Hang Seng Investment Index Funds Series II

Hong Kong Offering Document

Important – If you are in any doubt about the contents of this offering document, you should consult your broker, bank manager, solicitor or accountant or other independent professional financial adviser.

Investors should note that this document relates to Sub-Funds which may offer (i) both Listed Class Units and Unlisted Class Units or (ii) Listed Class Units only.

The SEHK, the Securities and Futures Commission in Hong Kong (the "**SFC**") and Hong Kong Securities Clearing Company Limited (the "**HKSCC**") take no responsibility for the contents of this offering document, including the Product Key Facts Statement for each Sub-Fund (as defined on page i), 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 offering document.

Each of the Trust (as defined on page i) and each Sub-Fund has been authorised as a Collective Investment Scheme by the SFC. 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 offering document. 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.

Hang Seng Investment Management Limited

14 September 2026

This offering document relates to the offer in Hong Kong of units (the "**Units**") in the Hang Seng Investment Index Funds Series II (the "**Trust**") and its sub-funds. The Trust is an umbrella unit trust established under Hong Kong law by a trust deed dated 10 September 2004, as supplemented, amended and restated from time to time (the "**Trust Deed**"), entered into between, amongst others, Hang Seng Investment Management Limited (the "**Manager**") and Cititrust 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 Class Units and 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 Units of the HSI ESG Enhanced Select Index ETF (the "**HSI ESG ETF**") are listed on The Stock Exchange of Hong Kong Limited (the "**SEHK**") and the Units of the HSI ESG ETF 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 CCASS 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.

The Units of the HSI ESG ETF may also be listed on other stock exchanges in the future.

The Listed Class Units of the Hang Seng High Dividend 30 Index ETF ("**HSHD30 ETF**") are listed on the SEHK and the Listed Class Units of the HSHD30 ETF have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCASS. Settlement of transactions between CCASS 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. The HSHD30 ETF currently also offers Unlisted Class Units.

Selling and Holding Restrictions

Permission for the offering of any Units in Hong Kong and the distribution of this offering document (including the Product Key Facts Statement for each Sub-Fund) in Hong Kong has been obtained. Units may also be listed on other stock exchanges in the future. For the authorisation/listing status of a Sub-Fund in the relevant jurisdiction(s), investors may contact the authorised agent(s) in the relevant jurisdiction(s) or the Manager.

The distribution of this offering document and the offering of the Units may be restricted in certain jurisdictions. This offering document does not constitute and should not be regarded as an offer or solicitation by anyone in any jurisdiction where such offer or solicitation is not authorised or may be unlawful, where the person making such offer or solicitation is not authorised to make it or where the person receiving such offer or solicitation may not lawfully receive it.

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 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 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).

In addition and without prejudice to the above, the Manager has the power to impose such restrictions as the Manager may think necessary for the purpose of ensuring that no Units are acquired or held by:

(a) any person in breach of the law or requirements of any country or governmental authority or the SEHK in circumstances which, in the opinion of the Manager, might result in the Trust or the Sub-Funds suffering an adverse effect which the Trust or the Sub-Funds might not otherwise have suffered; or

(b) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant) which, in the opinion of the Manager, might result in the Trust or the Sub-Funds incurring any liability to taxation or suffering any other pecuniary disadvantage which the Trust or the Sub-Funds might not otherwise have suffered.

If the Manager becomes aware that any Units are owned directly or beneficially by any person in contravention of any restrictions applied by the Manager, the Manager may require such person to transfer or redeem such Units.

Enquiries and Complaints to the Manager

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.

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

Part 1 of this offering document 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 offering document in respect of a particular Sub-Fund. Where the information in Part 2 of this offering document 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.

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

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 to facilitate the establishment of various index-tracking funds including ETFs. Each of the Trust and each Sub-Fund is authorised as a Collective Investment Scheme by the SFC under Section 104 of the SFO and each Sub-Fund falls within Chapter 8.6 of the Code. SFC authorisation is not a recommendation or endorsement of a Sub-Fund nor does it guarantee the commercial merits of a Sub-Fund or its performance. It does not mean that a Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Sub-Funds

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

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

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, the HSI ESG ETF offers Listed Class Units only, and the HSHD30 ETF offers both Listed Class Units and Unlisted Class Units.

INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

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

Investment Strategy

Index-tracking funds are not managed according to traditional methods of active investment management, which involve the buying and selling of securities based on the fund manager's economic, financial and market analysis and investment judgement.

Unlike an actively managed investment fund, an index-tracking fund does not attempt to outperform any particular stock market or sector thereof nor any underlying benchmark or stock index.

Instead, using a passive approach or indexing investment strategy, the fund manager attempts to match, as closely as practicable, the performance of the underlying index relevant to the index-tracking fund.

What are indexing investment strategies?

Indexing investment strategies are used by fund managers to fulfil an index-tracking fund's investment objective. Replication and representative sampling are the two most common strategies.

Replication Strategy

Using a replication strategy, an index-tracking fund invests in substantially all the Index Constituent Stocks in substantially the same weightings (i.e. proportions) as these stocks have in the underlying index. The composition of the Index may change when a stock ceases to be an Index Constituent Stock or when it is delisted. When a stock ceases to be an Index Constituent Stock rebalancing occurs which involves selling the outgoing Index Constituent Stock and using the proceeds to acquire the incoming Index Constituent Stock. The downside of using a replication strategy is that transaction costs may be higher than when a representative sampling strategy is being used.

Representative Sampling Strategy

Using a representative sampling strategy, an index-tracking fund invests in a representative sample of Index Constituent Stocks selected by the fund manager using quantitative analytical models in a technique known as portfolio sampling. Under this technique, each stock is considered for inclusion in the fund based on its contribution to certain capitalisation, industry and fundamental investment characteristics. The fund manager seeks to construct the portfolio of the fund so that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of its underlying index. The risk of using a representative sampling strategy is that it may not track the underlying index as closely as a replication strategy would allow, but a representative sampling strategy does provide for a close correlation to the underlying index in a cost-efficient manner.

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

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

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

WHAT ARE THE RISKS OF INVESTING IN A SUB-FUND?

Investors should note that the risk factors mentioned below are general risks associated with investments in a Sub-Fund and investors should consider the information included in this offering document before investing in a Sub-Fund. Whilst to the best of knowledge of the Manager, this offering document includes the information necessary for investors to be able to make an informed judgment of their investments and in particular the risks attached thereto, investors should however not solely rely upon such information for any investment in a Sub-Fund. Investors should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions which may also need to be taken into account before making any decision to invest in a Sub-Fund.

Investors should carefully consider the risks involved in investing in a Sub-Fund together with all other information included in this offering document (including the additional risk factors specific to each Sub-Fund as set out in the relevant Appendix) and satisfy themselves that such Sub-Fund is suitable for them having regard to their own circumstances, including their financial situation, investment experience and investment objectives before making an investment decision. Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not a Sub-Fund is suitable for them, they should consult their investment adviser and obtain independent professional advice.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in a Sub-Fund unless they fully understand and are willing to take the various risks associated with the underlying investments of such Sub-Fund (which may expose the Sub-Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

In addition, investors should avoid excessive investment in any single type of investment (in terms of its proportion in the overall investment portfolio) including any proposed investment in a Sub-Fund so as to avoid having the investment portfolio being over-exposed to any particular investment risk.

Many factors will affect the performance of a Sub-Fund.

A Sub-Fund's Net Asset Value will change based on changes in market conditions in response to other economic, political, monetary and financial developments. A Sub-Fund's reaction to these developments will be affected by the types of securities in which the Sub-Fund invests, the financial condition, industry and economic sector, and geographic location of an issuer, and the Sub-Fund's level of investment in the securities of that issuer.

To the extent that the Index concentrates in the securities of a particular industry or group of industries, the Manager may similarly concentrate a Sub-Fund's investments. Such Sub-Fund's performance could depend heavily on the performance of that industry or group of industries and could be more volatile than the performance of less concentrated funds.

In addition, because the Manager may invest a significant percentage of a Sub-Fund's assets in a single issuer, such Sub-Fund's performance could be closely tied to that one issuer and could be more volatile than the performance of more diversified funds.

Index-tracking funds like the Sub-Funds are not actively managed. The Manager does not have the discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the Index will result in a corresponding fall in the value of the relevant Sub-Fund.

When you redeem or sell your Units they may be worth more or less than what you paid for them, which means that you could lose money.

The following additional factors should be borne in mind when deciding to invest in Units.

Risks associated with investment in a Sub-Fund

Risks applicable to both Listed Class Units and Unlisted Class Units

Correlation to the Index and tracking error risk

No assurance can be given that the performance of a Sub-Fund at any time will be an exact or identical replication of the performance of the Index, primarily because (i) there are various fees and expenses payable out of the relevant Sub-Fund's assets, (ii) the assets of a Sub-Fund may not be fully invested at all times, for example, minimal cash balances may arise from cash Creation Applications and cash Redemption Applications, (iii) the investment strategy used by the Manager may not result in the relevant Sub-Fund holding all of the Index Constituent Stocks in exactly the same weightings as those stocks have in the Index, (iv) of any adjustment made to the Net Asset Value per Unit which is considered to be an appropriate allowance to reflect the Duties and Charges which would be incurred if the investments of a Sub-Fund were to be acquired or sold in certain circumstances as referred to in the section headed "Calculation of Issue Price and Redemption Price", (v) of timing differences associated with additions to and deletions from the Index when rebalancing occurs and (vi) the number of shares outstanding of the Index Constituent Stocks may change from time to time. The use of sampling techniques or futures or other derivative positions may also affect a Sub-Fund's ability, for a particular Dealing Day or otherwise, to achieve close correlation with the Index. The Manager will monitor and seek to manage such tracking error risk and to minimise tracking error.

Index Termination Risk

In the event that a 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 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 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 Sub-Fund if the Index is no longer considered to be acceptable to the SFC.

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

Composition of the Index may change risk

The securities constituting an Index will change as the securities of the Index are delisted, or as the securities mature or are redeemed or as new securities are included in the Index. When this happens the weightings or composition of the securities owned by the relevant Sub-Fund will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. However,

there can be no guarantee that a Sub-Fund will, at any given time accurately reflect the composition of the relevant Index (refer to the section on "Correlation to the Index and tracking error risk" under "Risks applicable to both Listed Class Units and Unlisted Class Units").

Concentration risk

A Sub-Fund may be subject to concentration risk as a result of tracking the performance of a single geographical region, country or jurisdiction, and its Index may be comprised of a limited number of securities. The value of such Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments, as it is more susceptible to fluctuations in value of its Index resulting from adverse conditions in the particular geographical region, country or industry sector.

Where a Sub-Fund's Index tracks a particular region or country or industry sector or where the Index has a small number of constituents, risk factors specific to the relevant Sub-Fund are set out in its Appendix. Please refer to each Sub-Fund's Appendix for details.

Equity market risk

A Sub-Fund's investments in equity securities including the Index Constituent Stocks are subject to general market risks, and the value of such investments may fluctuate due to various factors such as changes in investment sentiment, political and economic conditions and issuer-specific factors. In the short term, equity prices can fluctuate dramatically in response to these developments. Different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. 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 of such securities is limited during the relevant period and where a Sub-Fund invests in these securities, such Sub-Fund may be subject to losses.

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.

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.

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.

Passive investment risk

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

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 the 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 will seek to dispose of such securities, which action could involve costs or delay. 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.

In addition, if a seller defaults on its obligation to repurchase securities under a reverse repurchase transaction, 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.

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.

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 is no regulated market for such FDIs. Investing in FDIs also involves other types of risks including, but not limited to, the risk of adopting different valuation methodologies and imperfect correlation between the FDI and its underlying securities, rates and indices. Risks associated with FDIs also include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI. 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

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 Index Constituent Stocks.

Risk associated with investments in companies with weighted voting rights

A Sub-Fund may invest in, or the constituents of the Index tracked by the relevant Sub-Fund 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 relevant Sub-Fund where the relevant Sub-Fund invests in the ordinary shares of such companies.

General risks of investments associated with the Mainland

Political and economic considerations
Investors should be aware that the economy of the Mainland differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the Mainland is not well developed when compared with those of developed countries.

A Sub-Fund that invests in H-shares, red chips shares and P chips shares is subject to the risks of investing in emerging markets generally and the risks specific to the Mainland market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the country;
- higher transaction and custody costs and higher settlement risks;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;

- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalisation or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Sub-Fund to fully implement or pursue its investment objective and strategy.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Mainland economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the Mainland are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the Mainland are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The Mainland economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments associated with the Mainland will be sensitive to any significant change in political, social or economic policy in the Mainland. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

Accounting, auditing and financial reporting standards and practices
Accounting, auditing and financial reporting standards and practices applicable to companies in the Mainland 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 for properties and assets and in the requirements for disclosure of information to investors.

Legal system
The legal system of the Mainland in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the Mainland.

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

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 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 taxes 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 section “Taxes and Duties Payable by the Trust and the Sub-Funds” – “The PRC” – “Corporate Income Tax” and “Value-Added Tax” above for further details.

General risks of investments associated with 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 State Administration of Foreign Exchange. 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

The trading and settlement of RMB traded securities are recent developments in Hong Kong and there is no assurance that there will not be problem with the systems or that other logistical problems will not arise. Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in 2011, some brokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, and there is no assurance of their readiness for dealing in RMB traded securities. Investors should note that not all brokers may be ready and able to carry out trading and settlement of RMB traded Units and thus they may not be able to deal in the RMB traded Units through some brokers. Investors should check with their brokers in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

Non-RMB or late settlement redemption risk

Where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, redemption proceeds may be delayed or, if necessary in exceptional circumstances, be paid in 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 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 HKD) or may receive settlement in RMB on a delayed basis.

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

Offshore RMB (CNH) market risk

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

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

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**"). One or more of the Participating Dealers and/or market makers (applicable to Listed Class Units only) may from time to time be members of 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 relevant Appendix, each Index has clear and well documented methodology and rules by which the Index is calculated.

Apart from the above, the Registrar, the Administrator, the Custodian, the Manager (also acting as the Listing Agent) and the Index Provider are members of the HSBC Group (the "**Group**"). One or more of the Participating Dealers and/or market makers (applicable to 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 relevant Sub-Fund. In such event the Net Asset Value of the relevant Sub-Fund may be adversely affected and its operation disrupted.

It should be noted that the Registrar, the Administrator, the Custodian, 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 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 relevant 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 relevant 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 that may apply to the Sub-Funds".

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.

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.

Risk of termination of a Sub-Fund

A Sub-Fund may be terminated under certain circumstances as specified in the section headed "Termination". It is possible that, at the time of such termination, investors have to realise their investment loss and will not be able to receive an amount equal to their capital originally invested.

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 relevant Index or the securities in a Sub-Fund's portfolio and possibly, 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 the Sub-Fund and accordingly for the Sub-Fund. In the extreme case, a Unitholder may lose a material part of its investments in the Sub-Fund.

FATCA related risk

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 relevant Sub-Fund will be able to satisfy these obligations. If a 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. Please refer to the sub-section "The United States of America – Foreign Account Tax Compliance Act (FATCA)".

Risks associated with distribution of dividend out of capital or effectively out of capital

The Manager may, at its discretion, pay dividend out of capital or effectively out of capital. Payment of dividends out of capital and/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 of dividends involving payment of dividends out of the capital of a Sub-Fund or effectively out of the capital of a Sub-Fund may result in an immediate reduction of the Net Asset Value per Unit of the Sub-Fund. Please refer to the section "Dividend Policy".

Other currency dividends risk

Investors should note that where a Unitholder holds Units traded in a currency other than the base currency of the Sub-Fund, the relevant Unitholder will only receive dividends in the base currency and not in the relevant trading currency. In the event 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 dividend from the base currency into such other currency. Unitholders should check with their brokers concerning arrangements for dividends.

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.

Differences in dealing arrangements between Listed Class Units 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 Price (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 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 Sub-Fund at Net Asset Value whilst the former will not.

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

The levels and types of fees (including management fee) and costs applicable to each of the Listed Class Units and 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 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 Price 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 "Calculation of Issue Price and Redemption Price" under "DETERMINATION OF NET ASSET VALUE".

Redemption by proprietary investments / seed money

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

Risks applicable to the Listed Class Units only

Trading and listing issues

If the Listed Class Units are delisted from the SEHK, the Manager may, in consultation with the Trustee, seek the relevant regulators' prior approval to operate a Sub-Fund as a traditional index fund and will notify investors accordingly. In this case, investors in such Sub-Fund would not be subject to any redemption fee should they wish to redeem their Listed Class Units for cash. Alternatively, in such circumstances, the Manager may liquidate the relevant Sub-Fund if the Trustee deems it to be in the best interests of investors and will notify the investors accordingly. Investors would then receive Net Asset Value per Unit (which may be higher or lower than the amount paid by the investors per Unit at the time of original investment) as of the date of liquidation as a result of the Manager having to liquidate all such Sub-Fund's investments.

If Listed Class Units deposited with the CCASS become non-eligible securities for deposit with the CCASS, Listed Class Units will be transferred out of the CCASS to, and registered in the name of, the respective CCASS Participants through the Manager. The CCASS and HKSCC Nominees Limited will inform the CCASS Participants (the nominee holders of Listed Class Units) about the "de-list day". Any expenses arising from such transfer and registration shall be borne by the relevant Sub-Fund. In such circumstances, the Manager, the Trustee, the CCASS and the CCASS Participants will use their best efforts to ensure that the transfer and registration of Listed Class Units will be done in a timely manner. However, you should be aware that there could be a delay in transferring and registering the Listed Class Units.

In the event the Listed Class Units of a Sub-Fund are also listed on stock exchange(s) other than the SEHK, it is possible that such Listed Class Units are still listed on the stock exchange on which they are primarily listed (i.e. the SEHK) whilst they are no longer listed or dealt with on other stock exchange(s). The Manager may apply for withdrawal of listing on such other stock exchange(s) in accordance with the relevant provisions of the Trust Deed, whilst maintaining the listing status on the SEHK. In such case, the prior approval from the relevant stock exchange(s) and regulatory authority(ies) shall be sought and notification of the delisting arrangement (the details of which shall be available at the authorised agent(s) in such jurisdiction(s)) will be sent to the relevant investors. Please note that Listed Class Units which are listed on such other stock exchange(s) but are not redeemed as of the "de-list day" may be sold with the proceeds, after deducting the necessary transaction costs and currency conversion (if applicable), paid to the relevant investors in compliance with the requirements under all applicable laws and regulations (if any). Such net amount may be higher or lower than the amount of the capital invested, thus such investors may suffer losses.

Net Asset Value and price fluctuations

The Net Asset Value per Unit of a Sub-Fund will generally fluctuate with changes in the Index. Listed Class Units may be bought and sold in the secondary market through the SEHK at market prices which will fluctuate during the trading day, and it is possible that the market price of a Listed Class Unit and the Net Asset Value per Unit will vary due to market demand and supply, liquidity and the "bid/ask" spread in the secondary market (as explained further below). As a result, the market price of a Unit in the secondary market could be substantially higher or lower than the Net Asset Value per Unit.

As with any ETF, the market price of Listed Class Units will be subject to a "bid/ask" spread – being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers. In times of severe market disruption or when there is an insufficient number of buyers and sellers of Listed Class Units, the bid/ask spread may increase significantly.

In the case of suspension of 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 per Unit.

Further, 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.

Cost of trading Listed Class Units

Trading of Listed Class Units on the SEHK may involve various types of costs that apply to all securities transactions. When trading Listed Class Units through a broker, investors will incur a brokerage commission or other charges imposed by the broker. 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 the 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 regularly making small investments.

Absence of active trading market in the Units and liquidity risks

Although Listed Class Units of the Sub-Funds 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 a Sub-Fund's assets 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. 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. If an investor needs to sell its Listed Class Units at a time when no active market for them exists, the price it receives for its Listed Class Units (assuming it is able to sell them) is likely to be lower than the price received if an active market did exist.

Further, the Listed Class Units in the RMB counter of applicable Sub-Funds are securities traded on the SEHK, and settled in the CCASS, in RMB. Not all stockbrokers or custodians may be ready and able to carry out trading and settlement of the RMB traded Units. The limited availability of RMB outside the PRC may also affect the liquidity and trading price of the RMB traded Units.

Risk of suspension of trading

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 in the interests of a fair and orderly market to protect investors. The creation and redemption of Listed Class Units may also be suspended if the trading of Units is suspended.

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.

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 traded in each counter. Nevertheless, it should be noted that liquidity in the secondary market for the Listed Class Units may be adversely affected if there is no market maker for the Listed Class Units traded in a particular counter. There may also be less interest by potential market makers in making a market in Listed Class Units traded in RMB. Further, any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for RMB traded Units. It is possible that there is only one market maker to a counter or to a 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.

