***

The FTSE MPF Index Series is usually reviewed semi-annually in March and September, on a region-by-region basis as part of the reviews of the FTSE All-World Index Series on the same dates, based on data after the close of business on the last business day of December and June.

Any constituent changes resulting from the semi-annual reviews are implemented after the close of business on the third Friday (i.e. effective on Monday) of March and September.

Initial public offerings (IPOs) from all regions (which failed to qualify as fast entrants to the FTSE All-World Index Series) will be reviewed in June and December, besides being reviewed at semi-annual reviews. Any constituent changes resulting from the June and December reviews are implemented after the close of business on the third Friday (i.e. effective Monday) of June and December.

All FTSE MPF Indices are subject to a 9% capping so that no constituent accounts for more than 9% of the index on a monthly basis. This is in line with the Code.

The constituents of the FTSE MPF Indices are capped monthly at 9% using prices adjusted for corporate actions as at the close of business on the second Friday each month. The capping is implemented after the close of business on the third Friday each month based on the constituents, shares in issue and free float on the next trading day following the third Friday each month.

***Additional information***

The list of constituent securities of the Index with their respective weightings are available on the website of the Index Provider https://www.lseg.com/en/ftse-russell/index-resources/constituent-weights (this website has not been reviewed by the SFC). The last closing index level, index methodology and the additional information of the Index can be found on https://www.lseg.com/en/ftse-russell/indices/mpf (this website has not been reviewed by the SFC).

Real-time updates of the Index can be obtained through information vendors Bloomberg and Reuters under the following identifiers:

Bloomberg: TFMPFHH
Reuters: .FTGPMPF028HKDT

***Index licence agreement***

The initial term of the licence of the Index commenced on 11 May 2026 and shall remain in full force and effect for 12 months. The licence agreement shall be automatically renewed for 12 months unless either party to the licence agreement serves a written notice of the termination of at least 3 months 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 Provider disclaimer***

The Sub-Fund has been developed solely by the Manager. The Sub-Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc

and its group undertakings (collectively, the "**LSE Group**"). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the Index vest in the relevant LSE Group company which owns the Index. FTSE® is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under licence.

The Index is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Sub-Fund. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Sub-Fund or the suitability of the Index for the purpose to which it is being put by the Manager.

**Appendix dated 21 September 2026**

## APPENDIX 11: HANG SENG AI Advancement ETF

*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.*

**Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. Please refer to the sections relevant to your intended holding of Units.**

**Key information applicable to both Listed Class Units and Unlisted Class Units**

| | |
|---|---|
| **Index** | Hang Seng Artificial Intelligence Theme Index ("**Index**") |
| **Type of index** | Net total return, i.e. the performance of the Index is calculated on the basis that dividends are reinvested after the deduction of withholding taxes |
| **Base Currency** | Hong Kong dollars ("**HKD**") |
| **Investment Strategy** | Please refer to the section on "What is the investment strategy?" below |
| **Distribution Policy** | No distribution will be made |
| **Financial Year End** | 31 December |
| **Dealing Day** | Each Business Day and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee |
| **Website** | www.hangsenginvestment.com (this website has not been reviewed by the SFC) |

**Key information applicable to the Listed Class Units only**

| | |
|---|---|
| **Initial Issue Date** | 25 September 2026 (the Business Day immediately before the Listing Date) |
| **Listing Date (SEHK)** | Expected to be 28 September 2026 |
| **Issue Price during the Initial Offer Period** | HKD 7, or such other amount from time to time determined by the Manager and approved by the Trustee |
| **Exchange Listing** | SEHK – Main Board |
| **Stock Code** | 03438 – HKD Counter |
| **Short Stock Name** | HSAI ETF – HKD Counter |
| **Trading Board Lot Size** | 50 Units – HKD Counter |
| **Trading Currency** | HKD – HKD Counter |
| **Creation/Redemption Policy** | Cash (in HKD) or in-kind creation and redemption |

| | |
|---|---|
| **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 Deadline** | 3:00 p.m. (Hong Kong time) for a cash Creation Application or Redemption Application and 4: 30 p.m. for an in-kind Creation Application or Redemption Application |
| **Management Fee** | Currently up to 0.55% per year of the Net Asset Value |
| **Market Makers*** | China Merchants Securities (HK) Co., Limited<br>Eclipse Options (HK) Limited<br>Optiver Trading Hong Kong Limited |
| **Participating Dealers*** | Mirae Asset Securities (HK) Limited<br>Korea Investment & Securities Asia Limited<br>China Merchants Securities (HK) Co., Limited<br>Haitong International Securities Company Limited<br>BNP PARIBAS |
| **Service Agent** | HK Conversion Agency Services Limited |
| **Listing Agent** | Altus Capital Limited |

