

IMPORTANT: Investments involve risks, including the total loss of your investment. Investors are advised to consider their own investment objectives and circumstances in determining the suitability of an investment in the CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product, CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product, CSOP Hang Seng Index Daily (-2x) Inverse Product, CSOP NASDAQ-100 Index Daily (-2x) Inverse Product, CSOP Hang Seng TECH Index Daily (2x) Leveraged Product, CSOP Hang Seng TECH Index Daily (-2x) Inverse Product, CSOP US Large Oil & Gas Companies Daily (2x) Leveraged Product and CSOP US Large Oil & Gas Companies Daily (-2x) Inverse Product (each a "Product").

Each of the CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product, CSOP Hang Seng TECH Index Daily (2x) Leveraged Product and CSOP US Large Oil & Gas Companies Daily (2x) Leveraged Product tracks the performance of a leveraged position of an index on a Daily basis whereas each of the CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product, CSOP Hang Seng Index Daily (-2x) Inverse Product, CSOP NASDAQ-100 Index Daily (-2x) Inverse Product, CSOP Hang Seng TECH Index Daily (-2x) Inverse Product and CSOP US Large Oil & Gas Companies Daily (-2x) Inverse Product tracks the performance of a short position of an index on a Daily basis. The Products are only suitable for sophisticated trading-oriented investors who constantly monitor the performance of their holding on a daily basis, and are in a financial position to assume the risks in futures investments. They are high risk products designed to be used as short term trading tools for market timing or hedging purposes and are not appropriate for long term (longer than one day) investment. The performance of the Products, when held overnight, may deviate from the underlying indices.

The Products may not be suitable for all investors. It is possible that the entire value of your investment could be lost.

Futures investments are subject to certain key risks including leverage, counterparty and liquidity risks. Movement in the prices of futures may be highly volatile. Please refer to the "Risk Factors" section in this Prospectus as well as the "Risk factors specific to the Product" section in each Appendix.

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

CSOP LEVERAGED AND INVERSE SERIES

(a Hong Kong umbrella unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

PROSPECTUS

CSOP HANG SENG INDEX DAILY (2X) LEVERAGED PRODUCT

Stock Code: 07200

CSOP HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT

Stock Code: 07300

CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (2X) LEVERAGED PRODUCT

Stock Code: 07288

CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-2X) INVERSE PRODUCT

Stock Code: 07588

CSOP HANG SENG INDEX DAILY (-2X) INVERSE PRODUCT

Stock Code: 07500

CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT

Stock Code: 07568

CSOP HANG SENG TECH INDEX DAILY (2X) LEVERAGED PRODUCT

Stock Code: 07226

CSOP HANG SENG TECH INDEX DAILY (-2X) INVERSE PRODUCT

Stock Code: 07552

CSOP US LARGE OIL & GAS COMPANIES DAILY (2X) LEVERAGED PRODUCT

Stock Code: 07204

CSOP US LARGE OIL & GAS COMPANIES DAILY (-2X) INVERSE PRODUCT

Stock Code: 07505

Manager

CSOP Asset Management Limited

南方東英資產管理有限公司

Listing Agent

Altus Capital Limited

31 July 2023

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

IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of units (the “Units”) in the CSOP Leveraged and Inverse Series (the “Trust”), an umbrella unit trust established under Hong Kong law by a trust deed dated 5 July 2016, as amended and restated from time to time (the “Trust Deed”) between CSOP Asset Management Limited 南方東英資產管理有限公司 (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”). The Trust has a number of sub-funds (the “Products” or individually a “Product”) which are traded on The Stock Exchange of Hong Kong Limited.

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

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and 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. The Manager also confirms that this Prospectus includes particulars given in compliance with The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Code on Unit Trusts and Mutual Funds (the “Code”) and the “Overarching Principles Section” of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the Units of the Products. The Trustee is not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus, except for the information regarding the Trustee itself under the paragraph headed “The Trustee and Registrar” in the section on “Management of the Trust”.

Each Product is a collective investment scheme falling within Chapters 8.6 and 8.8 of the Code. Certain Products may also be subject to additional Chapters of the Code. The Trust and each Product are authorised by the SFC in Hong Kong under Section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust, the Products or for the correctness of any statements made or opinions expressed in this Prospectus. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

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

Dealings in the Units of the Products (save for CSOP US Large Oil & Gas Companies Daily (2x) Leveraged Product and CSOP US Large Oil & Gas Companies Daily (-2x) Inverse Product) on the SEHK have already commenced. The Units of such Products have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the Central Clearing and Settlement System (“CCASS”).