Risk of 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 relevant securities through the CCASS is disrupted or the 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 have creation or redemption of Listed Class Units freely.

Dual Counter risk

A Sub-Fund may be available for trading on the secondary market on the SEHK under a Dual Counter model.

The SEHK's Dual Counter model in Hong Kong is relatively recent. An ETF with Dual Counter traded Units means that Listed Class Units are traded and settled in two different currencies under different counters. The nature of the Dual Counter for ETFs may make investment in the Listed Class Units riskier than in single counter units or shares of an SEHK listed issuer, for example where for some reason there is a settlement failure on an inter-counter transfer if the Listed Class Units of one counter are delivered to the CCASS at the last settlement on a trading day, leaving insufficient time to transfer the Listed Class Units to the other counter for settlement on the same day.

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

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

Investors without an account in the relevant trading currency (such as USD) may buy and sell HKD traded Units only. Such investors will not be able to buy or sell Listed Class Units traded in such other trading currencies (such as USD).

It is possible that some brokers and CCASS 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, (ii) carry out inter-counter transfers of Listed Class Units, or (iii) trade Listed Class Units in different counters at the same time. In such a case another broker or CCASS Participant may need to be used. Accordingly, this may inhibit or delay an investor dealing in Listed Class Units traded on both counters and may mean investors may only be able to sell their Listed Class Units in one currency. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfer.

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.

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 a 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 (other than HSI ESG ETF) 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 "Schedule 2 – Procedures for Creation and Redemption of Listed Class Units" and "THE OFFERING, REDEMPTION AND SWITCHING OF UNLISTED CLASS UNITS" of this offering document.

Suspension of the Determination of Net Asset Value and the Right to Redeem Units
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, after giving notice to, and in consultation with the Trustee, having regard to the best interests of the Unitholders, declare a suspension of the determination of the Net Asset Value of the relevant Sub-Fund and the right to redeem Units of such Sub-Fund. After the Manager has provided notice to and consulted with the Trustee, 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, please refer to the point below headed "Suspension of the Determination of Net Asset Value and the Right to Redeem Units".

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 restrictions" under "Schedule 1 – Investment Restrictions, Security Lending and Borrowing" of this offering document.

Adjustments to the Issue Price and Redemption Price of a Sub-Fund
Where there is net cash inflow to a Sub-Fund, the Manager will generally invest for the Sub-Fund; where there is net cash outflow to a Sub-Fund, investments may generally need to be sold to fulfil the redemption obligations of the Sub-Fund. Duties and Charges (such as stamp duties) so incurred, if significant, will adversely affect the interest of the remaining investors of the Sub-Fund. As such, for cash subscriptions and redemptions, the Manager may make adjustments to Issue Price and Redemption Price of the 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 "Calculation of Issue Price and Redemption Price". This, in effect, is to allocate the costs of subscription to subscribing investors and the costs of redemption to redeeming investors.

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*: Other than in respect of HSI ESG ETF, 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 Price 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 the Determination of Net Asset Value and the Right to Redeem Units:*
  (1) Any such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value until the Manager shall declare the suspension at an end. No Units will be issued or redeemed during such a period of suspension.
  (2) In the case of suspension of 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 per Unit.

- *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.

- *Adjustments to the Redemption Price of a Sub-Fund*: 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 investors. Investors should note that such costs of redemption charged to the redeeming investors and so received by a Sub-Fund may be greater than or less than the actual costs of redemption incurred by such Sub-Fund.

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

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 or in-kind Creation Applications on each Dealing Day for themselves and/or their clients by transferring cash or (in the case of in-kind creations) a Basket and a cash amount as determined and announced by the Manager in advance 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.

Unless with consent by the Manager, 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.

Please refer to "Schedule 2 – Procedures for Creation and Redemption for Listed Class Units" 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 on the SEHK and Creation and Redemption of Listed Class Units

Investors may:

(1) purchase and sell Listed Class Units in the secondary market on the SEHK in the relevant currency in respect of the relevant Listed Class Units under the Dual Counter (where adopted by the relevant Sub-Fund);
(2) apply for in-kind creation and redemption through Participating Dealers; and/or
(3) apply for cash creation or redemption through Participating Dealers, subject to the Manager's absolute discretion to decide whether to accept a cash Creation Application or cash Redemption Application.

Where specified in an Appendix, special creations and redemptions for Listed Class Units in the relevant Sub-Fund (both in cash and in-kind) through the Manager are available.

Purchase and sale of Listed Class Units on the SEHK

After Listing, investors can purchase 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, investors should note that transactions in the secondary market on the SEHK 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 Unit.

Please refer to the section headed "Current Fees and Charges" as stated in the relevant Appendix for fees payable by investors in secondary market trading.

Creation and redemption

Investors may also apply for cash or in-kind creation of Listed Class Units based on Net Asset Value per Unit through Participating Dealers by tendering (in the case of cash creations) a cash payment of an amount equivalent to the aggregate of the Issue Price multiplied by the relevant number of Listed Class Units, or (in the case of in-kind creations) a Basket and a cash amount (the "**Cash Component**") as determined and announced by the Manager in advance. Cash or in-kind redemptions of Listed Class Units based on Net Asset Value per Unit can also be made in a similar manner by tendering the relevant number of Listed Class Units in exchange for (in the case of cash redemptions) a cash payment of an amount equal to the aggregate of the Redemption Price multiplied by the relevant number of Listed Class Units, or (in the case of in-kind redemptions) the Basket and Cash Component.

Investors should note that creations and redemptions are made in high minimum transaction sizes and the current cash minimum transaction size and in-kind minimum transaction size are as stated in the relevant Appendix. In addition, by applying for an in-kind creation or an in-kind redemption, investors are essentially exchanging the underlying Index Constituent Stocks for the Listed Class Units (in the case of creations) and vice versa (in the case of redemptions). There is no material change in market exposure of their holdings. In other words, their exposure to the share market is neither increased nor decreased through an in-kind creation or redemption but investors should note that the relevant Sub-Fund will be subject to tracking error due to fees and other factors.

In determining the composition of the Basket, the Manager will take into account the Sub-Fund's index tracking strategy, the weightings of the Index Constituent Stocks in the Index and any forthcoming index rebalancing event. The Cash Component is the cash value of the difference between the Net Asset Value of the Listed Class Units comprising the Application and the closing market value of the Basket on the Dealing Day the in-kind Creation or Redemption Application is received. The Cash Component may be positive or negative.

Please refer to the relevant Appendix for the cut-off time (the "**Dealing Deadline**") for Participating Dealers making a cash Creation Application and a cash Redemption Application or an in-kind Creation Application and an in-kind Redemption Application.

In respect of in-kind creations, Listed Class Units will be issued against the relevant Basket and Cash Component (or vice versa) two CCASS Settlement Days after receipt of the Creation Application (unless otherwise stated in the relevant Appendix) or on such later date as determined by the Manager. In respect of cash creations, Listed Class Units will be issued against the cash payment two CCASS Settlement Days after receipt of the Creation Application (unless otherwise stated in the relevant Appendix), or on such other date as determined by the Manager in accordance with the Operating Guidelines.

In respect of cash Creation and Redemption Applications by Participating Dealers, the Manager may charge the relevant Participating Dealer an additional sum on the creation amount or deduct from the redemption proceeds such sum, being Duties and Charges, representing the difference between (a) the prices used when valuing the Securities in the Sub-Fund for the purpose of such issue or redemption of Listed Class Units and (b) (in the case of an issue of Listed Class Units) the prices which would be used when acquiring the same Securities if they were acquired by the Sub-Fund with the amount of cash received by the Sub-Fund upon such issue of Listed Class Units or (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 Sub-Fund in order to realise the amount of cash required to be paid out of the Sub-Fund upon such redemption of Listed Class Units.

The Manager may charge the relevant Participating Dealer on the Creation or Redemption Application such amount or rate (if any) that the Manager may consider represents the appropriate provision for the Duties and Charges and the Transaction Fee.

Please refer to Schedule 2 – Procedures for Creation and Redemption for Listed Class Units for the operational procedures in respect of Creation and Redemption Applications. A Transaction Fee is applied to each creation and redemption, please refer to "Current Fees and Charges" as stated in the relevant Appendix for details.

Special creation and redemption

Unless otherwise stated in the relevant Appendix, the Manager may also facilitate subscriptions and redemptions, in cash and/or in-kind, of Listed Class Units based on Net Asset Value per Unit by the HS Funds in the Manager's sole discretion. Cash subscriptions and redemptions for all Listed Class Units must be in the relevant Sub-Fund's base currency. 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 Dealing Deadline for making a Special Creation Application and a Special Redemption Application by the HS Funds is the official closing time of the SEHK on the relevant Dealing Day, or such other time prior to the calculation of the Net Asset Value of the relevant Sub-Fund on that Dealing Day as the Manager may determine and agree with the Trustee, unless otherwise stated in the relevant Appendix.

Timetable

Initial Offer Period

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

The purpose of the Initial Offer Period is to enable Participating Dealers to subscribe for 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) 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) 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 offering document 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 the 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 purchase 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.

Are there any Special RMB Payment or Account Procedures for Sub-Funds adopting a Dual Counter Arrangement?

Although the base currency of Listed Class Units for certain Sub-Funds adopting a Dual Counter Arrangement (as specified in the relevant Appendix) may be HKD, Listed Class Units in the RMB counter are available to be bought and sold on the secondary market 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.

If any investors wish to buy or sell Listed Class Units in RMB 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 such 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 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 of the RMB bank account. 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 Hong Kong Monetary Authority on the date of the trade which will be published on HKEx's website by 11:00 a.m. or earlier on each trading day.

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

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

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.

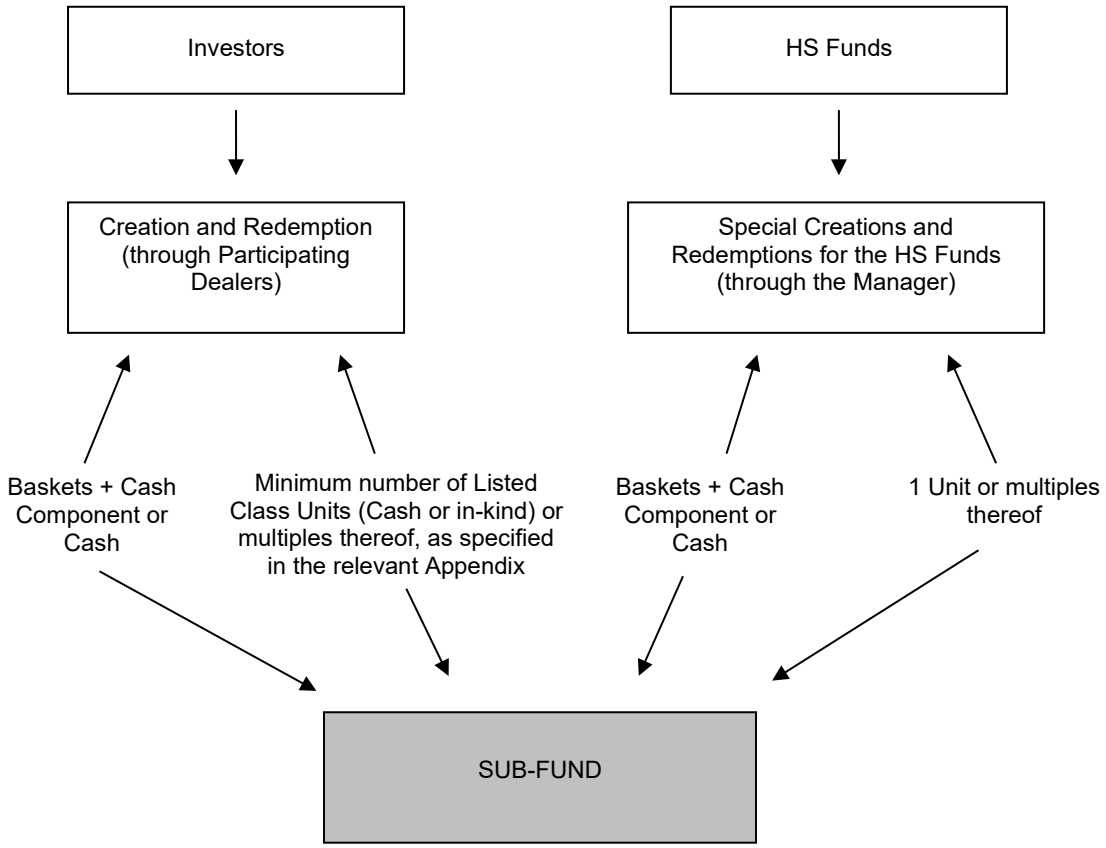
Please also refer to the sub-section headed "General risks of investments associated with RMB currency" in the section headed "

WHAT ARE THE RISKS OF INVESTING IN A SUB-FUND?" for further details.

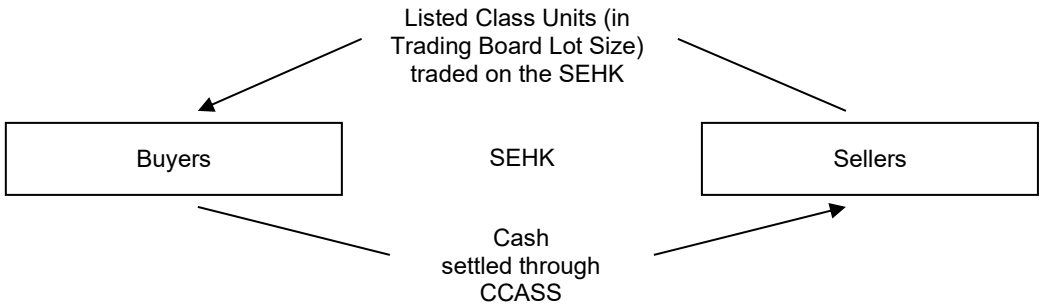
Diagrammatic illustration of investment in the Sub-Funds

The diagrams below illustrate the creation and redemption of Listed Class Units and trading of Listed Class Units in the secondary market:

(3) Creation and redemption of Listed Class Units – Initial Offer Period and After Listing



(3) Trading of Listed Class Units in the secondary market – After Listing



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. The register of the relevant Sub-Fund is the evidence of ownership of Listed Class Units.

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 CCASS. Furthermore, the Trustee and the Manager acknowledge that pursuant to the General Rules of CCASS neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the 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) or PD Agent(s) (as the case may be) who are participants of the CCASS. Your beneficial interest in Listed Class Units shall be established through your account with your chosen CCASS Participant or, as the case may be, other intermediary.

Summary of Different Trading Methods of Listed Class Units and Related Fees

Initial Offer Period

Different Trading Methods of Listed Class Units	Minimum Number of Listed Class Units (multiple of)	Channel	Available to	Consideration, Fees and Charges[1]
Cash creation	Application Unit size (see relevant Appendix)	Through Participating Dealers	**Any investor** satisfying the minimum unit requirements and acceptable to the Participating Dealer as its client	Issue Price[2] (in cash and in base currency) Transaction Fee Any fees and charges imposed by the Participating Dealer
In-kind creation	Application Unit size (see relevant Appendix)	Through Participating Dealers	**Any investor** satisfying the minimum unit requirements and acceptable to the Participating Dealer as its client	Basket Cash Component Transaction Fee Any fees and charges imposed by the Participating Dealer Duties and Charges
Special creation	1	Through the Manager only	HS Funds only	Basket + Cash Component (in-kind) or Issue Price[2] (in cash)

After Listing

Different Trading Methods of Listed Class Units	Minimum Number of Listed Class Units (multiple of)	Channel	Available to	Consideration, Fees and Charges[1]
Purchase and sale in cash through brokers on the SEHK (secondary market)	Trading Board Lot Size (see relevant Appendix)	On the SEHK	**Any investor** satisfying the minimum unit requirements	Market price of Units on the SEHK Brokerage fees Other Duties and Charges
Cash creation and redemption	Application Unit size (see relevant Appendix)	Through Participating Dealers	**Any investor** satisfying the minimum unit requirements and acceptable to the Participating Dealer as its client	Issue Price / Redemption Price[2] (in cash and in base currency) Transaction Fee Any fees and charges imposed by the Participating Dealer
In-kind creation and redemption	Application Unit size (see relevant Appendix)	Through Participating Dealers	**Any investor** satisfying the minimum unit requirements	Basket Cash Component Transaction Fee Any fees and charges imposed by the Participating Dealer

Different Trading Methods of Listed Class Units	Minimum Number of Listed Class Units (multiple of)	Channel	Available to	Consideration, Fees and Charges[1]
				Duties and Charges
Special creation and redemption	1	Through the Manager	**HS Funds only**	Basket + Cash Component (in-kind) or Issue Price / Redemption Price[2] (in cash)

1 For details, please see section "Current Fees and Charges" as stated in the relevant Appendix.

2 The appropriate Duties and Charges will be taken into account in determining the Issue Price and Redemption Price (as the case may be). For details please see the section "Calculation of Issue Price and Redemption Price".

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

Rejection of Applications

The Manager reserves the right to reject Applications to subscribe for/create Listed Class Units.

Fractional Units

The Sub-Funds will not issue fractional Listed Class Units unless otherwise stated in the relevant Appendix.

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

Unlisted Class Units will initially be offered to investors on the terms described in the relevant Appendix.

Subject as otherwise provided in the relevant Appendix, after such initial offer, Unlisted Class Units will be available for issue on each Dealing Day for Unlisted Class Units.

Individual Authorised Distributors may have the discretion, from time to time, to decide which Sub-Fund and/or classes of Unlisted Class Units to be made available to investors for subscription and/or switching, as such, investors should be aware that they may not be able to subscribe or switch to any Sub-Fund or any class of Unlisted Class Units where such Sub-Fund or Unlisted Class of Units are not made available by a particular Authorised Distributor. Selected Unlisted Class Units may be distributed via selected channel(s) as determined by individual Authorised Distributors and agreed by the Manager.

In order for applications to be dealt with on a Dealing Day, applications must be received by the Manager and/or its delegate prior to the application cut-off time for that Dealing Day and the relevant application monies must be received in cleared funds on behalf of the Trust prior to the payment cut-off time for such Dealing Day (both as specified in the relevant Appendix). Different application cut-off times and payment cut-off times may apply in relation to different classes of Unlisted Class Units. Subject to the Manager's discretion to accept some late applications from an Authorised Distributor as applications received before the relevant cut-off time for that Dealing Day in certain situations as specified in the relevant Appendix, applications and application monies received after the relevant cut-off time for that Dealing Day will be processed on the next Dealing Day.

Payment Procedures

Please refer to the relevant Appendix for specific payment procedures.

Payment of application monies shall be in cash. Where application monies are paid in a currency other than the currency of the relevant 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.

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.

Issue Price

After the close of the Initial Offer Period (if applicable), the issue price of Unlisted Class Units in a Sub-Fund on a Dealing Day will be calculated based on the Net Asset Value of that Sub-Fund as at the applicable Valuation Point on the Dealing Day to which the application relates (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 if the appropriate number of underlying securities were purchased at the values attributed to them in calculating the Net Asset Value per Unit. For further details, please refer to the section headed "Calculation of Issue Price and Redemption Price" under "DETERMINATION OF NET ASSET VALUE".

Details of the Valuation Point applicable to each Dealing Day are set out in the relevant Appendix.

Currency Hedged Classes of Units

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).

Minimum Investment and Subsequent Holding

Subject 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 the minimum investment and holding criteria as set out in the relevant Appendix (if any).

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.

Preliminary Charge

Subject as otherwise provided in the relevant Appendix, the Manager is entitled to a Preliminary Charge of up to 2.5% (or such higher percentage as the Manager with the approval of the SFC and the Trustee may determine or such lower percentage as the Manager may determine) of the issue price of each Unit. The Manager has a discretion to waive this Preliminary Charge in whole or in part in relation to any application for Unlisted Class Units.

Application Procedure

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.

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 Deadline for receiving instructions for subscriptions, redemptions or switching. 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).

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

Anti-Money Laundering Regulations

The Trustee and the Manager have responsibility to prevent money laundering. They may require detailed verification of a prospective investor's identity and the source of the payment of application monies. Depending on the circumstances of each application, a detailed verification may not be required where: (a) the investor makes payment from an account in the investor's name at a recognised financial institution; (b) the investor is regulated by a recognised regulatory authority; or (c) the application is made through a recognised financial intermediary. The foregoing will only apply if the financial institution, regulatory authority or intermediary referred to is within a country recognised by Hong Kong as having sufficient anti-money laundering regulations.

The Trustee and the Manager reserve the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and return the application monies relating to such application.

Neither the Manager, nor the Trustee, nor their delegates shall be liable to the applicant for any loss suffered by the applicant as a result of the rejection or delay of any application.