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

**Key information applicable to the Unlisted Class only**

| | |
|---|---|
| **Initial Issue Date** | To be determined by the Manager |
| **Unlisted Classes Offered** | Class A HKD – Accumulation Units<br>Class A USD – Accumulation Units<br>Class A RMB (hedged) – Accumulation Units<br>Class D HKD – Accumulation Units<br>Class I HKD – Accumulation Units<br>Class Z HKD – Accumulation Units |
| **Initial Issue Price** | Class A HKD – Accumulation Units: HKD 10<br>Class A USD – Accumulation Units: USD 10<br>Class A RMB (hedged) – Accumulation Units: RMB 10<br>Class D HKD – Accumulation Units: HKD 1<br>Class I HKD – Accumulation Units: HKD 10<br>Class Z HKD – Accumulation Units: HKD 10 |
| **Dealing Deadline** | 4:00 p.m. (Hong Kong time) |

| | | |
|---|---|---|
| **Management Fee** | Class A HKD – Accumulation Units<br>Class A USD – Accumulation Units<br>Class A RMB (hedged) – Accumulation Units<br>Class D HKD – Accumulation Units | Currently up to 0.55% per year of the Net Asset Value |
| | Class I HKD – Accumulation Units | Currently up to 0.275% per year of the Net Asset Value |
| | Class Z HKD – Accumulation Units | Currently 0% per year of the Net Asset Value |
| **Trustee Fee** | Currently 0.045% per year | |

**Key similarities and differences between Listed Class and Unlisted Class**

| | |
|---|---|
| **Investment Objective**<br><br>**Investment Strategy** | Same for both Listed Class and Unlisted Class. Please refer to the sections below headed "What is the investment objective?" and "What is the investment strategy?" |
| **Valuation Policy** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DETERMINATION OF NET ASSET VALUE" of this Prospectus. |
| **Valuation Point** | Same for both Listed Class and Unlisted Class. Please refer to the section headed "DEFINITIONS" of this Prospectus. |
| **Dealing Arrangements** | There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, including but not limited to different minimum amounts for creation/subscription and redemption of Units.<br><br>Unitholders should note that the dealing frequency, the definition of "Dealing Day" and the Dealing Deadlines for creation/subscription and redemption in respect of Listed Class and Unlisted Class are the same. However, the applicable dealing procedures and timing with the relevant Participating Dealer (in the case of the Listed Class) and the Authorised Distributor (if applicable, in the case of the Unlisted Class) may be different. Unitholders should check with the relevant Participating Dealer or Authorised Distributor (as applicable) for the applicable dealing procedures and timing.<br><br>**In respect of the Listed Class:**<br><br>- a cash Creation or Redemption Application for Listed Class Units received at or before 3:00 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Listed Class Units of Day T; |

- a cash Creation or Redemption Application for Listed Class Units received after the Dealing Deadline of Day T for such class (i.e. 3:00 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class Units of Day T+1;

- an in-kind Creation or Redemption Application for Listed Class Units received at or before 4:30 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Listed Class Units of Day T;

- an in-kind Creation or Redemption Application for Listed Class Units received after the Dealing Deadline of Day T for such class (i.e. 4:30 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class Units of Day T+1;

- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the Dealing Deadline; and

- a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open for trading. Investors can buy or sell the Listed Class Units at market price.