Measures against Market Timing and/or Active Trading

The Manager does not knowingly allow investments which are associated with market timing and/or active trading practices as such practices may adversely affect the interests of Unitholders of Sub-Funds in the Trust.

In general, market timing refers to the investment behaviour of an individual, a company or a group of individuals or companies buying, selling or exchanging shares or other securities by taking advantage of time differences and/or imperfections and deficiencies in the methodology adopted for determining the value of such shares or other securities. Market timers may also include individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by frequent or large exchanges. Market volatility may result in the latest available prices of shares or other securities held by a Sub-Fund not accurately reflecting the fair value of shares or other securities as at a Valuation Point of the Sub-Fund. This situation could be exploited by market timers who are aware of the direction of market movement by reference to predetermined market indicators, and who might deal to exploit the difference between the next published Net Asset Value of a Sub-Fund and the fair value of its investments. By these investors paying less than the fair value for Unlisted Class Units on issue, or receiving more than the fair value on redemption, other Unitholders may suffer a dilution in the value of their holdings in the Sub-Fund.

As a safeguard against market timing, the Manager may, after consultation with the Trustee, adjust the value of an investment of a Sub-Fund or permit some other method of valuation of such investment to be used if, having regard to the currency, applicable rate of interest, maturity, marketability of such investment, accounting treatment for such investment, the estimated market price of such investment as at the Valuation Point and other considerations the Manager deems relevant, it considers that such adjustment or use of such other method is required to reflect the fair value of such investment. For details, please refer to the section headed “DETERMINATION OF NET ASSET VALUE”.

In the course of buying and selling investments, the Sub-Fund will incur dealing expenses which will be paid out from the net assets of the Sub-Fund and hence indirectly shared among all investors in the Sub-Fund. If substantial active trading transactions within a Sub-Fund are undertaken by a single investor or a small group of investors, this may significantly increase the dealing costs of the Sub-Fund. To prevent the dilution of the Sub-Fund’s assets, adjustments may be made to the Issue Price and Redemption Price to in effect allocate the costs of subscription to subscribing investors and the costs of redemption to redeeming investors (for further details, please refer to the sections headed “Calculation of Issue Price and Redemption Price” under “DETERMINATION OF NET ASSET VALUE” and “Liquidity Risk Management Tools” under “LIQUIDITY RISK MANAGEMENT).

The Manager has an absolute discretion to reject in whole or in part an application for subscription and/or switching of Unlisted Class Units in any Sub-Fund including when the Manager reasonably suspects that such application is associated with market timing and/or active trading practices, without disclosing the reason for the relevant suspicion.

General

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 investor's application and the receipt of cleared funds and the contract note will be forwarded by ordinary post (at the risk of the person entitled thereto*).*

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

The Manager has an absolute discretion to accept or reject in whole or in part an application for Unlisted Class Units and reserves the right not to disclose the reason for rejecting such application. Subject as otherwise provided in the relevant Appendix, in the event that an application is rejected, application monies will be returned without interest and after deducting any of out-of-pocket fees and charges incurred by the Manager and the Trustee/Registrar by cheque posted at the risk of the person(s) entitled thereto or by telegraphic transfer at the discretion of the Manager and expense of the applicants. No Unlisted Class Units of a Sub-Fund will be issued where the determination of the Net Asset Value of that Sub-Fund is suspended (for details see the sub-section headed "Suspension of the Determination of Net Asset Value and the Right to Redeem Units" under the section headed “DETERMINATION OF NET ASSET VALUE” below).

Investors who apply for subscription, redemption and/or switching of the Unlisted Class Units of a Sub- Fund through Authorised Distributor(s) should note that such Authorised Distributor(s) may impose earlier cut-off times 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 Unlisted Class 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.

REDEMPTION OF UNLISTED CLASS UNITS

Redemption Procedure

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 Unlisted Class Units to be redeemed, the Sub-Fund to which the Unlisted Class 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 Unlisted Class 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. A request for redemption once given cannot be revoked without the consent of the Manager.

Redemption Price

Unlisted Class Units redeemed on a Dealing Day will be redeemed at the Redemption Price, which is equal to the Net Asset Value of the relevant Sub-Fund as at the applicable Valuation Point on the Dealing Day to which the redemption request relates (for further details, please refer to the section headed “DETERMINATION OF NET ASSET VALUE”).

In calculating the Redemption Price of a Unit of an Unlisted Class, 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 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. For further details, please refer to the section headed "Calculation of Issue Price and Redemption Price" under "DETERMINATION OF NET ASSET VALUE".

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% (or such higher percentage as the Manager with the approval of the SFC and the Trustee may determine or such lower percentage as the Manager may determine) 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 Price 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 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.

Payment of Redemption Proceeds

Redemption proceeds will not be paid to any redeeming Unitholder until (a) the written original of the redemption request duly signed by the Unitholder (or each joint Unitholder) has been received by the Trustee and (b) the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee. No payment to any person other than the redeeming Unitholders is allowed.

Subject as mentioned above and as otherwise provided in the relevant Appendix and except where the redeeming Unitholder gives alternative payment instructions, redemption proceeds less any applicable Redemption Charge will be paid to the redeeming Unitholder (or to the first-named of joint Unitholders) by cheque in the class currency of the relevant class of the Sub-Fund posted at the risk of the relevant Unitholders; normally, where the relevant Sub-Fund is authorised by the SFC, not later than four weeks after receipt by the Manager of a properly documented redemption request (subject as otherwise provided in the relevant Appendix). Redemption proceeds may also be paid to the Unitholder by telegraphic transfer at the discretion of the Manager and at the expense of the Unitholder.

Under the Trust Deed, the Manager has the power subject to the relevant redeeming Unitholders' consent to pay redemption proceeds in whole or in part by transferring investments of the relevant Sub-Fund *in specie* to the relevant redeeming Unitholders.

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 the Determination of Net Asset Value and the Right to Redeem Units" under "Liquidity Risk Management").

Other than in respect of HSI ESG ETF, 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 Price 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

Subject to terms of issue of any relevant class of Unit and such other limitations as the Manager may impose and subject as noted below and where so specified in the relevant Appendix, Unitholders may have the right to switch all or part of their Units in an Unlisted Class of a Sub-Fund (the "**Existing Class**") into Units in another Unlisted

Class of the same Sub-Fund or Unlisted Class Units of any other collective investment scheme managed by the Manager (the "**New Class**") on any Dealing Day by sending a written instruction to any Authorised Distributor or a written application to the Manager. 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 Sub-Fund has been suspended.

In order for switching to take effect on a particular Dealing Day, the switching instruction as signed by the Unitholder 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 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 Sub-Fund) or such later Dealing Day as the Manager may have determined as applicable for switches into Units of the New Class.

Subject as otherwise provided in the relevant Appendix, the Manager is entitled to charge a Switching Fee in respect of each Unit of the New Class issued of up to 4% of the issue price of Units of the New Class. The Switching Fee shall be deducted from the amount reinvested into the Sub-Fund relating to Units of the new class and shall be retained by or paid to the Manager for their own absolute use and benefit.

If there is, at any time during the period from the time as at which the redemption price per Unit of the Existing Class is calculated up to 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 Sub-Fund is denominated or normally traded, the redemption price 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 price had been the redemption price 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.

No switching will be made if as a result thereof a Unitholder would hold less than the minimum holding of Units of any relevant Unlisted 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 Unlisted Class Units earlier than those set out in the relevant Appendix.

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 in the base currency of the relevant Sub-Fund in accordance with the Trust Deed. The Manager may, in consultation with the Trustee, adjust the value of any investment made by the relevant Sub-Fund or permit some other method of valuation of such investment to be used if, having regard to exchange rates, applicable rates of interest, maturity dates, marketability and other considerations the Manager deems relevant, the Manager considers such adjustment or use of such other method is required to reflect the fair value of such investment.

The Net Asset Value will be determined as at each Valuation Point on each Dealing Day.

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

(a) Investments (including an interest in a Collective Investment Scheme quoted, listed or normally dealt in on a recognised securities market but excluding an interest in an unlisted Collective Investment Scheme or a commodity) shall, at the discretion of the Manager, be calculated by reference to the price appearing to the Manager to be the last traded price or closing price as calculated and published by the recognised securities market for such investment or (if no last traded price or closing price is available) the latest available price on the recognised securities market on which the investment is quoted, listed, traded or normally dealt in for such amount of such investment at or immediately preceding the Valuation Point, as the Manager may consider in the circumstances to provide a fair criterion, provided that: (i) subject to (ii) below, if an investment is quoted, listed, traded or normally dealt in on more than one recognised securities markets, the Manager shall adopt the nominal closing price quoted on the market which, in its opinion, provides the principal market for such investment; (ii) in the case of any investment which is quoted, listed or normally dealt in on a recognised securities market but in respect of which, for any reason, prices on that market may not be available at any relevant time or such market's nominal closing price is not considered to provide a fair value for such investment by the Manager, the value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager or, if the Trustee so requires, by the Manager after consultation with the Trustee; and (iii) interest accrued on interest bearing investments up to (and including) the date as at which the valuation is made should be taken into account, unless such interest is included in the quoted or listed price;

(b) the value of any investment (other than an interest in a Collective Investment Scheme or a commodity) which is not quoted, listed or ordinarily dealt in on a recognised securities market shall be the initial value thereof equal to the amount expended out 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 may at any time in consultation with the Trustee when deemed appropriate and shall at such times or at such intervals as the Trustee may request cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments (which may be the Manager or any Connected Person of the Manager);

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

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

(e) the value of each unit, share or other interest in any Collective Investment Scheme (other than an interest in a Collective Investment Scheme quoted, listed, traded or normally dealt in on a securities market) shall be the last published net asset value per unit, share or other interest in such Collective Investment Scheme (where available) or (if the same is not available) a price calculated by aggregating the last published bid price for such a unit, share or other interest and the last published offer price therefor (excluding any preliminary or initial charge included in such offer price) and dividing the result by two, and if no net asset value, bid and offer prices or price quotations are available, the value thereof shall be determined from time to time in such manner as the Manager shall determine; and

(f) notwithstanding the foregoing, the Manager may in consultation with the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to currency, applicable rate of interest, maturity, marketability and other considerations they deem relevant, they consider that such adjustment or use of such other method is required to reflect the fair value thereof.

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 the Determination of Net Asset Value and the Right to Redeem Units

The Manager may, after giving notice to, and in consultation with the Trustee, having regard to the best interests of the Unitholders, declare the suspension of the determination of Net Asset Value of a Sub-Fund and the right to redeem Units for the whole, or any part of, any period when:

(1) the SEHK is closed;

(2) dealings on the SEHK or the Hong Kong Futures Exchange Limited are restricted or suspended;

(3) the settlement or clearing of dealings via the CCASS is disrupted;

(4) the Index is not compiled or published;

(5) there exists any state of affairs as a result of which delivery or purchase of Index Constituent Stocks 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 investors in the relevant Sub-Fund;

(6) there is any breakdown in the means normally employed in determining Net Asset Value or when, for any other reason, the value of any investment of the relevant Sub-Fund cannot, in the opinion of the Manager, be reasonably, promptly and fairly be ascertained; or

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

Any such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the relevant Sub-Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following 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 shall exist.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration, publish a notice on www.hangsenginvestment.com (this website has not been reviewed by the SFC) and, in respect of the Units only, on the SEHK's website www.hkex.com.hk (this website has not been reviewed by the SFC), and/or cause a notice to be given to investors and to all those (whether investors or not) whose applications to redeem Units shall have been affected by such suspension stating that such declaration has been made.

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 such a period of suspension after the Manager has provided notice to and consulted the Trustee.

In respect of the 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 Units or redeem 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 the Unlisted Class Units, an applicant may at any time after a suspension has been declared and before termination of such suspension withdraw any redemption 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 redemption application before termination of the suspension, the Trustee shall, subject to and in accordance with the provisions of the Trust Deed, redeem such 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.

Suspension of Dealings in Units on the SEHK

Dealings in Listed Class Units on the SEHK may at any time be suspended by the SEHK if the SEHK considers it necessary for the protection of investors or for the maintenance of an orderly market in such circumstances and subject to such conditions as the SEHK sees fit.

Calculation of Issue Price and Redemption Price

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 Dual Counter being adopted for a Sub-Fund, the Issue Price or Redemption Price of a 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 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.

To ensure all investors in the relevant Sub-Fund are treated fairly, for cash subscriptions and redemptions, the Manager may, in determining the Issue Price of a Unit, add to the Net Asset Value per Unit (before making any rounding adjustment) an amount, for the account of the relevant Sub-Fund, which it considers to be an appropriate allowance to reflect Duties and Charges (such as stamp duties) which would be incurred if the appropriate number of relevant Sub-Fund's Index Constituent Stocks were purchased at the values attributed to them in calculating the Net Asset Value per Unit. Similarly, for cash subscriptions and redemptions, the Manager may, when determining the Redemption Price of any Unit, deduct for the account 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 (such as stamp duties) which would be incurred if the appropriate number of relevant Sub-Fund's Index Constituent Stocks were to be sold at the values attributed to them in calculating the Net Asset Value per Unit.

For subscription 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 redemption applications in cash for Unlisted Class Units, when determining the Redemption Price 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 of the relevant Sub-Fund from the Net Asset Value per Unit (before making any rounding adjustment) an amount or rate 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 Price 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 Price 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 HS Funds 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 Unit.

FEES AND EXPENSES

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, please see the section below and the section headed "Current Fees and Charges" in the relevant Appendix.

Management Fee

Each Sub-Fund pays the Manager a monthly fee calculated by reference to daily Net Asset Value of the relevant Sub-Fund. Any increase from the current level up to the maximum level (please refer to the relevant Appendix) will be announced or published on the SEHK's website www.hkex.com.hk (this website has not been reviewed by the SFC) and via www.hangsenginvestment.com (this website has not been reviewed by the SFC). Any increase in the maximum level must be approved by registered holders of Units in the relevant Sub-Fund at an extraordinary general meeting.

Trustee Fee

Each Sub-Fund pays the Trustee a monthly fee calculated by reference to daily Net Asset Value of the relevant Sub-Fund, which fee is inclusive of the fund administration fee charged by the Administrator. Any increase from the current level up to the maximum level (please refer to the relevant Appendix) will be announced or published on the SEHK's website www.hkex.com.hk (this website has not been reviewed by the SFC) and via www.hangsenginvestment.com (this website has not been reviewed by the SFC). Any increase of the maximum level must be approved by registered holders of Units in the relevant Sub-Fund at an extraordinary general meeting.

Other Expenses

Each Sub-Fund bears the expenses which are attributable to it. Such expenses include but are not limited to the costs of the Manager investing on behalf of the Sub-Fund (including applicable duties), the fees and expenses of the custodians of its assets, the securities transaction fee, the fees and expenses of the Registrar, the fees and expenses of its auditors, valuation costs, legal fees, index licensing fees, the costs incurred in connection with the listing of the Sub-Fund on the SEHK and authorisation as a Collective Investment Scheme by the SFC, reconciliation fee by the Service Agent, the costs of preparation and publication of this offering document (including the Product Key Facts Statement for each Sub-Fund) and the Trust Deed, the costs of communicating with and holding meetings of investors, the costs incurred in the preparation and printing of any document or reports to investors (including, as may be agreed to the Manager, postage costs incurred by any nominee for the benefit of the underlying investors in distributing such reports), costs payable to the data vendor and all other operating costs and ordinary out-of-pocket expenses incurred by the Manager, the Trustee or any of their agents. For the avoidance of doubt, no expenses arising out of any advertising or promotional activities in connection with a Sub-Fund will be paid from the assets of the relevant Sub-Fund.

Soft dollar benefits

Neither the Manager, its delegates (including any investment delegates) nor its Connected Persons will receive cash or other rebates from brokers or dealers in respect of transactions for the account of a Sub-Fund. However, the Manager, its delegates (including any investment delegates) or any of their Connected Persons may receive, and are entitled to retain, goods, services or other benefits, such as research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publication (known as soft dollar benefits) which are of demonstrable benefit to a Sub-Fund (as may be permitted under the Code, applicable rules and regulations) from brokers and other 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.

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.

Fees and Charges Payable by Participating Dealers and Investors for Dealing in the Listed Class Units on the SEHK (applicable to Listed Class only)

Participating Dealers are required to pay fees and expenses for creation or redemption of Listed Class Units in the primary market, including where applicable, Transaction Fee, service agent fee, conversion agent fee (where applicable), cancellation fee, Extension Fee, Partial Delivery Request Fee, and other Duties and Charges.

Investors are required to pay fees and charges imposed by the Participating Dealer in respect of creations and redemptions (as applicable) via the Participation Dealer.

Investors are required to pay brokerage fees, transaction levies and the SEHK trading fees in respect of any dealing in the Listed Class Units on the SEHK. For details of the amount of fees currently payable, please see above and the section headed "Current Fees and Charges" in the relevant Appendix.

Fees and Charges Payable in respect of the Unlisted Class Units

Where so specified in the relevant Appendix, the Manager is also entitled to receive:-

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 Price 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.

DIVIDEND POLICY AND REPORTING

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).

Reporting to Investors

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 a summary illustrating the differences between the daily closing price for the Listed Class Units on the SEHK and its Net Asset Value per Unit over the reporting period.

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).

Information on the Internet

The Manager will publish information with respect to each Sub-Fund (including in respect of the relevant Index), both in Chinese and in English, on www.hangsenginvestment.com (this website has not been reviewed by the SFC) (and a hyperlink from the SEHK's website www.hkex.com.hk (this website has not been reviewed by the SFC) is also available). You should regularly review such information. Such information will include:

- this offering document (including the Product Key Facts Statement in respect of each Sub-Fund), as may be updated 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;

- the latest annual audited and interim unaudited financial reports of each Sub-Fund;

- 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);

- (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;

- (in respect of the Listed Class Units) the latest list of Participating Dealers and market makers;

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

- 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 offering document or any of the constitutive documents of the Trust and/or a Sub-Fund;

- any public announcements made by the Manager in respect of any of the Sub-Funds, including information with regard to a Sub-Fund and the Sub-Fund's Index, as well as notices of suspension and resumption 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;

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

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

- the compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for a rolling 12-month period (such information is also available from the Manager on request).

The near real-time indicative Net Asset Value per Unit in RMB is indicative and for reference only. The near real-time indicative Net Asset Value per Unit in RMB does not use a real-time RMB:HKD foreign exchange rate – it is calculated using the indicative Net Asset Value per Unit in HKD 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 for offshore RMB (CNH) on the previous SEHK trading day.

The last Net Asset Value per Unit in RMB is indicative and for reference only and is calculated using the last Net Asset Value per Unit in HKD 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 for offshore RMB (CNH) as of the same Dealing Day.

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.

Information About the Index

Information regarding the Index and the Index Provider of the Index can be found in the relevant Appendix. Real-time updates about the Index can be obtained through Refinitiv, Bloomberg and on www.hsi.com.hk (this website has not been reviewed by the SFC) the latter of which contains the additional and latest updated information about the Index and a description of the way in which such Index is calculated. The level of the Index at any time for the purposes of the relevant Sub-Fund will be the level as calculated by the Index Provider of the Index in its sole discretion. It is your own responsibility to obtain the current Index information (including without limitation, any change in the composition of the Index, any change in the method for compiling and calculating the Index) via the www.hsi.com.hk website (this website has not been reviewed by the SFC). Please refer to the section headed "References to Websites" for the warning and the disclaimer regarding information contained in such website.

Information About Index Constituent Stocks

Information on the individual Index Constituent Stock which are listed on the SEHK can be obtained from the SEHK's website at www.hkex.com.hk (this website has not been reviewed by the SFC) or by checking the official website of the relevant Index Constituent Stock.

It is your own responsibility to check up the latest updated information on the individual Index Constituent Stocks including but not limited to events arising from the affairs of the Index Constituent Stocks such as any price sensitive information disclosed by the issuer of any individual Index Constituent Stock, any announcement regarding any

suspension of an Index Constituent Stock from trading on the SEHK or other stock exchanges (as the case may be). Please refer to the section headed “References to Websites” for the warning and the disclaimer regarding information contained in such websites and sources.

MANAGEMENT OF THE TRUST

Manager / Listing Agent

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 and with respect to the Listed Class Units only, also acts as the Listing Agent of each Sub-Fund.

The Manager may appoint other investment managers or investment delegates to assist the Manager in managing the Sub-Funds. No such investment manager or investment delegate has yet been appointed as at the date of this offering document.

Trustee and Custodian

The trustee of the Trust is Cititrust Limited. Currently, the Trustee has appointed The Hongkong and Shanghai Banking Corporation Limited to be the custodian (the "**Custodian**"). The Trustee may change such appointment from time to time.