**In respect of the Unlisted Classes:**

- a subscription or redemption application for Unlisted Class Units received at or before 4:00 p.m. (Hong Kong time) on Day T will be processed at the Net Asset Value per Unit of the Unlisted Class Units of Day T;

- a subscription or redemption application for Unlisted Class Units received after the Dealing Deadline of Day T for such class (i.e., 4:00 p.m. (Hong Kong time) on Day T), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of the Unlisted Class Units of Day T+1;

- the Manager may determine and agree with the Trustee such other time prior to the calculation of the Net Asset Value of the Sub-Fund on the relevant Dealing Day as the Dealing Deadline; and

- applicants may apply for Unlisted Class Units through the Manager or an Authorised Distributor. Authorised Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Unlisted Class Units through an Authorised Distributor should therefore consult

| | |
|---|---|
| | the Authorised Distributor for details of the relevant dealing procedures.<br><br>Please refer to the sections headed "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" and "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" in this Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively. |
| **Distribution Policy** | Same for both Listed Class and Unlisted Class. Please refer to the section below headed "Distribution policy". |
| **Fee Structure** | **In respect of the Listed Class:**<br><br>The current management fee is up to 0.55% per annum of the Net Asset Value of Listed Class and is accrued daily and calculated as at each Dealing Day. It is payable out of the Listed Class monthly in arrears.<br><br>An investment in the Listed Class in the secondary market is subject to fees involved in relation to the trading of such Listed Class Units on the SEHK (such as the brokerage fee, transaction levy, trading fee and so on).<br><br>**In respect of the Unlisted Classes:**<br><br>For Class A Units and Class D Units, the management fee is currently up to 0.55% per year of the Net Asset Value of each class, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class I Units, the management fee is currently up to 0.275% per year of the Net Asset Value of such class, and is accrued daily and calculated as of each Dealing Day.<br><br>For Class Z Units, the management fee is currently 0% per year of the Net Asset Value of such class.<br><br>The Manager may levy a Preliminary Charge of up to 5.0% of the Issue Price of Unlisted Class Units. No Redemption Charge will be levied on the Unlisted Class Units.<br><br>Neither the Listed Classes nor the Unlisted Classes employ a single management fee structure. The following fees and expenses may be payable out of and borne by each of the Classes: the Trustee's fee, Registrar's fees, custodian's fees, fees and expenses of the auditors, transaction fee, license fees, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or any of their agents.<br><br>Please refer to the sections headed "Fees and expenses payable by a Sub-Fund" and "Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only" in this Appendix for further details. |

| | |
|---|---|
| **Net Asset Value per unit** | There is a separate Net Asset Value for each class of Units. The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee and expense items applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different.<br><br>Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class.<br><br>Please refer to the relevant risk factors in the product key facts statements of the Listed Class and Unlisted Class and the section headed "RISK FACTORS" in this Prospectus. |
| **Termination** | Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub-section headed "Termination" under the section headed "STATUTORY AND GENERAL INFORMATION" of this Prospectus for further details. |

**What is the investment objective?**

The Sub-Fund is an index-tracking fund which aims to match as closely as practicable, before fees and expenses, the HKD denominated total return performance (net of withholding tax) 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.

In order to maximise portfolio management efficiency, minimise transaction costs and tracking error, exposure to the Index may also be obtained through representative sampling strategies which include:

(i) direct holding of a representative sample of securities; and/or
(ii) FDIs (such as futures); and/or
(iii) other collective investment schemes (including ETFs[1]),

from which the return to the Sub-Fund substantially reflects the performance of the Index. As part of the foregoing, the Sub-Fund may or may not have exposure to all of the securities in the Index, and may have exposure to securities which are not included in the Index.

When representative sampling strategies are used, the weighting of a particular constituent security in the Sub-Fund may deviate from its weighting in the Index and such deviation 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.

[1] Investments in ETFs by the Sub-Fund are considered and treated as collective investment schemes for the purposes of and subject to the requirements in Chapters 7.11, 7.11A and 7.11B of the Code.

Such strategies and FDIs 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 any of the above representative sampling strategies without notice.

Although FDIs may be used (as aforesaid), they will not be used extensively for investment purpose. FDIs may also be used for currency hedging purposes in respect of hedged Unlisted Class(es).

*Securities financing transactions*

The Sub-Fund can enter into securities lending transactions for a maximum level of up to 30% and expected level of up to 20% of its Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. As part of its securities lending transactions, the Sub-Fund will receive collateral, the value of which, during the duration of the securities lending agreement, will be equivalent to at least 100% of the valuation of the securities lent, marked to market on a daily basis and safekept by the Trustee or an agent appointed by the Trustee. Non-cash collateral received may not be sold, reinvested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the Code. Please refer to the sub-section headed "Securities Financing Transactions" in Schedule 1 to Part 1 of this Prospectus for the details of the arrangements.

Currently, the Manager has no intention to have any sale and repurchase transactions and reverse repurchase transactions or similar over-the-counter ("OTC") transactions entered into for the account of the Sub-Fund. In the future, where the Manager intends to have any sale and repurchase transactions and reverse repurchase transactions or similar OTC transactions entered into for the account of the Sub-Fund, subject to SFC's prior approval (if necessary), 1 month's prior notice will be given to the relevant Unitholders.

The net derivative exposure will be up to 50% of its Net Asset Value.

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 relevant 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 and Mainland-related Securities risk*

The Sub-Fund's investments are concentrated in Hong Kong listed securities, some of which may have substantial business operations in Mainland China. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the specific industry sectors in the Hong Kong and/or Mainland China market.

Investing in the above securities is subject to the risks of investing in emerging markets generally. This may involve increased risks and special considerations not typically associated with investment in companies based in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

The promulgation of new tax laws, regulations and practice affecting Hong Kong listed Chinese companies may operate to the advantage or disadvantage of Unitholders. There is a possibility that the current tax laws, regulations and practice applicable to Hong Kong listed Chinese companies will be changed with retrospective effect in the future.

*Technology and artificial intelligence (AI) sector themes concentration risk*

Sector concentration risk: The constituents of the Index, and accordingly the Sub-Fund's investments, may be concentrated in companies in technology and AI sector themes. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant sector.

Technology and AI theme risk: The technology theme of the Index, hence the underlying securities, centred on AI software, AI hardware, and AI-driven applications, presents risks such as high computational demands, potential biases in AI outputs, and cybersecurity vulnerabilities, as well as regulatory challenges such as compliance with evolving laws and intellectual property disputes. Many of the companies with a high business exposure to a technology or AI theme have a relatively short operating history. Companies in the technology or AI sector also face intense competition, and there may also be substantial government intervention, which may have an adverse effect on profit margins. Rapid changes could render obsolete the products and services offered by these companies.

Price volatility risk: Technology or AI companies are often characterised by relatively higher volatility in price performance when compared to other economic sectors. Stock prices of AI companies, especially companies which have a relatively small market capitalisation and limited operating history, tend to be more volatile than securities of companies that do not rely heavily on technology.

Overvaluation risk: Technology and AI themed companies may be subject to potential overvaluation risk and such exceptionally high valuation may not be sustainable. Excessive investor enthusiasm and speculation in AI-related companies could lead to inflated valuations that may subsequently correct sharply. Stock price may be more susceptible to manipulation in respect of technology and AI companies with a limited number of shares in public circulation, such as smaller or newly listed companies.

Intellectual property and cyber security risk: Companies with a high business exposure to a technology or AI theme may be subject to the risks of loss or impairment of intellectual property rights or licences. In addition, these companies face cyber security risks, which can result in undesirable legal, financial, operational and reputational consequences.

Market and regulatory risks: Technology and AI themed companies may be subject to market and regulatory risks. These risks include, but are not limited to, small or limited markets for such securities, changes in business cycles, world economic growth, technological progress, rapid obsolescence, and government regulation. Increasing global regulatory scrutiny in relation to the collection, storage and usage of data may impede the development of new AI products, hamper the commercial rollout of such products and affect market demand. A downturn in the business for companies in the technology or AI sector theme may have adverse effects on the Sub-Fund.

*Risks associated with small-capitalisation / mid-capitalisation companies*

The Sub-Fund may invest in stocks of small-capitalisation / mid-capitalisation companies. The stock of small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are

more volatile to adverse economic developments than those of larger capitalisation companies in general.

*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.

*Risk of investing in other collective investment schemes*

The underlying collective investment schemes in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

*Reliance on the same group risk*

Both the Manager and the Index Provider (as defined below) 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.

(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 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) and the Manager are subsidiaries of HSBC Holdings plc (the "**Group**"). One or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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 and the Manager are presently all members of the Group, and one or more of the Participating Dealers and/or Market Makers (applicable to the Listed Class Units only) 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, will vigorously manage any such conflict in the best interest of investors 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 and Redemption of Listed Class Units**

*Initial Offer Period*

During the Initial Offer Period, Participating Dealers (acting for themselves or for their clients) may apply for Listed Class Units (to be available for trading on the Listing Date) by means of cash Creation Application in the Sub-Fund's base currency or an in-kind Creation Application on each Dealing Day for themselves and/or their clients by transferring cash in accordance with the Operating Guidelines.