Under the Trust Deed, the Trustee shall take into its custody or under its control all the property of the Trust and each Sub-Fund. The Trustee may also appoint any other person or persons to be the custodian of the Trust and each Sub-Fund's assets. The Trustee may from time to time (1) appoint 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 or any of the Sub-Funds, (2) may empower any such custodian, nominee or agent to appoint co-custodians and/or sub-custodians (each such custodian, nominee, agent, co-custodian and sub-custodian a "**Correspondent**") provided that such appointment is made (i) with the prior consent in writing of the Trustee; (ii) with the Trustee's agreement in writing; or (iii) with no objection in writing by the Trustee. For the purposes of satisfying the above (i) to (iii), the Trustee may pre-clear such appointment or provide consent or no objection in advance to an agreed-upon process, provided that the Trustee is satisfied that the appointed custodian will exercise reasonable care and diligence in the selection, appointment and ongoing monitoring of its sub-custodians, nominees, agents and/or delegates and has appropriate and adequate processes and procedures in place for doing so. The Trustee may also from time to time (3) 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 delegates and (b) be satisfied that each Correspondent or delegate retained remain suitably qualified and competent on an ongoing basis to provide the relevant services to the relevant Sub-Fund. Notwithstanding such delegation, the duties, responsibilities and obligations of the Trustee under the Trust Deed and the applicable provisions of the Code remain with the Trustee and 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.

The Trustee shall not be liable for: (i) any agents and persons appointed by the Manager; (ii) any depositary or clearing system in relation to any security deposited with such depositary or clearing system; (iii) any Registrar (other than where the Trustee is the Registrar), Participating Dealers, counterparties, third party service providers and advisers (including any third party service providers appointed to provide service in respect of the Trust at the instruction of the Manager, where the Trustee is not involved in the selection of such service providers).

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 a Sub-Fund.

Subject to the terms of 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 action, costs, claims, damages, expenses or demands relating to the relevant Sub-Fund (other than those arising out of any liability or obligation to Unitholders imposed on the Trustee pursuant to the laws of Hong Kong or the Trust Deed or for breach of trust through its fraud or negligence) to which it may be put as Trustee to have recourse to the assets of the relevant Sub-Fund or any part thereof but shall not have a right of recourse to the assets of any other Sub-Fund under the Trust (if any).

The Trustee in no way acts as guarantor or offeror of the Units or any underlying investment.

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.

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 subject to the terms of the Trust Deed and the requirements of the Code, 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 offering document 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 offering document other than their description under this section.

Registrar and Administrator

The Registrar and Administrator of the Trust and each Sub-Fund are HSBC Institutional Trust Services (Asia) Limited and The Hongkong and Shanghai Banking Corporation Limited respectively.

Conversion Agent or Service Agent (Applicable to the Listed Class only)

The Conversion Agent or Service Agent (as applicable) in respect of the Sub-Funds is HKCAS, a wholly-owned subsidiary of the HKEx. Where applicable as set out in the respective Appendix for the relevant Sub-Fund, the HKCAS performs services as Conversion Agent under the terms of the Conversion Agency Agreement entered into among the Manager, the HKCAS and HKSCC in connection with the in-kind creation and in-kind redemption of Listed Class Units by Participating Dealers, and as Service Agent under the terms of each Service Agreement entered into among the Trustee, the Manager, the Registrar, the Participating Dealer, the agent of the Participating Dealer (if applicable), the HKCAS and HKSCC in connection with the cash creation and cash redemption of Listed Class Units by Participating Dealers.

Participating Dealers (Applicable to the Listed Class only)

A Participating Dealer is a broker or dealer who acts (or has appointed an agent or delegate who acts) for its own account or for the account of its clients to make Creation and Redemption Applications in respect of the Listed Class Units of a Sub-Fund for a large minimum number of Listed Class Units (or multiples thereof), as specified in the relevant Appendix. 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).

Market makers (Applicable to the Listed Class only)

A market maker is a broker or dealer permitted by the SEHK to act as such by making 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. If the SEHK withdraws its permit to the existing market maker(s), the Manager will endeavour to ensure that there is at least one other market maker for each Sub-Fund which offers Listed Class Units or counter to facilitate the efficient trading of such Listed Class Units of the relevant eligible currency. The latest list of market makers for each Sub-Fund which offers Listed Class Units is available at www.hkex.com.hk (this website has not been reviewed by the SFC). Please refer to the section headed "References to Websites" for the warning and the disclaimer regarding information contained in such website.

Hang Seng Data Services Limited

Hang Seng Data Services Limited ("**HSDS**") is the proprietor and absolute owner of all of the goodwill, rights, title and interest in the name and mark of the Index and has granted a license in respect of the use of such name and mark to Hang Seng Indexes Company Limited ("**HSIL**"), which manages and compiles each relevant Index and is the Index Provider to the HSI ESG ETF and the HSHD30 ETF. Additional information about HSIL is available at www.hsi.com.hk (this website has not been reviewed by the SFC). Please refer to the section headed "References to Websites" for the warning and the disclaimer regarding information contained in such website.

Conflicts of Interest that may apply to the Sub-Funds

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, secretary, manager, custodian, investment manager or investment delegate (as the case may be) or provide other services in relation to, or be otherwise involved in or with, other funds and clients which have a similar investment objective to the Trust and the Sub-Funds. It is possible that in the course of business, the Connected Persons to the Manager may have potential conflicts of interest with a Sub-Fund. If such conflicts arise, the Manager will use its best efforts to ensure that Unitholders are treated fairly.

The Manager, any investment delegate or any of their Connected Persons may enter into transactions with the Trust and the Sub-Funds as principal.

Such transactions will be disclosed in the relevant Sub-Fund's audited annual report and shall only be made with the prior written consent of the Trustee except where such transactions are (i) unit creation or redemption applications or (ii) an investment in a Collective Investment Scheme managed by the Manager or the Connected Persons to it, conducted at the prevailing Net Asset Value of the relevant Sub-Fund or, as the case may be, the prevailing net asset value of the Collective Investment Scheme, on no more favourable terms and conditions than those available to any other person.

The Manager and persons connected to the Manager may have banking or other financial relationships with a company whose shares are an Index Constituent Stock.

The Manager and persons connected to the Manager may hold and deal in Units or in investments held by a Sub-Fund either for their own account or for the account of their customers.

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

Any arrangements for deposit of any monies for the account of the relevant Sub-Fund may be made with any of the Trustee, the Manager, any investment delegate or any of their Connected Persons being an institution licensed to accept deposits provided that such cash deposit shall 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.

The Index Provider and Index Proprietor are both members of the HSBC group of companies.

The operating parties (including the Manager, the Trustee, the Administrator, the Registrar, the Custodian, Participating Dealers and market makers) may have banking or other financial relationships with each other. Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best efforts, to ensure that Unitholders are treated fairly.

Subject to applicable rules and regulations, the Manager, its delegate or any of its Connected Persons may enter into portfolio transactions for or with each Sub-Fund as agent in accordance with normal market practice, provided that commissions charged to each Sub-Fund in these circumstances do not exceed customary full service brokerage rates. If a broker does not provide research or other lawful services in addition to brokerage execution, such broker will generally charge a brokerage commission that is discounted from customary full service brokerage rates. For so long as the relevant Sub-Fund is authorised by the SFC and it is an applicable requirement of the Code, the Manager, if transacting with brokers or dealers connected to the Manager, investment delegates or any of their respective Connected Persons, must ensure it complies with the following obligations:

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

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

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

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

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

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

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

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 offering document (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 offering document/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.

Taxes and Duties Payable by the Trust and the Sub-Funds

The information below regarding taxation and duties is based on the law and practice in force in Hong Kong and in the PRC at the date of this offering document.

Hong Kong

Profits Tax

As the Trust and each Sub-Fund are Authorised Funds, 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 all other 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 (Chapter 117 of the Laws of Hong Kong) and according to the Stamping Circular No.02/2019, each Sub-Fund is an "authorized open-ended collective investment scheme" as defined under the 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 an issue or redemption of Units in cash.

The sale and purchase of Hong Kong stocks by a Sub-Fund will be subject to Hong Kong stamp duty under the SDO.

The PRC

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.

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 Mainland, the profits attributable to that PE would be subject to CIT.

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 a PRC tax resident enterprise or non-PRC tax resident enterprise with a PE in the Mainland for CIT purposes, although this cannot be guaranteed.

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 Mainland are subject to CIT on a withholding basis ("**WIT**"), generally at a rate of 10% (such rate may however be subject to change from time to time), to the extent it directly derives the PRC sourced passive income. PRC sourced passive income (such as dividend income) may arise from investments in the H-shares, certain red chips shares and/or certain P chips shares. Accordingly, the Trust or the Sub-Funds may be subject to WIT on any cash dividends it receives from its investment in H-shares, certain red chips shares and/or certain P chips shares. Such WIT will reduce the income from the relevant Sub-Fund and adversely affect the performance of such Sub-Fund. The entity distributing or paying such PRC sourced passive income is required to withhold such tax. The Manager reserves the right to make relevant provision on dividends if the WIT is not withheld at source.

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 in respect of its investments. It is possible that the current tax laws, rules, regulations and practice in the Mainland 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 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 investments. Any increased tax liabilities on that Sub-Fund may adversely affect that Sub-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 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 so warranted.

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.

There are still uncertainties as to the application of the PRC VAT Law and its implementation rules (e.g. it is not clear as to whether gains realised on the disposals of a Sub-Fund's investments in H-shares, certain red chips shares and certain P chips shares would be subject to VAT and its surtaxes). 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 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 a Sub-Fund if so warranted.

Please refer to the risk factor "PRC tax risk" under "WHAT ARE THE RISKS OF INVESTING IN A SUB-FUND?" for further information in this regard.

Taxes and Duties Payable by Investors

You should consult your professional advisers on the consequences to you of acquiring, holding, redeeming, transferring or selling Units under the relevant laws of the jurisdictions to which you are subject, including the tax consequences and any exchange control requirements. The consequences, including the availability of, and the value of, tax relief will vary with the law and practice of your country of citizenship, residence, domicile or incorporation and your personal circumstances.

The information below regarding taxation and duties is based on the law and practice in force in Hong Kong at the date of this offering document. You should be aware that levels and bases of taxation are subject to change and that the value of any relief from taxation depends upon your personal circumstances. The following statements are intended as a general guide only and do not necessarily describe the tax consequences for all types of investors in the Sub-Funds.

Hong Kong

Profits Tax

Hong Kong profits tax is not payable by the investors in respect of profits from the purchase and sale of Units effected outside Hong Kong, profits in the nature of capital gains rather than trading profits and income or profits otherwise exempt under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong).

There is generally no capital gains tax payable on the sale of the Units, save and except that where a person is or is deemed as carrying on a trade, profession or business in Hong Kong, gains or profits on the sale of the Units may be treated as normal trading receipts from that trade, profession or business and thus attract Hong Kong profits tax.

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

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

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

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

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

(i) the IRD may automatically exchange information of the Unitholders (and information on 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-Fund(s) 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.

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

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

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

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

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 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 the Trust 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.

STATUTORY AND GENERAL INFORMATION

Trust Deed and Participation Agreements

The Trust and each Sub-Fund were established under Hong Kong law by the Trust Deed made between the Manager, the Trustee and the Index Proprietor. There are a number of Participating Dealers for each Sub-Fund and each has entered into a Participation Agreement. All investors are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed and those in the form of the Participation Agreement. In the event of any inconsistency between any of the provisions of this offering document (including the Product Key Facts Statement for each Sub-Fund) and those of the Trust Deed or of the form of Participation Agreement, the provisions of the Trust Deed or of the form of Participation Agreement shall prevail. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. You should refer to the relevant terms of the Trust Deed for further details.

Supply and 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 office of the Manager.

Material Changes to an Index

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

Replacement of an Index

The Manager reserves the right, with the prior consent of the Trustee and the prior approval of the SFC and any other relevant regulator(s) and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace an Index with another index that is tradable and has similar objectives to the relevant Index, in accordance with the provisions of the Code and the Trust Deed. The circumstances under which any such replacement might occur include but are not limited to the following events:

(a) the relevant Index is discontinued; or

(b) the Manager's license from the Index Proprietor and Index Provider to use the relevant Index is terminated.

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 Unitholders.

Transfer of Listed Class Units

The Trust Deed provides that a Unitholder may transfer Listed Class Units subject to the provisions of the Trust Deed. As all Listed Class Units will be held in the CCASS, a Unitholder is entitled to transfer Listed Class Units registered in his name by using the standard transfer form issued by SEHK or in such other form as the Trustee may from time to time approve (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). A 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. Each instrument of transfer must relate to a single Sub-Fund only.

General Information

Anti-Money Laundering Regulations

As part of the Trustee's and the Manager's responsibility to prevent money laundering, they may require detailed verification of your identity and the source of your payment for any investment in Units.

The Codes on Takeovers and Mergers and Share Repurchases

You should be aware that any shareholding of Index Constituent Stocks resulting from an "in-kind" redemption of Units may be subject to the application of the Hong Kong Takeovers Code. In circumstances where you hold a significant amount of Index Constituent Stocks, you should consult a solicitor or financial adviser so as to ensure full compliance with the Hong Kong Takeovers Code.

Notices to Investors

With the prior consent of the SFC and the SEHK (as the case may be), notice of general matters may be given to investors in the Units by publication on www.hangsenginvestment.com (this website has not been reviewed by the SFC) and via the SEHK's website www.hkex.com.hk (this website has not been reviewed by the SFC). In all other cases, as required by the SFC, notices will be sent to investors by post to their mailing address or, if approved by the SFC and agreed with the relevant investors, by electronic mail, electronic publication or other electronic means.

Meetings of Investors

The Trust Deed provides for meetings of investors to be convened by the Trustee or the Manager upon at least 21 days' notice.

Proxies may be appointed. The quorum at any meetings is investors present in person or by proxy holding not less than 10% (or, in relation to a resolution proposed as an extraordinary resolution, 25%) of the Units in the relevant Class or the relevant Sub-Fund then in issue. If a quorum is not present, the meeting will be adjourned for not less than 15 days. At an adjourned meeting investors in the Units who are present at the adjourned meeting, whatever their number or the number of Units held by them, will form a quorum.

An extraordinary resolution is required under the Trust Deed for certain purposes and is a resolution proposed as such and passed by 75% or more of the total number of votes cast.

The Trust Deed provides that at any meeting of investors in the Units, on a poll, every investor who (being an individual) is present in person or (being a partnership or corporation) is present by an authorised representative shall have one vote for every Unit of which he is the holder.

Responsibility Statement

The Manager accepts full responsibility for the accuracy of the information contained in this offering document (including the Product Key Facts Statement for each Sub-Fund) as at the date of publication 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.

Termination

The Trust may be terminated by the Trustee in the following circumstances:

(a) if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets and is not discharged within 60 days;

(b) if in the opinion of the Trustee the Manager shall be incapable of performing or shall in fact fail to perform its duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Trust into disrepute or to be harmful to the interests of investors;

(c) if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust;

(d) if the Manager shall have ceased to be the Manager and, within a period of 30 days thereafter, no other person acceptable to the SFC shall have been appointed by the Trustee as successor Manager; or

(e) if the relevant Index of the Sub-Funds is discontinued or the Manager's license with the Index Provider and Index Proprietor is terminated or if the Listed Class Units cease to be listed on the SEHK.

The Trust and/or a Sub-Fund may be terminated by the Manager in the following circumstances:

(a) the aggregate Net Asset Value of all Units outstanding of the Trust is less than HK$10,000,000 or the Units outstanding of the relevant Sub-Fund is less than HK$4,000,000;

(b) if the Trust and/or the relevant Sub-Fund (as the case may be) shall not be or ceases to be authorised or otherwise officially approved pursuant to the SFO; or

(c) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Trust and/or any Sub-Fund.

Any unclaimed proceeds or other cash held by the Trustee under the provisions in the event of termination may at the expiration of twelve months from the date upon which the same became payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

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.

References to Websites

The offer of the Units is made solely on the basis of information contained in this offering document (including the Product Key Facts Statement for the Sub-Funds) and information on a Sub-Fund from time to time published or announced on the SEHK's official website and the website www.hangsenginvestment.com (this website has not been reviewed by the SFC). All references in this offering document 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 offering document. None of the Listing Agent, the Manager or the Trustee accepts any responsibility whatsoever 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.

PART 2 – SPECIFIC INFORMATION RELATING TO EACH SUB-FUND

Part 2 of this offering document 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 offering document. 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 offering document. References in each Appendix to "Sub-Fund" refer to the relevant Sub-Fund which is the subject of that Appendix. References in each Appendix to "Index" refer to the relevant Index details of which are set out in that Appendix.

APPENDIX 1: HSI ESG Enhanced Select Index ETF

Set out below is a summary of the HSI ESG ETF. The summary information is derived from, and should be read in conjunction with, the full text of this offering document. ***Your attention is drawn to the section headed "What are the Risks of Investing in the HSI ESG ETF?"****.*

(A) Key Information in respect of the HSI ESG ETF

Instrument Type	Exchange Traded Fund
Tracked Index	HSI ESG Enhanced Select Index
Listing Date	24 February 2022
Exchange Listing in Hong Kong	The Stock Exchange of Hong Kong Limited (SEHK) – Main Board
Stock Code	03136
Stock Short Name	HSI ESG ETF
Trading Board Lot Size	100 Units
Trading Currency	Hong Kong dollars (HKD)
Base Currency	Hong Kong dollars (HKD)
Financial Year End	31 December in each year
Distribution Policy	Quarterly cash distributions (if any) at the discretion of the Manager, which are expected to be in respect of each calendar quarter of each calendar year respectively. The Manager currently intends to make declaration of distributions in March, June, September and December of each year. Each Unitholder will receive distributions in HKD only. There is no guarantee of regular distributions and if distributions are paid the amount being distributed. The Manager may at its discretion pay distribution out of capital or effectively out of the capital[4] of the HSI ESG ETF. Payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any such capital gains attributable to that original investment. Any such distributions may result in an immediate reduction in the Net Asset Value per Unit.
In-kind Creation / Redemption (via Participating Dealers only)	Minimum 300,000 Units (or multiples thereof)
Cash Creation / Redemption (via Participating Dealers only)	Minimum 300,000 Units (or multiples thereof)
Manager	Hang Seng Investment Management Limited
Trustee	Cititrust Limited
Registrar	HSBC Institutional Trust Services (Asia) Limited
Market Maker(s)[5]	BNP Paribas Securities (Asia) Limited Flow Traders Hong Kong Limited Jane Street Asia Trading Limited
Participating Dealers[8]	Barclays Bank PLC BNP Paribas China Merchants Securities (HK) Co., Ltd. Citigroup Global Markets Asia Limited Haitong International Securities Company Limited Mirae Asset Securities (HK) Limited The Hongkong and Shanghai Banking Corporation Limited
Conversion Agent	N/A
Service Agent	HKCAS
Listing Agent	Hang Seng Investment Management Limited
Website	www.hangsenginvestment.com (this website has not been reviewed by the

[4] The Manager may at its discretion pay distribution out of gross income while charging/paying all or part of the HSI ESG ETF's fees and expenses to/out of the capital of the HSI ESG ETF (resulting in an increase in distributable income for the payment of distribution by the HSI ESG ETF), and thereby effectively pay distributions out of the capital of the HSI ESG ETF.

[5] Please refer to the Manager's website for the latest lists of market makers and Participating Dealers.

	SFC)

What is the HSI ESG ETF?

The HSI ESG ETF is an index-tracking fund that seeks to provide investment returns for investors that match, before fees and expenses, the total return performance (net of withholding tax) of the HSI ESG Enhanced Select Index as closely as practicable. The Manager intends to primarily adopt a full replication strategy to pursue this objective.

Trading of Units

The Units in the HSI ESG ETF are denominated in HKD. Investors may:

(1) purchase and sell the Units in the secondary market on the SEHK in board lot of 100 Units (or multiples thereof) in HKD;
(2) apply for in-kind creation and redemption through Participating Dealers in a minimum number of 300,000 Units (or multiples thereof); and/or
(3) apply for cash creation or redemption through Participating Dealers in a minimum number of 300,000 Units (or multiples thereof), subject to the Manager's absolute discretion to decide whether to accept a cash Creation Application or cash Redemption Application.

For the HS Funds, special creations and redemptions for the Units (both in cash and in-kind) through the Manager are available.

Is an investment in the HSI ESG ETF suitable for me?

The answer really depends on an assessment of your own circumstances. You should satisfy yourself that the HSI ESG ETF is suitable for you having regard to your own circumstances, including your financial situation, investment experience and investment objectives, before making any decision to invest in the HSI ESG ETF. Please note that the decision whether or not to invest remains with you. If you have any doubt as to whether or not the HSI ESG ETF is suitable for you, you should consult your investment adviser and obtain independent professional advice.