The latest time for making a Creation Application for Listed Class Units during the Initial Offer Period is 1:00 pm (Hong Kong time) on 24 September 2026, i.e. two Business Days prior to the Listing Date or such other time as the Manager (with the approval of the Trustee) may from time to time determine.

The Issue Price which is the subject of a Creation Application during the Initial Offer Period will be HKD 7, or such other amount from time to time determined by the Manager and approved by the Trustee.

*After Listing*

Dealings in the Listed Class Units on the SEHK are expected to commence on 28 September 2026.

The current Dealing Deadline for making a Creation Application or a Redemption Application is (1) 3:00 p.m. (Hong Kong time) for cash Applications, and (2) 4:30 p.m. (Hong Kong time) for in-kind Applications, on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK 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. Settlement for subscribing Listed Class Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines (as the case may be).

The Issue Price or redemption price of each Listed Class Unit for any relevant Dealing Day will, subject to the qualification in respect of the swing pricing adjustments as set out in the sub-section headed "Issue Price and Redemption Value of Units" under "DETERMINATION OF NET ASSET VALUE" of this Prospectus be based on the Net Asset Value of the Listed Class Units of the Sub-Fund in HKD at the Valuation Point divided by the number of Listed Class Units then in issue or deemed to be in issue, rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up (unless otherwise agreed by the Manager and the Trustee). Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund.

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

The attention of investors is drawn to the section entitled "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" 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<br><br>• Participating Dealers may submit Creation Applications for themselves or for their clients in a minimum number of 500,000 Listed Class 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) | • 9:00 a.m. (Hong Kong time) on 21 September 2026 or such other date or time as the Manager may determine |
| The date that is two Business Days prior to the Listing Date<br><br>• Latest time for Creation Applications by Participating Dealers for Listed Class Units to be available for trading on the Listing Date | • 1:00 p.m. (Hong Kong time) on 24 September 2026 or such other date or time as the Manager may determine |
| After Listing (period commences on the Listing Date)<br><br>• All investors may start trading Listed Class Units on the SEHK through any designated brokers; and<br><br>• Participating Dealers may apply for creation and redemption (for themselves or for their clients) in a minimum number of 500,000 Listed Class 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) continually | • Commence at 9:30 a.m. (Hong Kong time) on 28 September 2026<br><br>• Until 3:00 p.m. (Hong Kong time) on each Dealing Day, or such other time as the Manager (with the written approval of the Trustee) may determine on any day when the trading hours of the SEHK are reduced. |

**Trading of Listed Class Units**

The Sub-Fund offers HKD Counter on the SEHK to investors for secondary trading purposes. Listed Class Units are denominated in HKD.

The HKD Counter and traded Listed Class Units have a SEHK stock code 03438 and a short name "HSAI ETF". The ISIN for HKD Counter and traded Listed Class Units is HK0001352696.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the HKD Counter.

**Exchange Listing and Trading (Secondary Market) for Listed Class Units**

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Listed Class Units traded in HKD.

Dealings in the Listed Class Units on the SEHK is expected to commence at 9:30 a.m. (Hong Kong time) on 28 September 2026. Listed Class Units will trade on the SEHK in board lots of 50 Units.

Participating Dealers and Eligible Investors should note that they will not be able to sell or otherwise deal in the Listed Class Units on the SEHK until dealings begin on the SEHK.

Listed Class 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 Listed Class 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 for Listed Class Units**

Listed Class Units can be redeemed directly (through a Participating Dealer) by way of a Redemption Application. Redemption proceeds may be paid in (i) cash or (ii) in-kind. Any accepted Redemption Application will be effected by the payment of cash and/or transfer of Securities (as the case may be) in accordance with the Operating Guidelines 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.

**The Subscription and Redemption of Unlisted Class Units**

*Unlisted Classes of Units*

The Sub-Fund currently offers the following Unlisted Class Units to investors:

- Class A HKD – Accumulation Units
- Class A USD – Accumulation Units
- Class A RMB (hedged) – Accumulation Units
- Class D HKD – Accumulation Units
- Class I HKD – Accumulation Units
- Class Z HKD – Accumulation Units

Class I HKD – Accumulation Units and Class Z – HKD Accumulation Units are not currently offered to the retail public in Hong Kong.

*Subscription and Redemption Procedures*

The following apply to Unlisted Classes:

- Initial issue date: To be determined by the Manager
- Dealing Deadline: 4:00 p.m. (Hong Kong time) on each Dealing Day
- Subscription payment deadline: payment for Unlisted Class Units being applied for, together with any Preliminary Charge, is due in the Class currency of the relevant class within two Business Days of the Dealing Day on which the subscription application is made, unless the Manager agrees to accept late payment

The Issue Price or redemption price of each Unlisted Class Unit for any relevant Dealing Day will be based on the Net Asset Value of the Unlisted Class Units of the Sub-Fund at the Valuation Point divided by the number of Unlisted Class Units then in issue or deemed to be in issue. Unless otherwise agreed by the Manager and the Trustee, the issue price or redemption price of a Unit is rounded to the nearest four decimal places with any amount of 0.00005 or above being rounded up. Any amount corresponding to the rounding up or down shall accrue to the Sub-Fund. Please refer to the section headed "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" of this Prospectus for further details on the subscription, redemption and payment procedures in respect of the Unlisted Class Units.

To supplement the sub-section headed "Payment Procedures" under the section headed "Subscription of Unlisted Class Units" in Part I of this Prospectus, payment for Unlisted Class Units shall be due in the Class currency of the relevant Class within two Business Days of the Dealing Day on which the subscription application is made.

**Switching**

Switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

Unless otherwise agreed by the Manager, Unlisted Class Units of the Sub-Fund may only be switched into the same Unlisted Class Units of any collective investment scheme managed by the Manager. Similarly, unless otherwise agreed by the Manager, the Unlisted Class Units of any collective investment scheme managed by the Manager may only be switched into Units of the same Unlisted Class of the Sub-Fund. Where the switching is between Units denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

**Distribution policy**

*Accumulation Units*

In respect of the Listed Class Units and Unlisted Class Units, which are both Accumulation Units, no distributions will be made currently. Any income received by the Accumulation Units (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

**Fees and expenses payable by the Sub-Fund**

*Manager's fee*

Under the Trust Deed, 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 up to 0.55% per year of the Net Asset Value for Listed Class Units, up to 0.55% per year of the Net Asset Value for Unlisted Class A Units and Unlisted Class D Units, up to 0.275% per year of the Net Asset Value for Unlisted Class I Units, and 0% per year of the Net Asset Value for Unlisted Class Z Units, and is accrued daily, calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund. The current management fee rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Trustee'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. The current trustee fee rate may be increased up to the permitted maximum rate (as set out in the Trust Deed) by giving one month's prior notice to Unitholders.

*Fees and expenses applicable to the Listed Class Units only*

**Fees and expenses payable by Participating Dealers and investors of the Listed Class Units only**

| **(a)** | **Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)** | **Amount** |
|---|---|---|
| | Transaction Fee and Service Agent's Fee | HKD 3,000[2] per Application and HKD1,000[4] per book-entry deposit and withdrawal transaction |
| | Application cancellation fee | HKD 9,500[3] per Application |
| | Extension Fee | HKD 9,500[4] 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[5] | Such amounts as determined by the relevant Participating Dealer |

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2 The Transaction Fee of HKD 3,000 is payable by a Participating Dealer to the Trustee for the benefit of the Trustee and/or Registrar. The Service Agent's fee of HKD 1,000 is payable by a Participating Dealer to the Service Agent for each book-entry deposit or book-entry withdrawal transaction.

3 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.

4 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.

5 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 Listed Class Units on SEHK (applicable After Listing)***

| | |
|---|---|
| Brokerage | Market rates |
| SFC transaction levy | 0.0027%[6] |
| AFRC transaction levy | 0.00015%[7] |
| SEHK trading fee | 0.00565%[8] |
| Stamp duty | Nil |

*Fees and expenses payable by investors of the Unlisted Class Units only*[9]

| | |
|---|---|
| **Preliminary Charge** | Up to 5.0% of the Issue Price of the Unlisted Class Units |
| **Redemption Charge** | Nil |
| **Switching Fee** | Up to 4.0% of the Issue Price of the Unlisted Class Units |

**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 aims to reflect the performance of Hong Kong-listed companies enabling the advancement of artificial intelligence, with particular emphasis on key capabilities such as computing power, algorithms, model development, cloud infrastructure and robotics.