By way of background, the HSI ESG ETF has been established for investors seeking a more cost efficient (based on the ongoing charges figure disclosed in the Product Key Facts Statement of the HSI ESG ETF) and passive means of investing in a portfolio of shares which are representative of the Hong Kong stock market combined with ESG initiatives from international lens (i.e. by applying internationally recognised ESG principles, data, research and ratings). In tracking the Index, the HSI ESG ETF is investing in companies which are listed on the SEHK, the shares of which generally have high market value and liquidity as well as fulfil the relevant ESG criteria (please refer to the section headed "The Index" of this Appendix for further details on the Index).

You should carefully consider the risks involved in investing in the HSI ESG ETF together with all other information included in this offering document before making an investment decision. Please specifically see the section headed "What are the Risks of Investing in the HSI ESG ETF?".

In addition, you should avoid excessive investment in any single type of investment (in terms of its proportion of your overall portfolio) including any proposed investment in Units so as to avoid having your investment portfolio being over-exposed to any particular investment risk.

What is the Investment Objective of the HSI ESG ETF?

The HSI ESG ETF is an index-tracking fund tracking the performance of the Index, as more fully described below.

The investment objective of an index-tracking fund is to match, before fees and expenses, as closely as practicable, the performance of an underlying index against which the index-tracking fund is benchmarked.

A stock index tracks the performance of the Index Constituent Stocks which an index provider selects as representative of a market, specific industry sector or market segment.

The index provider calculates the relative weightings of the group of Index Constituent Stocks in an index according

to the index methodology and publishes the information regarding the market value of the index.

The HSI ESG ETF aims to match, before fees and expenses, as closely as practicable the total return performance (net of withholding tax) of the Index. For more information about the Index and the Index Constituent Stocks, please see section headed "(B) Information about the Index" below.

What Investment Strategy is used by the HSI ESG ETF?

In seeking to achieve the HSI ESG ETF's investment objective, the Manager will primarily adopt a full replication strategy by which the assets of the HSI ESG ETF will comprise the constituent securities with reference to their respective weightings in the Index.

In order to maximise portfolio management efficiency, minimise transaction cost and tracking error, exposure to the Index may also be obtained through representative sampling strategies or FDI (such as futures) from which the return to the HSI ESG ETF will substantially reflect the performance of the Index. When representative strategies are used, the weighting of a particular constituent security in the HSI ESG ETF may exceed its weighting in the Index and such excess is subject to a maximum limit of up to 4% of the NAV of the HSI ESG ETF 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 instruments without notice.

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

The HSI ESG ETF 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 HSI ESG ETF 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. Please refer to the sub-section "Securities financing transactions" under the section "Schedule 1 – Investment Restrictions, Security Financing and Borrowing" of the Hong Kong Offering Document 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 transactions entered into for the account of the HSI ESG ETF. In the future, where the Manager intends to have any sale and repurchase transactions and reverse repurchase transactions or similar over-the-counter transactions entered into for the account of the HSI ESG ETF, 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.

Are there any Investment or other Restrictions Applicable to the HSI ESG ETF?

Yes. Please refer to Schedule 1 – Investment Restrictions, Security Lending and Borrowing of this offering document.

What are the Risks of Investing in the HSI ESG ETF?

In addition to certain risk factors applicable to the HSI ESG ETF presented in Part 1 of this offering document, the risk factors set forth below are, in the opinion of the Manager, also considered to be relevant and presently applicable to the HSI ESG ETF.

Geographical concentration risk

The Index is subject to concentration risk as a result of tracking the performance of securities of Hong Kong listed securities of specific industry sectors. The value of the HSI ESG ETF may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the HSI ESG ETF 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 ESG investing

The use of ESG criteria in the construction of the Index, based on the proprietary methodology of the data provider, may affect the Index constituent selection and may hence affect the HSI ESG ETF's investment performance and, as such, the HSI ESG ETF may perform differently compared to funds with similar investment universes without the use of such criteria. Also, the HSI ESG ETF'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 provider's ESG-related data are used in the construction of the Index. They may contain estimates based on the methodology of the data provider. Such methodology 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 HSI ESG ETF to invest in those securities.

The construction of the Index is based on, among others things, the results from various ESG assessment and ratings as well as the application of certain ESG-based exclusion factors. 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 rating assessments and ESG- based exclusions.

The HSI ESG ETF's investments may be concentrated in companies with a greater ESG focus, which may have higher volatility than more diversified portfolios of investments.

The constituent selection and Index calculation process involves analysis and exclusions based on ESG criteria. While the Manager and Index Provider have exercised care in the ESG-related data and information to be relied upon, such assessment by Sustainalytics 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 HSI ESG ETF to sell the security. Neither the HSI ESG ETF 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, the Index Provider is dependent upon information and data from the data provider, 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 provider will reflect actual circumstances or that the stocks selected will fulfil ESG criteria. All of these factors can lead to the HSI ESG ETF forgoing investment opportunities which meet the relevant ESG 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.

The Offering and Redemption of Units

The attention of investors is drawn to the section entitled "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" in Part 1 of this offering document.

Dealings in the Units on the SEHK commenced on 24 February 2022.

The current Dealing Deadline for making a Creation Application, a Redemption Application, a Special Creation Application or a Special Redemption Application is 3:30 p.m. Hong Kong time on each Dealing Day (for making a cash Creation or Redemption Application) and 4:30 p.m. Hong Kong time on each Dealing Day (for making an in-kind Creation or in-kind Redemption Application), or such other time as the Manager (with the approval of the Trustee) may from time to time determine.

All investors may buy and sell Units in the secondary market on the SEHK. Applications for creation of Units may be made by way of a Creation Application or a Special Creation Application, either in (i) cash (in HKD only) or (ii) in-kind.

Settlement for subscribing Units is due at the time specified in the Operating Guidelines or the Special Operating

Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines or the Special Operating Guidelines (as the case may be).

The Issue Price or Redemption Price of each Unit for any relevant Dealing Day will, subject to the qualification below, be based on the Net Asset Value of the HSI ESG ETF in HKD at the Valuation Point divided by the number of 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 HSI ESG ETF.

The attention of investors is drawn to the section entitled "The Offering and Redemption of Units" in Part 1 of this offering document.

Has the HSI ESG ETF adopted any Dual Counter arrangement?

No. The HSI ESG ETF has not adopted a Dual Counter arrangement.

Exchange Listing and Trading (Secondary Market)

Dealings in the Units on the SEHK began on 24 February 2022. Units trade on the SEHK in board lots of 100 Units.

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 offering document. Application may be made in the future for a listing of Units on one or more other stock exchanges.

Distribution Policy

The Manager may, at its discretion, distribute quarterly cash distributions (if any), which are expected to be in respect of each calendar quarter of each calendar year respectively. The Manager currently intends to make declaration of distributions in March, June, September and December of each year. There can be no assurance of the payment of distributions or the rate (if any).

The Manager may at its discretion pay distribution out of capital or effectively out of the capital^ of the HSI ESG ETF. Payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any such capital gains attributable to that original investment. Any distributions involving payment of distributions out of the HSI ESG ETF's capital or effectively out of capital may result in an immediate reduction of the Net Asset Value per Unit.

^*The Manager may at its discretion pay distribution out of gross income while charging/paying all or part of the HSI ESG ETF's fees and expenses to/out of the capital of the HSI ESG ETF (resulting in an increase in distributable income for the payment of distribution by the HSI ESG ETF), and thereby effectively pay distributions out of the capital of the HSI ESG ETF.*

Each Unitholder will receive distributions (if any) in HKD.

Distribution payment (if any) frequency and rates in respect of Units will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend or distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

The composition of distributions payable on the Units (i.e. the amounts of distributions paid and the percentages of distributions 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 HSI ESG ETF's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC). The Manager may amend the HSI ESG ETF's distribution policy with respect to the distribution out of capital or effectively out of capital of the HSI ESG ETF by giving not less than 1 month's prior notice to Unitholders.

Establishment costs

The costs of establishing the HSI ESG ETF including the preparation of this offering document, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs (which are estimated to be HKD1,350,000) are borne by the HSI ESG ETF (unless otherwise determined by the Manager) and will be amortised over the first 5 financial years of the HSI ESG ETF or such other period as determined by the Manager after consulting the Auditor.

Current Fees and Charges

Fees and expenses payable by the HSI ESG ETF

Management Fee ^	0.08% per annum
Trustee Fee ^	0.049% per annum, subject to a minimum monthly fee of HKD15,925

^ Please note that the annual rate stated is the rate charged currently. It may be increased up to a permitted maximum rate (which is 2.5% per annum for Management Fee and 1% per annum for Trustee Fee) as set out in the Trust Deed by giving 1 month's prior notice to relevant Unitholders.

There will be other expenses which will be borne by the HSI ESG ETF including the fees and expenses of the registrar, auditors, legal fees, index licensing fees, printing costs on publication of this offering document (including the Product Key Facts Statement for the HSI ESG ETF) and the Trust Deed, etc. Please refer to the section headed "Fees and Expenses Payable by a Sub-Fund" for details.

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	HKD6,000[6] per Application and HKD1,000[6] per book-entry deposit and withdrawal transaction
	Transfer Agent fee	HKD100 per transaction[6]
	Application cancellation fee	HKD9,500[7] per Application
	Extension Fee	HKD9,500[8] per Application
	Partial Delivery Request Fee	HKD9,500 [9] 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[10]	Such amounts as determined by the relevant Participating

[6] *The Transaction Fee of HKD6,000 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 Transfer Agent will charge a fee of HKD100 for each Creation Application and Redemption Application. A Participating Dealer may pass on to the relevant investor such Transaction Fee.*

[7] *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.*

[8] *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.*

[9] *A Partial Delivery Request Fee is payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participating Dealer a partial delivery in respect of a Creation Application.*

[10] *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.*

	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%[11]
AFRC transaction levy	0.00015%[12]
SEHK trading fee	0.00565%[13]
Stamp duty	Nil

(B) Information about 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 offering document, 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.

Overview

The Index is designed to measure the overall performance of the Hong Kong stock market combined with ESG initiatives from international lens (i.e. by applying internationally recognised ESG principles, data, research and ratings). The Index intends to achieve at least 20% improvement in ESG Risk Rating over the Hang Seng Index (the "**Base Index**").

The Index is denominated in HKD. It was launched on 29 November 2021 with a base value of 6,000 as of 7 December 2018. It is calculated and disseminated real-time at 2-second intervals during trading hours of the SEHK.

The HSI ESG ETF 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 are presently subsidiaries of Hang Seng Bank Limited. The functions which HSIL and the Manager will perform in connection with the HSI ESG ETF may give rise to potential conflicts of interest but the Manager will vigorously manage any such conflicts in the best interest of investors.

The Index is constructed by selecting constituents through the application of the screening according to ESG Risk Ratings (as defined below), United Nations Global Compact ("**UNGC**") principles and controversial product involvement (as described below) to the index constituents of the Hang Seng Index. The Index constituents are then weighted with adjustments made in accordance with their Tilting Factors (as defined and described below) based on the ESG Risk Ratings assigned to each company.

As at 31 March 2026, the Index had 75 constituent securities and a free float-adjusted index market capitalisation (after capping) of HKD 3,492.2 billion, representing a reduction of 15 constituent securities compared with the Hang Seng Index after applying the ESG selection approach as mentioned above.

Universe

The universe of constituent securities of the Index are constituents of the Hang Seng Index. Secondary-listed foreign companies, stapled securities and biotech companies with stock names ended with marker "B" and specialist technology companies with stock names ended with marker "P" are excluded from the Index.

For further information on the Hang Seng Index, please refer to the HSIL's website at www.hsi.com.hk, which has not been reviewed by the SFC.

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[11] *The SFC transaction levy of 0.0027% of the trading price of the Units is payable by each of the buyer and the seller.*

[12] *The AFRC transaction levy of 0.00015% of the trading price of the Units is payable by each of the buyer and the seller.*

[13] *The SEHK trading fee of 0.00565% of the trading price of the Units is payable by each of the buyer and the seller.*

Eligibility and Constituent Selection

To be eligible for selection, a security must be a constituent security of the Hang Seng Index and have at least 3 months of listing history with a minimum turnover velocity of 0.1% on a monthly basis (for details, please refer to the Index Methodology General Guide 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 is subject to the capping constraints of the Base Index.

In addition, the following approaches are adopted in the selection of constituents:

(i) *ESG Risk Ratings screening:* The constituents in the Base Index are ranked based on their ESG Risk Ratings[14] in descending order (i.e. Rank 1 corresponds to the highest ESG risk). For constituents with missing ESG Risk Ratings (i.e. the constituent is not covered in Sustainalytics' ESG Risk Rating research universe), they will be excluded from the Index. The 10 constituents in the Base Index with the highest ESG risk will be excluded from the Index, subject to the following buffer zone rule. Securities with missing ESG Risk Ratings are excluded from the Index.

- Securities excluded due to ESG Risk Rating screening in the last index review and newly added constituent(s) to the Base Index need to rank below 15th to be included to the Index, while securities not excluded due to ESG Risk Rating screening in the last index review need to rank on or above 5th to be excluded from the Index.

- If the number of excluded securities is greater than 10, the excluded security(ies) with the lowest ESG Risk Ratings will be added to the Index in order to maintain the number of excluded securities at 10.

- If the number of excluded securities is smaller than 10, the remaining constituent(s) of the Index with the highest ESG Risk Ratings will be removed from the Index in order to maintain the number of excluded securities at 10.

(ii) *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. Securities issued by companies will be excluded if such companies are identified by the 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 data (including ESG Risk Ratings, Product Involvement Screening data and UNGC principles rating data) for use by the Index Provider in administering the Index.

[14] The data provider for the ESG Risk Rating is Sustainalytics.

ESG Risk Ratings

The ESG Risk Ratings ("**ESG Risk Ratings**") measure the degree to which a company's economic value is at risk from financially material ESG risk factors. Non-financially material ESG risk factors are beyond the scope of the ESG Risk Ratings and are therefore not measured or assessed in the construction of ESG Risk Ratings.

The ESG Risk Ratings are composed of three building blocks that contribute to a company's overall rating, including Corporate Governance and Stakeholder Governance, Material ESG Issues ("**MEIs**") and Systemic ESG Issues and Idiosyncratic Issues (referring to the occurrence of associated events). The ESG Risk Ratings build on a two-dimensional approach, starting with the "exposure" dimension reflecting the extent to which a company is exposed to material ESG risks, followed by the "management" dimension assessing how well the company manages its exposure to those risks. These two dimensions are applied across the three building blocks upon which the overall ESG Risk Rating for a company is determined. Ultimately, the ESG risk scores across each of the three building blocks are aggregated to arrive at an overall risk assessment for the ESG Risk Rating. The final rating outcome has been designed as a measure of unmanaged risk.

Three Building Blocks

The ESG Risk Ratings are composed of three building blocks that contribute to a company's overall rating. These building blocks include (i) Corporate Governance and Stakeholder Governance, (ii) MEIs and (iii) Systemic ESG Issues and Idiosyncratic Issues:

(i) *Corporate Governance and Stakeholder Governance:* Corporate Governance and Stakeholder Governance are foundational elements in the ESG Risk Ratings and reflect the conviction that poor corporate governance poses material risks for companies. They apply to all companies in the rating universe, with assessments through a two-dimensional lens (exposure and management) to arrive at the final evaluation of unmanaged risk. The exposure and relative importance of Corporate Governance and Stakeholder Governance is largely dependent on whether the company is traded publicly on exchanges or if it's privately owned.

(ii) *MEIs*: MEIs are determined at subindustry level i.e. material ESG risk factors of different companies in the same subindustry would be the same. The material ESG risk factors defined by Sustainalytics include corporate governance, stakeholder governance, access to basic services, business ethics, community relations, data privacy and cybersecurity, emissions, effluents and waste, carbon emission of own operations or products and services, environmental and social impact of products and services, human rights (including any issues in the supply chain), human capital, land use and biodiversity (including any issue in the supply chain), occupational health and safety, ESG integration for financials, product governance, resilience, raw material use, water use (including usage in the supply chain) (details of these material ESG risk factors are available at https://www.sustainalytics.com/material-esg-issues-resource-center, which has not been reviewed by the SFC), and are underpinned by various ESG indicators. The latest list of material ESG risk factors are available at https://www.sustainalytics.com/ (this website has not been reviewed by the SFC). The assessment of material ESG risk factors is reviewed annually through a comprehensive and structured process.

(iii) *Systemic ESG Issues and Idiosyncratic Issues*: Both Systemic ESG Issues and Idiosyncratic Issues are ESG risk factors that were not initially deemed material at the subindustry level, not covered under the second building block, and can become material based on the occurrence of associated events which pass significant thresholds in event assessment. Systemic ESG Issues are derived from systemic events, the management of which is out of a company's control. Systemic events are assessed through the Systemic Event Indicator (SEI). This type of issue is not caused by any company action and their management is (almost) completely out of a company's control. Idiosyncratic issues derive from company-specific events, atypical for the respective subindustry, and become material issues only for the specific company in question, not for the entire subindustry that company is part of.

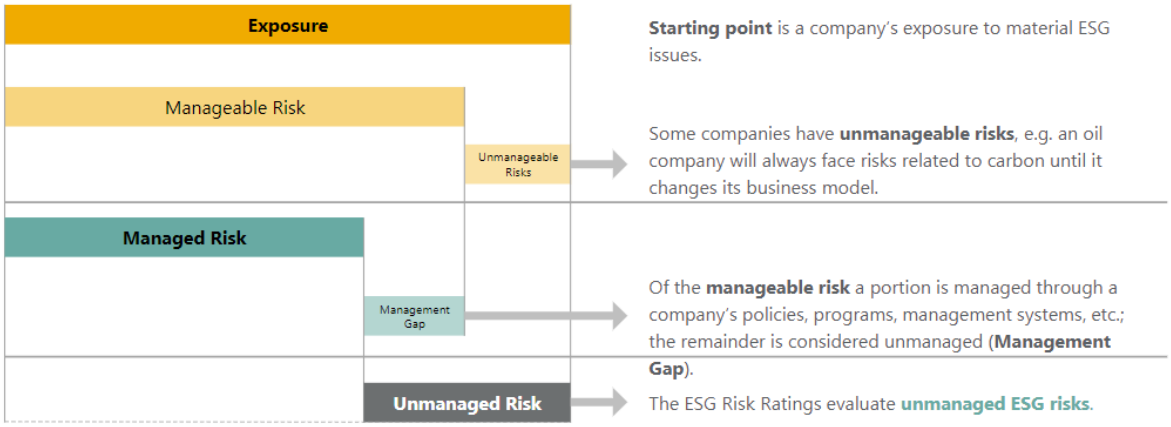
In short:

- For the first building block, Corporate Governance and Stakeholder Governance are both material ESG risk factors applicable to all companies irrespective of the subindustry they are in.
- For the second building block, MEIs are set of material ESG risk factors which are likely to have a significant effect on the economic value of the company, and are determined on subindustry level.
- For the third building block, Systemic ESG Issues and Idiosyncratic Issues are event- driven and become material ESG risk factors for the specific company in question if the associated event is assessed at a category 4 or 5 (please also refer to the "Event Indicators" assessment described below)."

Thus, the three building blocks are also material ESG risk factors and subject to assessment from the two rating dimensions below, namely Exposure and Management.

Two Rating Dimensions

The ESG Risk Ratings build on a two-dimensional approach, starting with the exposure dimension which reflects the extent to which a company is exposed to material ESG risk factors identified through the above three building blocks, followed by the management dimension which assesses how well a company manages its exposure to those risks.



(i) *Exposure*

The exposure dimension reflects the extent to which a company is exposed to material ESG risk factors identified through the three building blocks. Material ESG risk factors and their exposure scores are first assessed and determined at the sub-industry level and then defined at the company level via a beta assessment, which considers company-specific factors

Subindustry Exposure Assessment
In subindustry exposure assessment, the exposure is determined based on the companies' events track record, structured external data (e.g. CO2 emissions), company reporting, and third-party research (e.g. regulatory news and third party data). The average exposure of companies, which operate in the same subindustry, with regard to a set of relevant material ESG risk factors are then determined. Companies in the same subindustry have the same average exposure score before below Beta Assessment.

Beta Assessment
In the beta assessment, a company's exposure (at the company level) to material ESG risk factors is determined by beta factors, which differentiate a company's exposure to material ESG risk factors relative to its subindustry peer's. The beta factors are calculated based on five beta signals, namely product and production, financials, events, geographic, and governance. For example, a mining company operating in a conflict zone where community opposition has historically been an issue might receive a higher beta for the material ESG risk factor of community relations, indicating that its exposure to the issue is above the subindustry average.