The Index is denominated in HKD. The Index was launched on 25 September 2023 and the Index had a base value of 3,000 on 31 December 2019.

As of 7 September 2026, the Index comprised 40 constituents with freefloat-adjusted index market capitalisation (after capping) of HKD 618 billion.

Although the index provider, Hang Seng Indexes Company Limited ("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"

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6 The SFC transaction levy of 0.0027% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

7 AFRC transaction levy of 0.00015% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

8 The SEHK trading fee of 0.00565% of the trading price of the Listed Class Units is payable by each of the buyer and the seller.

9 Please contact the Authorised Distributor(s) of the Sub-Fund for details.

above.

***Eligibility and constituent selection***

The eligible universe comprises all companies listed on the Main Board of SEHK. To qualify, candidates must meet a minimum six-month average daily turnover threshold of HKD 20 million.

In addition, eligible companies must be classified within one of the below subsectors under the Hang Seng Industry Classification System:

| *Subsector Code* | *Subsector Name* |
|---|---|
| 101020 | Industrial Components & Equipment* |
| 101025 | Electrical & Electronic Components |
| 101040 | Heavy Industrial Machinery* |
| 281010 | Pharmaceuticals* |
| 281020 | Biotechnology* |
| 281050 | Pharma & Biotech Contract Services* |
| 282010 | Medical Devices & Supplies* |
| 282020 | Medical & Aesthetic Services* |
| 701030 | Robotic Systems & Solutions |
| 702015 | Digital Solution Services |
| 702025 | Internet Services and Infrastructure |
| 702030 | Application Software |
| 703010 | Semiconductors |
| 703020 | Semiconductor Equipment & Materials |

* *Companies from these subsectors are eligible to the Index only if their business activities are related to robotics and the related technologies.*

Candidates will undergo an additional screening based on year-on-year revenue growth, with only the top 60% qualifying as eligible (top 70% for existing index constituents). Eligible candidates will then be ranked by their 12-month average daily market capitalisation, and the 40 largest will be selected for inclusion in the Index.

Existing constituents ranked below 48$^{th}$ will be removed from the Index, while non-constituent securities ranked 32$^{nd}$ or above will be included. If the number of incoming securities is greater than the number of outgoing constituents, the constituent(s) with the lowest market cap rank will be removed from the Index in order to maintain the number of constituents at 40. If the number of incoming securities is smaller than the number of outgoing constituents, the securities with the highest market cap rank will be added to the Index in order to maintain the number of constituents at 40.

***Weighting method***

The Index is weighed by freefloat adjusted market cap, with a 12% cap on individual constituent weightings. The aggregate weighting of non-Stock Connect eligible constituents is capped at 35%.

***Regular review and rebalancing***

The Index constituents are reviewed and reconstituted quarterly in March, June, September and December.

***Fast Entry***

A newly listed security will be added to the Index if: (1) it meets the sector requirements set out in the sub-section above headed "Eligibility and constituent selection"; (2) its full market capitalisation ranks within the top 10 of the existing constituents on its first trading day; and (3) its year-on-year revenue growth is higher than the threshold from the last regular index review. The ad hoc addition will normally be implemented after the close of the 10th trading day of the new issue. The constituent number will be reset to 40 in the next regular review.

***Availability of information***

The Index is calculated and published through the Index Provider on its website (https://www.hsi.com.hk). Information concerning the Index (including its constituents, factsheet, methodology and rules, index levels, index performance, etc.) is available on the Index Provider's website (https://www.hsi.com.hk/eng/indexes/all-indexes/hsait). These websites have not been reviewed by the SFC. The real-time Index values (updated every two seconds) are available at Bloomberg and Refinitiv.

***Index licence agreement***

The Manager has entered into a license agreement with the Index Provider, as well as Hang Seng Data Services Limited. The term of the license agreement commenced on 6 August 2026. 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 Artificial Intelligence Theme Index (the "**Index**") is published and compiled by Hang Seng Indexes Company Limited pursuant to a license from Hang Seng Data Services Limited. The mark and name "Hang Seng Artificial Intelligence Theme Index" are 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 LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE SUB-FUND OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE 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 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 THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY HANG SENG INVESTMENT MANAGEMENT LIMITED IN CONNECTION WITH THE SUB-FUND; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION 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 HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** 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 Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

**Appendix dated 21 September 2026**