Manageable Risk Factors
Risks cannot be fully managed for some material ESG risk factors. The manageable risk is predefined at a subindustry level by a manageable risk factor to achieve more comprehensive rating outcomes and to ensure the comparability of ratings across subindustries. For example, carbon emissions of own operations are one of the most material ESG risk factors to an airline company. Based on today's technology, an airline company cannot fully avoid the use of fossil fuels, hence, some of these risks are considered unmanageable. A lower manageable risk factor (as a %), leads to a higher level of unmanageable risk component in the overall ESG risk ratings (see Exhibit 1).

(ii) *Management*

The management dimension analyses a company's preparedness, performance and track record in managing the material ESG risk factors to which it is exposed. The overall management score for a company is derived from a set of management indicators (policies, management systems, certifications, etc.) and event indicators.

Management Indicators
Management indicators are the assessment unit used to measure a company's management of material ESG risk factors through policies, programs, quantitative performance etc. They provide a

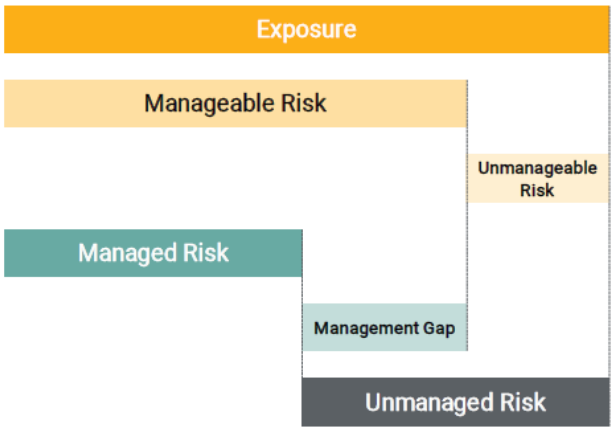
systematic and consistent way of assessing clearly delineated and standardized criteria. These criteria are based on key areas of risk or best practices that help to distinguish between the performance of different companies. Management indicators are scored based on a pre-defined, indicator specific scheme which is defined as a set of outcome categories and a linked score on a scale from 0 to 100.

Event Indicators

Event indicators assess a company's level of involvement in controversial events that have an impact on the environment or society. Involvement in events may indicate that a company's management systems are not adequate to manage relevant ESG risks. Each event is categorized from Category 0 (no evidence of relevant incidents) to Category 5 (impact and severe risks). Together with management indicator scores, event scores get rolled up in a weighted manner to form the overall management score (as %) for a given material ESG risk factor (see Exhibit 1).

Below exhibit illustrates how the unmanaged risk of a material ESG risk factor is computed:

Exhibit 1: Risk Decomposition



Company Exposure	=	Subindustry Exposure	*	Issue Beta		
	=	8	*	1.5	=	**12**
Manageable Risk	=	Company Exposure	*	MRF		
	=	12	*	90%	=	**10.8**
Managed Risk	=	Manageable Risk	*	Management score (as %)		
	=	10.8	*	75%	=	**8.1**
Unmanaged Risk	=	Company Exposure	-	Managed Risk		
	=	12	-	8.1	=	**3.9**

Source: Sustainalytics

Ultimately, the ESG risk scores across each of the three building blocks are aggregated to arrive at an overall risk assessment for the ESG Risk Rating.

The final ESG Risk Ratings scores are a measure of unmanaged risk, which is defined as material ESG risk that has not been managed by a company. It includes two types of risk: unmanageable risk, which cannot be addressed by company initiatives, as well as the management gap. The management gap represents risks that could potentially be managed by a company but are not being managed. Based on the unmanaged risk scores, companies are assigned to one of five categories of ESG risk – negligible risk, low risk, medium risk, high risk and severe risk, as follows.

ESG risk category	ESG Risk Rating score
Negligible risk	0 - 9.99
Low risk	10 - 19.99
Medium risk	20 - 29.99
High risk	30 -39.99
Severe risk	≥40

For further details of the Sustainalytics ESG Risk Rating scores and the ESG Risk Ratings of the respective constituents of the Index, please refer to https://www.sustainalytics.com/esg-ratings (this website has not been reviewed by the SFC).

Index calculation and weighting

Weights of constituents with lower (higher) ESG Risk Ratings are tilted to be higher (lower), subject to the weight cap constraints in line with the Base Index.

The ESG Risk Rating are standardised among the Index constituents to form the z-scores ("**Z-Scores**"). Extreme Z-Scores are limited at -3 and 3. The calculation formula of the Z-Scores is as follows:

$$z = \max\left(\min\left(-1 \times \frac{\text{ESG Risk Rating} - \mu}{\sigma}, 3\right), -3\right)$$

z = *Z-Score*

μ = *Average of the constituents' ESG Risk Ratings*

σ = *Standard deviation of the constituents' ESG Risk Ratings*

The Z-Scores are in the reversed direction from the ESG Risk Rating so that securities with lower ESG Risk Ratings will have larger Z-Scores.

The Tilting Factor is calculated such that higher Z-Scores will have larger Tilting Factors, subject to the constraints that the tilted weights of the constituents are capped in line with the capping level of the Hang Seng Index (i.e. 8%). The Tilting Factor calculation formula is as follows:

$$\text{Tilt Factor} = \begin{cases} \min\left(1 + \frac{z \times m}{s}, \frac{cap}{w_b}\right) & z \geq 0 \\ \frac{1}{1 + |z| \times m \times s} & z < 0 \end{cases}$$

w_b = *The weight of the constituent in the Hang Seng Index*

cap = The weight cap of the constituent in line with the capping constraints of the Hang Seng Index

m = Tilt Intensity Multiplier for controlling the magnitude of tilting, which is set to 2

s = Normalisation Scaling Factor. It is a single value solved 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 = *Current Index Level at Day t*

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 Hang Seng Index. Between 0 and 1*

TF = *Tilting Factor*

Index reviews

The Index is reviewed and rebalanced quarterly, incorporating the ESG Risk Ratings and the screening for the respective period. The methodology of the Index will be reviewed annually such that the targeted 20% improvement in ESG Risk Rating of the Index can be maintained.

Other information

For details (including details of the constituents of the Index together with their respective 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 ESG Risk Rating, 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). The proxy voting policy 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 HSIL 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 HSIL 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 HSIL and 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 HSIL and HSDS in respect of or in connection with the trading in the HSI ESG ETF, 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 HSIL 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 HSIL and HSDS. The term of the license agreement commenced on 26 November 2021. Since the license agreement does not have an expiry date, it should remain in full force unless three months' prior written notice is given. The license agreement may otherwise be terminated in accordance with the provisions of the license agreement.

Disclaimer

The HSI ESG Enhanced 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 "HSI ESG Enhanced 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 HSI ESG ETF, **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 HSI ESG ETF 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 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 ANY OF THE INDEX BY HANG SENG INVESTMENT MANAGEMENT LIMITED IN CONNECTION WITH THE HSI ESG ETF; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF ANY OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, 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 HSI ESG ETF OR ANY OTHER PERSON DEALING WITH THE HSI ESG ETF 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 HSI ESG ETF in any manner whatsoever by any broker, holder or other person dealing with the HSI ESG ETF. Any broker, holder or other person dealing with the HSI ESG ETF 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 2: Hang Seng High Dividend 30 Index ETF

Set out below is a summary of key information in respect of HSHD30ETF which should be read together with the full text of this Appendix and this Hong Kong Offering Document.

Investors should note that the HSHD30 ETF 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

Tracked Index	Hang Seng High Dividend 30 Index ("**Index**")
Type of index	Price return, i.e. the performance of the Index is calculated on the basis that dividends are not reinvested
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 on which the SEHK 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)	7 April 2025
Exchange Listing	SEHK – Main Board
Stock Code	03466 – HKD Counter
Short Stock Name	HS HIGH DIV – HKD Counter
Trading Board Lot Size	50 Units – HKD Counter
Trading Currency	Hong Kong dollars (HKD) – HKD counter
Distribution Policy	Monthly cash distributions (if any) at the discretion of the Manager. Each Unitholder will receive distributions in HKD only. There is no guarantee of regular distributions and if distributions are paid the amount being distributed. The Manager may at its discretion pay distribution out of capital or effectively out of the capital[15] of the HSHD30 ETF. Payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any such capital gains attributable to that original investment. Any such

[15] The Manager may at its discretion pay distribution out of gross income while charging/paying all or part of the HSHD30 ETF's fees and expenses to/out of the capital of the HSHD30 ETF (resulting in an increase in distributable income for the payment of distribution by the HSHD30 ETF), and thereby effectively pay distributions out of the capital of the HSHD30 ETF.

	distributions may result in an immediate reduction in the Net Asset Value per Unit.
Creation/Redemption Policy	Cash (in HKD) 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	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 (HKD counter)*	BNP Paribas Securities (Asia) Limited China Merchants Securities (HK) Co., Limited
Participating Dealers*	BNP PARIBAS China Merchants Securities (HK) Co., Limited Mirae Asset Securities (HK) Limited
Service Agent	HKCAS
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	7 April 2025
Unlisted Classes Offered	Class A HKD – Income Units Class A USD – Income Units Class A RMB (hedged) – Income Units Class D HKD – Accumulation Units Class I HKD – Accumulation Units Class Z HKD – Accumulation Units
Initial Issue Price	Class A HKD – Income Units: HKD 10 Class A USD – Income Units: USD 10 Class A RMB (hedged) – Income Units: RMB 10 Class D HKD – Accumulation Units: HKD 1 Class I HKD – Accumulation Units: HKD 10 Class Z HKD – Accumulation Units: HKD10
Dealing Deadline	4:00 p.m. (Hong Kong time)
Distribution Policy	**Accumulation Units:**

	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. **Income Units:** Monthly (if any). 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. 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 HSHD30 ETF are charged to/paid out of the capital of the HSHD30 ETF, resulting in an increase in distributable income for the payment of dividends by the HSHD30 ETF and therefore, the HSHD30 ETF 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 HSHD30 ETF'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 Class A USD – Income Units Class A RMB (hedged) – Income Units	Currently up to 1% per year of the Net Asset Value
	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	0.049% per annum, subject to a minimum monthly fee of HKD10,425	

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. Unitholders should note that the dealing frequency, the definition of "Dealing Day" and the Dealing Deadline 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 Creation Application 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 the HSHD30 ETF of Day T; - a cash Creation Application 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 the HSHD30 ETF of Day T+1; - an 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 HSHD30 ETF of Day T; - an 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 HSHD30 ETF 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 HSHD30 ETF 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 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; 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 Hong Kong Offering Document for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively.
Distribution Policy	**In respect of the Listed Class:** Monthly cash distributions (if any) at the discretion of the Manager. Each Unitholder will receive distributions in HKD only. There is no guarantee of regular distributions and if distributions are paid the amount being distributed. **In respect of the Unlisted Classes:** **Accumulation Units:** 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. **Income Units:** Monthly (if any). 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. 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 HSHD30 ETF are charged to/paid out of the capital of the HSHD30 ETF, resulting in an increase in distributable income for the payment of dividends by the HSHD30 ETF and therefore, the HSHD30 ETF 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 HSHD30 ETF'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:** 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. 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: The management fee is currently up to 1% per annum for Class A Units, up to 0.55% per annum for Class D Units and up to 0.275% per annum for Class I Units of the Net Asset Value of each respective Class, and is accrued daily and calculated as of each Dealing Day. The management fee is currently 0% per annum for Class Z Units. The Manager may levy a Preliminary Charge of up to 2.5% of the Issue Price of Unlisted Class Units. No Redemption Charge will be levied on the Unlisted Class Units. 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. 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 "WHAT ARE THE RISKS OF INVESTING IN A SUB-FUND?" in this Hong Kong Offering Document.
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 Hong Kong Offering Document for further details.

Is an investment in the HSHD30 ETF suitable for me?

The answer really depends on an assessment of your own circumstances. You should satisfy yourself that the HSHD30 ETF is suitable for you having regard to your own circumstances, including your financial situation, investment experience and investment objectives, before making any decision to invest in the HSHD30 ETF. Please note that the decision whether or not to invest remains with you. If you have any doubt as to whether or not the HSHD30 ETF is suitable for you, you should consult your investment adviser and obtain independent professional advice.

By way of background, the HSHD30 ETF has been established for investors seeking a more cost efficient (based on the ongoing charges figure disclosed in the Product Key Facts Statement of the HSHD30 ETF) and passive means of investing in a portfolio of shares of companies with the highest dividend yield. In tracking the Index, the HSHD30 ETF intends to invest in the 30 companies listed on the SEHK with the highest net dividend yield.

You should carefully consider the risks involved in investing in the HSHD30 ETF together with all other information included in this offering document before making an investment decision. Please specifically see the section headed "What are the Risks of Investing in the HSI ESG **ETF?**".

In addition, you should avoid excessive investment in any single type of investment (in terms of its proportion of your overall portfolio) including any proposed investment in Units so as to avoid having your investment portfolio being over-exposed to any particular investment risk.

What is the investment objective of HSHD30 ETF?

The HSHD30 ETF is an index-tracking fund that seeks to provide investment returns for investors that match, before fees and expenses, the price return performance of the Hang Seng High Dividend 30 Index as closely as practicable.

What Investment Strategy is used by the HSHD30 ETF?

In seeking to achieve the HSHD30 ETF's investment objective, the Manager will primarily adopt a full replication strategy by which the assets of the HSHD30 ETF 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:

a. direct holding of a representative sample of securities; and/or
b. FDIs (such as futures); and/or
c. other collective investment schemes (including exchange-traded funds),

from which the return to the HSHD30 ETF substantially reflects the performance of the Index. As part of the foregoing, the HSHD30 ETF 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 HSHD30 ETF 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 HSHD30 ETF 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 without prior notice to investors, in its absolute discretion.

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

The HSHD30 ETF 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 HSHD30 ETF 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. Please refer to the sub-section "Securities financing transactions" under the section "Schedule 1 – Investment Restrictions, Security Financing and Borrowing" of the Hong Kong Offering Document 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 transactions entered into for the account of the HSHD30 ETF. In the future, where the Manager intends to have any sale and repurchase transactions and reverse repurchase transactions or similar over-the-counter transactions entered into for the account of the HSHD30 ETF, subject to SFC's prior approval (if necessary), 1 month's prior notice will be given to the relevant Unitholders.

Are there any Investment or other Restrictions Applicable to the HSHD30 ETF?

Yes. Please refer to Schedule 1 – Investment Restrictions, Security Lending and Borrowing of this offering document.

What are the Risks of Investing in the HSHD30 ETF?

In addition to certain risk factors applicable to the HSHD30 ETF presented in Part 1 of this offering document, the

risk factors set forth below are, in the opinion of the Manager, also considered to be relevant and presently applicable to the HSHD30 ETF.

Dividend risk

There is no assurance that dividends will be declared and paid in respect of the securities comprising the Index. Dividend payment rates in respect of such securities will depend on the performance of the companies which form the constituent securities of the Index as well as factors beyond the control of the Manager including but not limited to, the dividend distribution policy of these companies.

In addition, whether or not distributions will be made by the HSHD30 ETF is at the discretion of the Manager taking into account various factors and its own distribution policy. There can be no assurance that the distribution yield of the HSHD30 ETF is the same as that of the Index.

Geographical concentration risk

The Index is subject to concentration risk as a result of tracking the performance of securities of Hong Kong listed securities of specific industry sectors. The value of the HSHD30 ETF may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the HSHD30 ETF may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Hong Kong market.

Mid-capitalisation companies risk

The stocks of mid-capitalisation companies may have lower liquidity and their prices are typically more volatile and more vulnerable to adverse business or economic developments than those of larger capitalisation companies. This may impact the Net Asset Value of the HSHD30 ETF to a larger extent than those of funds that invest in stocks of larger capitalisation companies. Mid-capitalisation companies generally have less diverse product lines than large-capitalisation companies and thus are more susceptible to adverse developments concerning their products.

New Index Risk

The Index is a new index having only been launched on 14 March 2025. As such, the HSHD30 ETF may be riskier than other index funds tracking more established indices with longer operating history.

Risk of investing in other collective investment schemes

The underlying collective investment schemes in which the HSHD30 ETF 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 HSHD30 ETF's redemption requests as and when made.

The Offering and Redemption of Listed Class Units

The attention of investors is drawn to the section entitled "THE OFFERING AND REDEMPTION OF LISTED CLASS UNITS" in Part 1 of this offering document.

Dealings in the Listed Class Units on the SEHK commenced on 7 April 2025.

The current Dealing Deadline for making a Creation Application, a Redemption Application, a Special Creation Application or a Special Redemption Application is 3:00 p.m. Hong Kong time on each Dealing Day (for making a cash Creation or Redemption Application) and 4:30 p.m. Hong Kong time on each Dealing Day (for making an in-kind Creation or in-kind Redemption Application), or such other time as the Manager (with the approval of the Trustee) may from time to time determine.

All investors may buy and sell Units in the secondary market on the SEHK. Applications for creation of Units may be made by way of a Creation Application or a Special Creation Application, either (i) in cash (in HKD only) or (ii) in-kind.

Settlement for subscribing Units is due at the time specified in the Operating Guidelines or the Special Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines or the Special Operating Guidelines (as the case may be).

The Issue Price or Redemption Price of each Unit for any relevant Dealing Day will, subject to the qualification below, be based on the Net Asset Value of the HSHD30 ETF in HKD at the Valuation Point divided by the number of 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 HSHD30 ETF.

Has the HSHD30 ETF adopted any Dual Counter arrangement?

No. The HSHD30 ETF has not adopted a Dual Counter arrangement.

Exchange Listing and Trading (Secondary Market)

Dealings in Units on the SEHK commenced on 7 April 2025.

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 offering document. Application may be made in the future for a listing of Units on one or more other stock exchanges.

The Subscription and Redemption of Unlisted Class Units

Unlisted Classes of Units

The following Unlisted Classes of Units may be offered to investors from time to time:

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

Class A Units and Class D Units are available for subscription by retail investors. Class I Units are in general available for subscription by institutional investors. Class Z Units are only available for subscription by investors selected by the Manager. The Manager has an absolute discretion to determine from time to time the availability of the Units to any investor.

Subscription of Unlisted Class Units

Where a particular Unlisted Class of Units is currently offered, the relevant Units are available for issue on each Dealing Day (i.e. every Business Day).

To be dealt with on a Dealing Day, applications for Units must be received by the Manager before its cut-off time for receipt of subscription applications. The Manager's cut-off time for receipt of subscription applications is 4:00 p.m. (Hong Kong Time) on each Dealing Day (the "Dealing Cut-off Time"), which may, as determined by the Manager with approval of the Trustee, be changed to such other time prior to the calculation of the Net Asset Value of the relevant Units for the relevant Dealing Day.

All subscription applications received after the Dealing Cut-off Time will be treated as received on the next Dealing Day for that class(es) of Units and dealt with accordingly. However, where any subscription application from an Authorised Distributor is received by the Manager after the Dealing Cut-off Time due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that (1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; (2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the relevant Units; (3) the Manager and the Trustee consider that the interests of other Unitholders of the HSHD30 ETF will not be adversely affected if such late application is treated as accepted for that Dealing Cut-off Time; and (4) the relevant application was received by the Authorised Distributor before the Dealing Cut-off Time, the Manager shall have the discretion to determine whether to treat such late application as an application received before the Dealing Cut-off Time on that Dealing Day.

Payment for Units being applied for, together with any Preliminary Charge, is due within two Business Days after the Dealing Day on which the Units are issued, unless the Manager agrees to accept late payment. Payment must be made in the base currency of the corresponding class.

The Manager may levy a Preliminary Charge of up to 2.5% of the issue price on the issue of such Units.

Redemption of Unlisted Class Units

To be dealt with on a Dealing Day, redemption of Units must be received by the Manager before its cut-off time for receipt of applications for redemption of Units. The Manager's cut-off time for receipt of redemption applications is 4:00 p.m. (Hong Kong Time) on each Dealing Day, which may, as determined by the Manager with approval of the

Trustee, be changed to such other time prior to the calculation of the Net Asset Value of the relevant Units for the relevant Dealing Day.

All redemption applications received after the Dealing Cut-off Time will be treated as received on the next Dealing Day for that class(es) of Units and dealt with accordingly. However, where any redemption application from an Authorised Distributor is received by the Manager after the Dealing Cut-off Time due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that (1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; (2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the relevant Units; (3) the Manager and the Trustee consider that the interests of other Unitholders of the HSHD30 ETF will not be adversely affected if such late application is treated as accepted for that Dealing Cut-off Time; and (4) the relevant application was received by the Authorised Distributor before the Dealing Cut-off Time, the Manager shall have the discretion to determine whether to treat such late application as an application received before the Dealing Cut-off Time on that Dealing Day.

Currently, no Redemption Charge will be payable on the redemption of the 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 HSHD30 ETF 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 HSHD30 ETF. 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, 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.

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.

The Manager may at its discretion pay distribution out of capital or effectively out of the capital^ of the HSHD30 ETF. Payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any such capital gains attributable to that original investment. Any distributions involving payment of distributions out of the HSHD30 ETF's capital or effectively out of capital may result in an immediate reduction of the Net Asset Value per Unit.

^The Manager may at its discretion pay distribution out of gross income while charging/paying all or part of the HSHD30 ETF's fees and expenses to/out of the capital of the HSHD30 ETF (resulting in an increase in distributable income for the payment of distribution by the HSHD30 ETF), and thereby effectively pay distributions out of the capital of the HSHD30 ETF.

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.

The composition of distributions payable on the Units (i.e. the amounts of distributions paid and the percentages of distributions 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 HSHD30 ETF's website at www.hangsenginvestment.com (this website has not been reviewed by the SFC). The Manager may amend the HSHD30 ETF's distribution policy with respect to the distribution out of capital or effectively out of capital of the HSHD30 ETF by giving not less than 1 month's prior notice to Unitholders.

Establishment costs

The costs of establishing the HSHD30 ETF including the preparation of this offering document, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs (which are estimated to be HKD600,000) are borne by the HSHD30 ETF (unless otherwise determined by the Manager) and will be amortised over the first 5 financial years of the HSHD30 ETF or such other period as determined by the Manager after consulting the Auditor.

Current Fees and Charges

Fees and expenses payable by the HSHD30 ETF

Management Fee ^(as a % per year of the Net Asset Value of the relevant Unlisted Class)	Class A HKD – Income Units: Up to 1% per annum Class A USD – Income Units: Up to 1% per annum Class A RMB (hedged) – Income Units: Up to 1% per annum Class D HKD – Accumulation Units: Up to 0.55% per annum Class I HKD – Accumulation Units: Up to 0.275% per annum Class Z HKD – Accumulation Units: 0%
Trustee Fee ^ (as a % per year of the Net Asset Value of the relevant Unlisted Class)	0.049% per annum, subject to a minimum monthly fee of HKD10,425

^ Please note that the annual rate stated is the rate charged currently. It may be increased up to a permitted maximum rate (which is 2.5% per annum for Management Fee and 1% per annum for Trustee Fee) as set out in the Trust Deed by giving 1 month's prior notice to relevant Unitholders.

There will be other expenses which will be borne by the HSHD30 ETF including the fees and expenses of the registrar, auditors, legal fees, index licensing fees, printing costs on publication of this offering document (including the Product Key Facts Statement for Listed Class Units and Unlisted Class Units of the HSHD30 ETF) and the Trust Deed, etc. Please refer to the section headed "Fees and Expenses Payable by a Sub-Fund" for details.

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	HKD3,000 [16] per Application and HKD1,000[16] per book-entry deposit and withdrawal transaction

[16] *The Transaction Fee of HKD3,000 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. A Participating Dealer may pass on to the relevant investor such Transaction Fee.*

	Application cancellation fee	HKD9,500[17] per Application
	Extension Fee	HKD9,500[18] per Application
	Partial Delivery Request Fee	HKD9,500 [19] 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[20]	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%[21]
	AFRC transaction levy	0.00015%[22]
	SEHK trading fee	0.00565%[23]
	Stamp duty	Nil

Fees and expenses payable by investors of the Unlisted Class Units only[24]

Preliminary Charge	Up to 2.5% 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

(B) Information about 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 offering document, the summary of the Index in this

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[17] *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.*

[18] *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.*

[19] *A Partial Delivery Request Fee is payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participating Dealer a partial delivery in respect of a Creation Application.*

[20] *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.*

[21] *The SFC transaction levy of 0.0027% of the trading price of the Units is payable by each of the buyer and the seller.*

[22] *The AFRC transaction levy of 0.00015% of the trading price of the Units is payable by each of the buyer and the seller.*

[23] *The SEHK trading fee of 0.00565% of the trading price of the Units is payable by each of the buyer and the seller.*

[24] Please contact the Authorised Distributor(s) of the Unlisted Class Units of the HSHD30 ETF for details.

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.

Overview

The Index is designed to reflect the overall performance of the top 30 high dividend yield securities listed in Hong Kong. The Index includes 30 stocks listed on the Stock Exchange of Hong Kong with the highest net dividend yield.

It was launched on 14 March 2025 with a base value of 3,000 as of 14 June 2019. The Index is denominated in HKD and is a price return, net dividend yield (dividend per share after deducting withholding tax (if applicable) divided by security price) weighted index. The Index is calculated and disseminated real-time at 2-second intervals during trading hours of the SEHK.

The HSHD30 ETF aims to match as closely as practicable, before fees and expenses, the performance of the price return version of the Index, which is calculated on the basis that dividends are not reinvested.

Both the Manager and the Index Provider are presently subsidiaries of Hang Seng Bank Limited. The functions which HSIL and the Manager will perform in connection with the HSHD30 ETF may give rise to potential conflicts of interest but the Manager will vigorously manage any such conflicts in the best interest of investors.

As of 31 March 2026, the Index consists of 30 constituent securities with freefloat-adjusted index market capitalisation (after capping) of HKD 260.7 billion.

Universe

The Index universe comprises all large-cap or mid-cap constituents of the Hang Seng Large-Mid Cap (Investable) Index, which comprises all primary or secondary listed shares, excluding shares of foreign companies, Hong Kong depositary receipts, real estate investment trusts and stapled securities. For this purpose, foreign companies refer to companies which are incorporated outside Greater China (i.e. Hong Kong, Mainland China, Macau and Taiwan) and have the majority of their business presence outside Greater China, while stapled securities refer to legal structure that is comprised of i) a unit in the trust, ii) a beneficial interest in a specifically identified ordinary share held by the trustee-manager, which is linked to the unit and iii) a specifically identified preference share, which is stapled to the unit.

For further information on the Hang Seng Large-Mid Cap (Investable) Index, please refer to the HSIL's website at www.hsi.com.hk, which has not been reviewed by the SFC.

Eligibility and Constituent Selection

The eligible stocks would need to pass the velocity requirements of the Hang Seng Large-Mid Cap (Investable) Index first to become eligible in the universe of the Index. They are also required to have a 6-month average daily turnover of at least HKD 20 million and have a cash dividend paid record of at least three consecutive fiscal years (for details, please refer to the Index Methodology General Guide 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.

The top 10% of the eligible stocks in terms of one-year historical volatility, i.e. standard deviation of daily logarithmic return for the past 12 months to the review cut-off date, will be excluded from constituent selection. Securities with (i) price dropped by more than 50% over the past 12 months and (ii) last 12-month price performance ranked in the bottom 10% of the eligible stocks will also be excluded.

The top 30 remaining eligible stock in terms of dividend per share (after deducting withholding tax (if applicable)) for the latest complete fiscal year divided by security price on the data cut-off date each year will be selected as constituents of the Index. If a security bears a net dividend yield of above 7%, its yield will be reviewed and recalculated to exclude one-off (other than the regular interim and final) cash distributions, if any.

Existing constituents ranked below 36th will be removed from the Index, while non-constituent securities ranked 24th 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 net dividend yield rank will be removed from the Index in order to maintain the number of constituents at 30. If the number of incoming securities is smaller than the number of outgoing constituents, the securities with the highest net dividend yield rank will be added to the Index in order to maintain the number of constituents at 30.

Index calculation and weighting

The Hang Seng High Dividend 30 Index is net dividend yield weighted, i.e. the weighting of each constituent is

calculated in proportion to its net dividend yield. The net dividend yield for weighting is calculated by dividing the dividend per share after deducting withholding tax (if applicable) by the price at three days preceding the rebalancing date. Index rebalancing is conducted after market close on the first Friday in June, and comes into effect on the next trading day. At each index rebalancing, the weighting for each constituent is capped at 10%.

Index reviews

The Index is reviewed in May using data as of end-March (dividend data as of end-April) and rebalanced annually in June.

Replacement for Ad-hoc Removal

In case there is a need to remove index constituent outside regular review in June, the outgoing constituent will be replaced by the highest ranked candidate from the last regular review. The incoming constituent will assume the smallest weight of the existing constituent on the capping date (i.e. three trading days preceding the implementation date). The weight of the remaining constituents (i.e. existing constituents excluding the incoming constituent) will be adjusted proportionately to sum to unity.

Other information

For details (including details of the constituents of the Index together with their respective weightings, the Index methodology, latest index information and other important news), please refer to the website of the Index Provider at https://www.hsi.com.hk/eng/indexes/all-indexes/hshd30 (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 HSIL at: https://www.hsi.com.hk/eng/indexes/all-indexes/hshd30 (this website has not been reviewed by the SFC). Other important news relating to the Index are available at the HSIL website, https://www.hsi.com.hk/eng/indexes/all-indexes/hshd30 (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 HSIL and 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 HSIL and HSDS in respect of or in connection with the trading in the HSHD30 ETF, 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 HSIL 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 HSIL and HSDS. The term of the license agreement commenced on 21 March 2025. 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.

Disclaimer

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Schedule 1 – Investment Restrictions, Security Financing and Borrowing

Each Sub-Fund is an Authorised Fund authorised by the SFC for sale to investors in Hong Kong, SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of the 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. The SFC has the right to withdraw such authorisation of the Trust or a Sub-Fund if it no longer considers the Index is acceptable. In addition, as an Authorised Fund, a Sub-Fund is not permitted to make certain investments or to engage in certain borrowing or lending activities.

If any of the restrictions or limitations set out in this section 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 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, borrowing and lending restrictions applicable to each Sub-Fund (that are included in the Trust Deed) are summarised below.

Investment restrictions

(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) 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 this offering document; 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 the 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 Chapter 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 offering document;

(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 this offering document,

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)(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 the 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 the Sub-Fund:

(A) invest in a security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class, or the directors and officers of the Manager collectively own more than 5% of those securities;

(B) invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies and interests in real estate investment trusts (REITs)) In the case of investments in such shares and REITs, they shall comply with the investment limits as set out in Chapters 7.1, 7.1A, 7.2, 7.3 and 7.11 of the Code, where applicable. For the avoidance of doubt, where investments are made in listed REITs, Chapter 7.1, 7.1A and 7.2 of the Code apply and where investments are made in unlisted REITs, which are either companies or Collective Investment Schemes, then Chapters 7.3 and 7.11 of the Code apply respectively;

(C) make short sales if as a result such Sub-Fund would be required to deliver securities exceeding 10% of the Net Asset Value of such Sub-Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted). For the avoidance of doubt, the Sub-Fund is prohibited to carry out any naked or uncovered short sale of securities and short selling should be carried out in accordance with all applicable laws and regulations;

(D) lend or make a loan out of the assets of such Sub-Fund, except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;

(E) subject to (e), assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;

(F) enter into any obligation in respect of such Sub-Fund or acquire any asset or engage in any transaction for the account of such Sub-Fund which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of Unitholders is limited to their investment in the relevant Sub-Fund; or

(G) apply any part of such Sub-Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of such Sub-Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction 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 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 (i) the representative sampling strategy must be clearly disclosed in this offering document, (ii) the excess of weightings of the constituent securities held by the Sub-Fund over the weightings in the Index must be caused by the implementation of the representative sampling strategy and (iii) the maximum deviation from the Index weighting of any constituent will not exceed the percentage as determined by the Manager after consultation with the SFC, as disclosed in the relevant Appendix. In determining this limit, the Sub-Fund must consider the characteristics of the underlying constituent securities, their weightings and the investment objectives of the Index and any other suitable factors. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit. The annual and interim financial statements of the relevant Sub-Fund shall also disclose whether or not such limit has been complied with during such period and account for any non-compliance in those reports.

Borrowing restrictions

A Sub-Fund is permitted to borrow an amount up to a maximum of 10% of its Net Asset Value except that back-to-back loans will not be taken into account when determining whether or not such limit has been breached. 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 for the following purposes:

(1) facilitating the subscriptions or redemption of Units or defraying operating expenses;

(2) enabling the Manager to acquire investments for the account of the Sub-Fund;

(3) enabling the Manager to realise Units or to pay expenses of the Sub-Fund; or

(4) for any other proper purpose, as the Manager and the Trustee may agree to.

The assets of a Sub-Fund may be charged or pledged to secure such borrowing for the account of such Sub-Fund.

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

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.

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 entitled "Investment restrictions" above and sub-paragraph (B) of the proviso under the sub-section entitled "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.

Schedule 2 – Procedures for Creation and Redemption of Listed Class Units

Set out below is a summary of the provisions in the Trust Deed governing the cash and in-kind creation and redemption procedures to be followed by Participating Dealers.

This summary should be read in conjunction with the Trust Deed.

Procedures for Creation in Application Unit Size

The Manager has the exclusive right to effect, for the account of a Sub-Fund, the creation of Listed Class Units:

- in exchange for the transfer, by a Participating Dealer, to or for the account of a Sub-Fund, of the Index Constituent Stocks constituting a Basket for the relevant Listed Class Units and a cash amount equivalent to any Duties and Charges payable plus, if the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component. If the Cash Component is a negative value, the Trustee shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to the Participating Dealer. In the event that the relevant Sub-Fund has insufficient cash required to pay any Cash Component payable by such Sub-Fund, the Manager may effect sales of the deposited property of the relevant Sub-Fund, or may borrow moneys to provide the cash required; or

- in exchange for a cash payment, by a Participating Dealer, of an amount equivalent to the aggregate of the Issue Price multiplied by the number of Listed Class Units which is the subject of the cash Creation Application, provided that the Manager has the absolute discretion in deciding whether to accept such cash Creation Application.

The Manager has the right to reject a Creation Application or suspend receipt of Creation Applications if (i) in the opinion of the Manager, acceptance of the Index Constituent Stocks constituting a Basket would have certain adverse tax consequences for the relevant Sub-Fund; (ii) the Manager reasonably believes that the acceptance of the Index Constituent Stocks constituting a Basket would be unlawful; (iii) the acceptance of the Index Constituent Stocks constituting a Basket would otherwise, in the opinion of the Manager, have an adverse effect on the relevant Sub-Fund; (iv) circumstances outside the control of the Manager make it for all practicable purposes impossible to process Creation Applications; or (v) the Manager has suspended the rights of Participating Dealers pursuant to the Trust Deed.

Currently, under the Dual Counter arrangement (where adopted for the relevant Sub-Fund), a Participating Dealer may subject to arrangement with the Manager elect to the CCASS to have Listed Class Units which it creates deposited in either HKD counter or RMB counter. However, the cash creation of new Listed Class Units in a Special Creation Application is in HKD only and the Listed Class Units created in a Special Creation Application can be deposited in HKD counter only. Once the Listed Class Units are created, the Manager shall effect, for the account of the relevant Sub-Fund, the issue of Listed Class Units to a Participating Dealer in accordance with the Operating Guidelines.

Currently, the Listed Class Units are denominated in HKD (unless otherwise determined by the Manager) and no fractions of a Unit shall be created or issued by the Trustee unless otherwise specified in the relevant Appendix.

An application for the creation and issue of Listed Class Units shall only be made or accepted (as the case may be) on a Dealing Day, shall only be in respect of Listed Class Units constituting an Application Unit size or whole multiples thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement.

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, 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 the register of the relevant Sub-Fund will be updated on Settlement Day.

If a Creation Application is received on a day which is not a Dealing Day or is received after the 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.

No Listed Class Units shall be issued to any Participating Dealer unless:

- the application is in a form and substance satisfactory to, and accompanied by such documents as may be required by, the Trustee and the Manager in accordance with the Operating Guidelines;

- the Trustee and the Manager receive copies of the certifications required under the Participation Agreement in respect of the creation of new Listed Class Units; and

- the Trustee and the Manager receive such other certifications and opinions of counsel as each may consider necessary to ensure compliance with applicable securities laws and other laws in relation to the creation and issue of Listed Class Units which are the subject of the Creation Application.

The Manager may charge the Participating Dealer on the Creation Application such amount or rate (if any) as the Manager may consider represents the appropriate provision for Duties and Charges and the Transaction Fee. The Transaction Fee may on any day vary, but not as between different Participating dealers in respect of the relevant Sub-Fund. The Duties and Charges and the Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Listed Class Units (and may be set off and deducted against any Cash Component due to the Participating Dealer in respect of such Creation Application(s)), for the account of the relevant Sub-Fund, the Trustee, the Registrar, the Conversion Agent and/or the Service Agent.

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 Listed Class Unit and shall not be paid from the deposited property of the relevant Sub-Fund.

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 of the Trust Deed, in regard to the issue of Listed Class Units, are being infringed.

Cancellation of Listed Class Units

The Trustee shall cancel Listed Class Units created and issued in respect of a Creation Application if:

- in relation to an in-kind Creation Application, all the Index Constituent Stocks constituting the Basket deposited for exchange have not been vested by or on the relevant Settlement Day in the relevant Sub-Fund or to the Trustee's satisfaction or evidence of title and instruments of transfer satisfactory to the Trustee have not been produced to or to the order of the Trustee; or the full amount of (i) the Cash Component (if applicable) and (ii) any Duties and Charges and Transaction Fee payable have not been received in cleared funds by or on behalf of the Trustee by such time on the Settlement Day as prescribed in the Operating Guidelines; or

- in relation to a cash Creation Application, (i) the cash payment representing the aggregate of the Issue Price multiplied by the number of Listed Class Units which is the subject of the cash Creation Application; or (ii) any Duties and Charges and Transaction Fee payable have not been received in cleared funds by or on behalf of the Trustee by such time on the Settlement Day as prescribed in the Operating Guidelines,

provided that, in either event the Manager may, in its discretion, with the approval of the Trustee, extend the settlement period (either for the Creation Application as a whole or for a particular Index Constituent Stock or Index Constituent Stocks) such extension to be on such terms and conditions (including as to the payment of an Extension Fee to the relevant Sub-Fund) as the Manager may determine.

Upon the cancellation of any Listed Class Units as provided for above or if a Participating Dealer otherwise withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, such Index Constituent Stocks constituting the Basket deposited for exchange (or equivalent Index Constituent Stocks of the same type) as have been vested in the relevant Sub-Fund and any cash received by or on behalf of the relevant Sub-Fund in connection with a Creation Application (in respect of such cancelled Listed Class Units) shall be redelivered to the Participating Dealer and the relevant Listed Class Units shall be deemed for all purposes never

to have been created and the applicant therefore shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

- the Manager may charge the Participating Dealer for the account of the relevant Sub-Fund an Application Cancellation Fee and such other fees and amounts in accordance with the Participation Agreement (including the Operating Guidelines); and

- no previous valuations of the relevant Sub-Fund shall be re-opened or invalidated as a result of the cancellation of such Listed Class Units.

Manager's Discretion to Accept Cash for Creation and Issue of Listed Class Units

- If the Manager determines in its discretion (following an in-kind Creation Application by a Participating Dealer) that Index Constituent Stocks are likely to be unavailable for delivery or available in insufficient quantity for delivery to the Trustee in connection with a Creation Application; or

- if the Manager (following an in-kind Creation Application by a Participating Dealer) is satisfied that, in connection with the issue of any Listed Class Units, the Participating Dealer in question is prevented by regulation or otherwise from investing or engaging in a transaction in any Index Constituent Stock,

then the Manager shall have the right, in its discretion, to accept cash (in the base currency of the Sub-Fund notwithstanding any Dual Counter being adopted for the relevant Sub-Fund) equal to the market value at the Valuation Point for the relevant Dealing Day of such Index Constituent Stocks in lieu of accepting such Index Constituent Stocks as constituting part of the relevant Basket provided that the Manager shall be entitled in its discretion to charge (for the account of the relevant Sub-Fund) to the applicant of any Listed Class Units for which cash is paid in lieu of delivering any Index Constituent Stocks such additional sum as represents the appropriate provision for Duties and Charges.

Manager's Discretion to Accept Cash Collateral

If the Manager determines in its discretion (following a partial delivery request by a Participating Dealer) that any Index Constituent Stocks are likely to be unavailable for delivery or available in insufficient quantity for delivery to the Trustee in connection with a Creation Application, then the Manager shall have the right in its discretion to accept an amount of cash (in the base currency of the Sub-Fund notwithstanding any Dual Counter being adopted for the relevant Sub-Fund) determined by reference to the market value at the Valuation Point for the relevant Dealing Day of such Index Constituent Stocks as collateral for such Index Constituent Stock(s) until they are delivered.

Any such collateral will be held for the account of the relevant Sub-Fund in a non-interest bearing account and shall be redelivered to the Participating Dealer after delivery of such Index Constituent Stocks (by 4:00 p.m. on the Delivery Date if such Index Constituent Stocks have been successfully debited by 2:00 p.m. on the Delivery Date or, by 2:00 p.m. on the Dealing Day immediately following the Delivery Date if such Index Constituent Stocks have been successfully debited after 2:00 p.m. on the Delivery Date) or, immediately upon demand in the circumstances described in (b) below.

The unavailable Index Constituent Stocks will be marked to market daily by the Manager by reference to their closing price on the previous trading day and if the cash collateral (a) falls below the prescribed percentage of such market value, the Manager may, in its discretion, request the Participating Dealer to provide additional cash collateral to make up the shortfall; or (b) exceeds the prescribed percentage of such market value, the Manager shall inform the Participating Dealer and shall offer to return any such excess cash collateral to the Participating Dealer.

The Manager may, subject to the provisions of the Participation Agreement, charge the Participating Dealer for the account of the relevant Sub-Fund a Partial Delivery Request Fee.

Procedures For Redemption in Application Unit Size

The Manager has the exclusive right, at any time and from time to time following a Redemption Application (whether in cash or in-kind) made by a Participating Dealer in accordance with the Operating Guidelines, by notice in writing

to the Trustee to effect a reduction of the relevant Sub-Fund on the relevant Settlement Day by the order of the Trustee for the cancellation of the Listed Class Units represented thereby and by requiring the Trustee to cancel the number of Listed Class Units specified in such notice.

The Manager has the right to reject or suspend a Redemption Application (whether in cash or in-kind) if (i) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application or (ii) the Manager has suspended the rights of Participating Dealers to make Redemption Applications pursuant to the Trust Deed.

Notwithstanding any Dual Counter being adopted for the relevant Sub-Fund, any cash proceeds received by an HS Fund in a Special Redemption Application in cash shall be paid in HKD and only Listed Class Units in the HKD counter can be withdrawn directly in a Special Redemption Application. However, Listed Class Units traded on each counter may be redeemed by way of a Redemption Application through a Participating Dealer. Where a Participating Dealer wishes to redeem RMB traded Listed Class Units the redemption process is the same as for HKD traded Listed Class Units.

A Redemption Application shall only be made or accepted (as the case may be) on a Dealing Day and shall only be in respect of Listed Class Units constituting an Application Unit size or whole multiples thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the 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. 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 Manager shall, on receipt of an effective Redemption Application for the relevant Sub-Fund from a Participating Dealer, effect the redemption of the relevant Listed Class Units and shall require the Trustee to:

- in relation to a Redemption Application in-kind, transfer to the Participating Dealer the appropriate number of Index Constituent Stocks constituting the Basket for the relevant Listed Class Units plus, where the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component; or

- in relation to a Redemption Application in cash, pay cash out of the relevant Sub-Fund of an amount equal to the aggregate of the Redemption Price multiplied by the number of Listed Class Units which is the subject of the cash Redemption Application.

In the event that the Sub-Fund has insufficient cash required to pay any Cash Component payable by such Sub-Fund, the Manager may effect sales of the deposited property of the Sub-Fund, or borrow moneys to provide the cash required. If the Cash Component is a negative value, the Participating Dealer shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to or to the order of the Trustee.

To be effective, a Redemption Application must:

- be given by a Participating Dealer in accordance with the Participation Agreement;

- specify the number and class of Application Listed Class Units which is the subject of the Redemption Application; and

- include the certifications required in the Operating Guidelines in respect of redemptions of Listed Class Units, together with such certifications and opinions of counsel as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities laws and other laws in relation to the redemption of Listed Class Units which are the subject of the Redemption Application.

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager. The HKCAS may charge a Unit Cancellation Fee in connection with each accepted Redemption Application.

The Manager may charge the Participating Dealer on the Redemption Application such amount or rate (if any) as

the Manager may consider represents the appropriate provision for Duties and Charges and the Transaction Fee. The Transaction Fee may on any day vary, but not as between different Participating dealers in respect of the relevant Sub-Fund. The Duties and Charges and the Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) for such Listed Class Units (and may be deduct from and set off against any Cash Component other cash to a Participating Dealer in respect of such Redemption Application(s)), for the account of the relevant Sub-Fund, the Trustee, the Registrar, the Conversion Agent and/or the Service Agent.

To the extent that the Cash Component is insufficient to pay such Duties and Charges and the Transaction Fee payable on such redemption the Participating Dealer shall promptly pay the shortfall in the base currency of the relevant Sub-Fund to or to the order of the Trustee. The Trustee shall not be obliged to deliver (and shall have a general lien over) the Index Constituent Stocks constituting the Basket to be transferred or cash payable in respect of the relevant Redemption Application until such shortfall and any Cash Component, Transaction Fee and Extension Fee payable by the Participating Dealer is paid in full in cleared funds to or to the order of the Trustee.

Unless specifically requested to do so by the Participating Dealer concerned, not later than one month after the relevant Dealing Day, the Trustee shall be under no obligation to check the calculation of the Redemption Price in connection with any redemption or cancellation of Listed Class Units but shall be entitled at any time before the audited financial report of the relevant Sub-Fund, covering the relevant Dealing Day, have been prepared, to require the Manager to justify its calculation of the Redemption Price.

Any Index Constituent Stocks transferable and Cash Component or other cash payable (less any amount deducted) to a Participating Dealer in respect of a Redemption Application may be transferred or paid sooner but shall be transferred and paid on the Settlement Day, provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and, where any amount is to be paid by telegraphic transfer to a bank account, verified in such manner as may be required by, and to the satisfaction of, the Trustee) has been received in accordance with the Operating Guidelines and the full amount of any Cash Component payable by the Participating Dealer and any Duties and Charges and the Transaction Fee payable have been deducted or otherwise paid in full.

On the relevant Settlement Day in relation to an effective Redemption Application:-

- the Listed Class Units, which are the subject of the Redemption Application, shall be redeemed and cancelled;

- the relevant Sub-Fund shall be reduced by the cancellation of those Listed Class Units but, for valuation purposes only, such Listed Class Units shall be deemed to have been redeemed and cancelled after the Valuation Point as at the Dealing Day on which the Redemption Application was received; and

- the name of the holder of such Listed Class Units shall be removed from the register in respect of those Listed Class Units on the relevant Settlement Day,

the Trustee shall transfer the Index Constituent Stocks constituting the Basket relevant to the in-kind Redemption Application out of the deposited property of the relevant Sub-Fund or cash out of the relevant Sub-Fund equal to the relevant Redemption Price multiplied by the number of Listed Class Units which is the subject of the cash Redemption Application to the Participating Dealer and shall pay any Cash Component (with such deductions as are permitted by the Trust Deed) payable by the Trustee.

No Index Constituent Stocks shall be transferred and no Cash Component and cash shall be paid in respect of any Redemption Application unless the requisite documents in respect of the Listed Class Units which are the subject of the Redemption Application have been delivered to the Manager by such time on the Settlement Day as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally.

In the event that such documents are not delivered to the Manager in accordance with the foregoing:

- the Redemption Application shall be deemed never to have been made except that the Transaction Fee in respect of such application shall remain due and payable and once paid, shall be retained by and for the account of the relevant Sub-Fund, the Trustee, the Registrar, the Conversion Agent and/or the Service Agent;

- the Manager may charge the Participating Dealer for the account of the relevant Sub-Fund an Application Cancellation Fee and such other fees and amounts in accordance with the Participation Agreement (including the Operating Guidelines); and

- no previous valuations of the relevant Sub-Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

The Manager, with approval of the Trustee, may at its discretion extend the settlement period with respect to a Redemption Application, such extension to be on such terms and conditions (including as to the payment of an Extension Fee to the relevant Sub-Fund) as the Manager may determine but, in any event, not later than one month from the receipt of an effective Redemption Application.

Deferred Redemption

Other than in respect of HSI ESG ETF, 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 Price 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.

Schedule 3 – Glossary

Set out below are detailed definitions of capitalised terms used in this offering document and, where appropriate, as used in the Trust Deed.

Administrator	any person or persons to whom the Manager and/or the Trustee appoint to perform certain administrative duties in respect of a Sub-Fund
AFRC	the Accounting and Financial Reporting Council in Hong Kong
After Listing	in respect of a Listed Class, the period which commences on the Listing Date and continues until the relevant Sub-Fund is terminated
Appendix	an appendix to this offering document that sets out specific information applicable to a Sub-Fund
Application	in respect of a Listed Class, A Creation Application, Redemption Application, Special Creation Application and/or Special Redemption Application
Application Cancellation Fee	in respect of a Listed Class, the fee which may, at the discretion of the Manager, be charged to each Participating Dealer for the account of a Sub-Fund in respect of a cancellation (for more information, see "Cancellation of Units" in "Procedures for Creation and Redemption") of a Creation Application or a Redemption Application by a Participating Dealer, the current fee level of which is set out in "Current Fees and Charges" in the relevant Appendix
Application Unit	such number of Listed Class Units or whole multiples thereof as specified in this offering document or such other multiple of Listed Class Units from time to time determined by the Manager and approved by the Trustee
Authorised Distributor	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 Fund	a Collective Investment Scheme that is authorised by the SFC pursuant to Section 104(1) of the SFO (SFC authorisation is not a recommendation or endorsement of a Collective Investment Scheme nor does it guarantee the commercial merits of a Collective Investment Scheme or its performance. It does not mean the Collective Investment Scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.)
Basket	a portfolio of Index Constituent Stocks based on the stock weightings in the Index on the relevant Dealing Day for the purpose of an in-kind creation or an in-kind redemption of Listed Class Units
Business Day	(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
Cash Component	the difference between (i) the aggregate Net Asset Value of the Listed Class Units comprising an Application Unit (in the case of a Participating Dealer Application) or of such other number of Units as determined by the Manager from time to time (in the case of a Special Application) and (ii) the value of the applicable Basket

CCASS	the Central Clearing and Settlement System established and operated by HKSCC
CCASS Participant	a participant in the CCASS
CCASS Settlement Day	a settlement day as determined by HKSCC for the CCASS
Code	the Code on Unit Trusts and Mutual Funds issued by the SFC, as amended from time to time and any successor instruments thereto
Collective Investment Scheme	has the same meaning as in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Connected Person	has the meaning as set out in the Code which at the date of this offering document 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; (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); (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)
Conversion Agency Agreement	a written agreement entered into between the Manager, the HKCAS and HKSCC in connection with the in-kind creation and in-kind redemption of the Listed Class of a Sub-Fund by Participating Dealers
Conversion Agent	If applicable, HKCAS, in its capacity as the conversion agent of the respective Listed Class of a Sub-Fund as set out in the relevant Appendix
Creation Application	in respect of a Listed Class, an Application by a Participating Dealer for the creation and issue of Units in an Application Unit size in accordance with the Operating Guidelines and the Trust Deed
Dealing Day	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
Delivery Date	the Dealing Day on which previously unavailable Index Constituent Stocks are delivered to complete a partial delivery of the relevant Basket by a Participating Dealer, for more information, see “Manager’s Discretion to Accept Cash Collateral” in “Procedures for Creation and Redemption”
Dual Counter	the facility by which the Listed Class Units traded in HKD and traded in RMB 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 (HKD or RMB)
Duties and Charges	in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, trading fees, bank charges, transfer fees and registration fees, investor compensation levies and 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 the Sub-Fund's investments, 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 restricted to, in relation to an issue of Units or redemption of Units: (a) a charge (if any) of such amount or at such rate as is determined by the Manager to be made for the purpose of compensating or reimbursing the Trust for the difference between (i) the prices used in valuing the investments of the Trust for the purpose of such issue or redemption of Units and (ii) (in the case of an issue of Units) the prices which would be used when acquiring the same investments 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 investments if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust upon such redemption of Units, and (b) in respect of cash subscription and redemption (i) where, in respect of any Dealing Day, the number of Units of any class or classes relating to a Sub-Fund to be issued exceeds the number of Units of such class or classes to be redeemed, a surcharge (if any) as shall, in the estimation of the Manager, be appropriate in order to compensate for the difference between the prices at which the assets comprised in the Sub-Fund to which such Units relate are to be valued in accordance with the provisions of the Trust Deed and the total cost of acquiring such assets or creating any deposit comprised in such Sub-Fund including any other relevant expenses including any stamp duty, other taxes, duties or governmental charges, brokerage, bank charges, transfer fees, or registration fees; and (ii) where, in respect of any Dealing Day, the number of Units of a class or classes relating to a Sub-Fund to be redeemed exceeds the number of Units of such class or classes to be issued, a surcharge (if any) as shall, in the estimation of the Manager, be appropriate in order to compensate for the difference between the prices at which assets comprised in the Sub-Fund to which such Units relate are to be valued in accordance with the provisions of the Trust Deed and the net proceeds which would be received on the sale of such assets or the breaking of any deposit comprised in such Sub-Fund and for any relevant expenses including stamp duty, other taxes, duties or governmental charges, brokerage, bank charges or transfer fees
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.
HSI ESG ETF	HSI ESG Enhanced Select Index ETF
HSHD30 ETF	Hang Seng High Dividend 30 Index ETF
ETF	an exchange traded fund
Extension Fee	in respect of a Listed Class, the fee payable in connection with a request made by a Participating Dealer to extend the date on which a Creation Application or Redemption Application is to be settled which may at the discretion of the Manager, be charged to each Participating Dealer for the account of the Sub-Fund, the current fee level of which is set out in "Current Fees and Charges" in the relevant Appendix
FDI	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 offering document 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
HKCAS	HK Conversion Agency Services Limited

HKD or HK$	Hong Kong dollars, the lawful currency of Hong Kong
HKEx	Hong Kong Exchanges and Clearing Limited or its successors
HKSCC	Hong Kong Securities Clearing Company Limited
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Takeovers Code	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended from time to time and any successor instruments thereto
HS Funds	any portfolios of assets (including but not limited to any Collective Investment Schemes or discretionary accounts) managed by the Manager or, in the Manager's sole discretion, any feeder fund investing solely in a Sub-Fund
Index	the index or benchmark, if any, against which a Sub-Fund may be benchmarked or may otherwise be referenced as set out in the relevant Appendix
Index Constituent Stocks	in respect of each Sub-Fund, the constituent stocks of its Index
Index Proprietor	Hang Seng Data Services Limited, the owner of the mark and name of the Index against which the HSI ESG ETF and HSHD30 ETF benchmark their investments
Index Provider	Hang Seng Indexes Company Limited, the person responsible for managing and compiling the Index against which the HSI ESG ETF and HSHD30 ETF benchmark their investments
Initial Issue Date	the date of the first issue of Units, which shall be the Business Day immediately before the Listing Date
Initial Offer Period	such period as may be agreed between the Trustee and the Manager for the purpose of making an initial offer of Units (which in the case of a Listed Class shall be the period before the relevant Listing Date), as set out in the relevant Appendix
Issue Price	the price at which Units will be issued, as more fully described in "Calculation of Issue Price and Redemption Price" and determined in accordance with the Trust Deed
Listed Class	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	in respect of each Listed Class, the date on which the Listed Class Units in respect of a Sub-Fund are first listed and from which dealings therein are permitted to take place on SEHK, the date of which is set out in the relevant Appendix for the Sub-Fund
Mainland	the mainland China
Manager	Hang Seng Investment Management Limited
market maker	a broker or dealer permitted by the SEHK to act as such by making a market for the Listed Class Units in the secondary market on the SEHK

money market instrument	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
Net Asset Value	the net asset value of a Sub-Fund or, as the context may require, of a Unit, calculated in accordance with the provisions of the Trust Deed
Operating Guidelines	the Operating Guidelines governing Participating Dealers
Partial Delivery Request Fee	the fee payable in connection with a request made by a Participating Dealer relating to a partial delivery of the relevant Basket in connection with a Creation Application (for more information, see "Manager's Discretion to Accept Cash Collateral" under Schedule 2 – Procedures for Creation and Redemption for Listed Class Units), which may at the discretion of the Manager, be charged to each Participating Dealer for the account of a Sub-Fund, the current fee level of which is set out in "Current Fees and Charges" in the relevant Appendix
Participation Agreement	a written agreement entered into between the Trustee, the Manager and a Participating Dealer (and its agent, if applicable), and if determined necessary by the Manager (in its absolute discretion), each of HKSCC and the Conversion Agent, setting out (amongst other things) the arrangements in respect of the issue of Units and the redemption and cancellation of Units
Participating Dealer	in respect of a Listed Class, a broker or dealer who is (or who has appointed and agent or delegate who is) a CCASS Participant and who has entered into a Participation Agreement, and any reference in this offering document to "Participating Dealer" shall include a reference to any agent or delegate so appointed by the Participating Dealer
Participating Dealer Application	in respect of a Listed Class, an application by a Participating Dealer for a creation or redemption of Units through the CCASS, in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines
PBOC	the People's Bank of China
PRC	the People's Republic of China
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	a summary, for prospective investors, of the key issues of a product as required by the SFC
Redemption Application	in respect of a Listed Class, an application by a Participating Dealer for the redemption of Units in Application Unit size in accordance with the Operating Guidelines and the Trust Deed
Redemption Charge	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 Price	the price at which Units will be redeemed, as more fully described in "Calculation of Issue Price and Redemption Price" and determined in accordance with the Trust Deed
Registrar	HSBC Institutional Trust Services (Asia) Limited
reverse repurchase	transactions whereby a Sub-Fund purchases securities from a counterparty of

transactions	sale and repurchase transactions and agrees to sell such securities back at an agreed price in the future
RMB	Renminbi, the lawful currency of the PRC
sale and repurchase transactions	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
SDO	the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)
Securities	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	collectively securities lending transactions, sale and repurchase transactions and reverse repurchase transactions
securities lending transactions	transactions whereby a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee
SEHK	The Stock Exchange of Hong Kong Limited or its successors
Service Agent	HKCAS, in its capacity as the service agent of the Listed Class Units of a Sub-Fund
Service Agreement	each agreement by which the Service Agent agrees with the Manager and the Trustee to provide its services in respect of the Listed Class Units of a Sub-Fund entered amongst the Trustee, the Manager, the Registrar, the Participating Dealer, the Service Agent and HKSCC
Settlement Day	in respect of a Listed Class, the Dealing Day which is two CCASS Settlement Days after the relevant Dealing Day on which the creation or redemption is submitted or such other number of Dealing Days after the relevant Dealing Day as the Manager and the Trustee may from time to time agree
SFC	the Securities and Futures Commission in Hong Kong
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

Special Application	a Special Creation Application and/or a Special Redemption Application
Special Creation Application	an application for the creation and issue of Listed Class Units by an HS Fund
Special Redemption Application	an application for the redemption of Listed Class Units by an HS Fund
Sub-Fund	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 as set out in the Code
Switching Fee	in respect of an Unlisted Class, the switching fee (if any) payable on the switching of any Unit.
Transaction Fee	in respect of a Listed Class, the fee which may, at the discretion of the Manager, be charged to each Participating Dealer, for the account of a Sub-Fund, the Trustee, the Registrar, the Conversion Agent and/or the Service Agent, (a) on each Creation Application and (b) on each Redemption Application, the current fee level of which is set out in "Current Fees and Charges" in the relevant Appendix
Trust	the unit trust constituted by the Trust Deed
Trust Deed	the trust deed between the Trustee, the Manager and the Index Proprietor dated 10 September 2004 constituting the Trust, and as supplemented, amended and restated from time to time
Trustee	Cititrust Limited or such other person or persons for the time being duly appointed trustee or trustees of the Trust in succession thereto in accordance with the Trust Deed
Unit	one undivided share in a Sub-Fund
Unit Cancellation Fee	the fee charged by the HKCAS in respect of the cancellation of Units in connection with an accepted in-kind Redemption Application, the current fee level of which is set out in "Current Fees and Charges" in the relevant Appendix
Unitholder	the person for the time being entered on the register of holders as the holder of a Unit including, where the context so admits, persons jointly so registered
Unlisted Class	a class of Units of a Sub-Fund which is neither listed on the SEHK nor any other Recognised Stock Exchange.
Unlisted Class Unit	a Unit of an Unlisted Class.
U.S. or US	the United States of America
USD or US dollars	United States dollars, the lawful currency of the U.S.
Valuation Point	the official close of trading on the SEHK or such other time or times as determined by the Manager and the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day of a Sub-Fund other than where there is a suspension of the determination of the Net Asset Value of a Sub-Fund pursuant to the provisions in the Trust Deed

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PARTICIPATING DEALERS*

MARKET MAKERS*

* *Please refer to the website www.hangsenginvestment.com (this website has not been reviewed by the SFC) for the latest lists of marker makers and Participating Dealers.*

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