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units of each of CSOP US Large Oil & Gas Companies Daily (2x) Leveraged Product and CSOP US Large Oil & Gas Companies Daily (-2x) Inverse Product. Subject to compliance with the admission requirements of HKSCC, the Units of each of CSOP US Large Oil & Gas Companies Daily (2x) Leveraged Product and CSOP US Large Oil & Gas Companies Daily (-2x) Inverse Product will be accepted as eligible securities by HKSCC for deposit, clearing and settlement in CCASS with effect from the date of commencement of dealings in the Units on the SEHK or such other date as may be determined by HKSCC. Settlement of transactions between participants on the SEHK is required to take place in CCASS on the second CCASS settlement day after the Trading Day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong and, accordingly, this Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any other United States Federal or State law and, except in a transaction which does not violate the US Securities Act, may not be directly or indirectly offered to or sold in the United States of America or any of its territories or for the benefit of a US Person (as defined in Regulation S of the US Securities Act). The Trust and the Products have not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended. Units may not be acquired or owned by (i) an employee benefit plan, as defined in Section 3(3) of the

Employee Retirement Income Security Act of 1974, as amended (“ERISA”), that is subject to Title I of ERISA, (ii) a plan, as defined in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), that is subject to Section 4975 of the Internal Revenue Code, (iii) a plan that is subject to any other law, regulation, rule or restriction that is substantially similar to ERISA or Section 4975 of the Internal Revenue Code (“Similar Law”) or (iv) an entity whose assets are deemed to include the assets of such an employee benefit plan or plan for purposes of ERISA, Section 4975 of the Internal Revenue Code or Similar Law, unless the purchase, holding and disposition of units will not constitute a violation under ERISA, Section 4975 of the Internal Revenue Code and any applicable Similar Law.

The Products shall not be offered, directly or indirectly, sold or delivered within India or to, or for the benefit of, (i) any resident in India, including any corporation or other entity incorporated or registered under the Indian laws or (ii) others for re-offering or re-sale, directly or indirectly, in India or to a resident of India or any entity incorporated or registered in India, or (iii) any non-resident Indian, Indian overseas corporate body or person of Indian origin.

Furthermore, distribution of this Prospectus shall not be permitted unless it is accompanied by a copy of the latest annual financial statements of the Products (where existing) and, if later, its most recent interim report which form part of this Prospectus.

You should note that any amendment or addendum to this Prospectus will only be posted on the Manager’s website (<http://www.csopasset.com>) the contents of which, and of any other websites referred to in this Prospectus, have not been reviewed by the SFC. This Prospectus may refer to information and materials included in websites. Such information and materials do not form part of this Prospectus and they have not been reviewed by the SFC or any regulatory body. Investors should note that the information provided in websites may be updated and changed periodically without any notice to any person.

Questions and Complaints

Investors may raise any questions on or make any complaints about the Trust (including the Products) by contacting the Manager’s Customer Service Hotline at its address as set out in the Directory of this Prospectus or calling the Manager on +852 3406 5688 during normal office hours.

DIRECTORY

Manager

CSOP Asset Management Limited

南方東英資產管理有限公司

2801-2803 & 3303-3304, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Trustee and Registrar

HSBC Institutional Trust Services (Asia) Limited

1 Queen's Road Central
Hong Kong

Legal Counsels to the Manager

Simmons & Simmons *

30/F, One Taikoo Place
979 King's Road
Hong Kong

Clifford Chance **

27/F, Jardine House
One Connaught Place
Hong Kong

Listing Agent

Altus Capital Limited

21 Wing Wo Street
Central
Hong Kong

Auditor

PricewaterhouseCoopers

21/F, Edinburgh Tower
15 Queen's Road Central
Hong Kong

Service Agent

HK Conversion Agency Services Limited

1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

Participating Dealers #

Market Makers #

Please refer to the Manager's website and the website of the HKEX for the latest lists of Market Makers and Participating Dealers for each Product.

* For CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product, CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product, CSOP Hang Seng Index Daily (-2x) Inverse Product, CSOP NASDAQ-100 Index Daily (-2x) Inverse Product, CSOP US Large Oil & Gas Companies Daily (2x) Leveraged Product and CSOP US Large Oil & Gas Companies Daily (-2x) Inverse Product only.

** For CSOP Hang Seng TECH Index Daily (-2x) Inverse Product and CSOP Hang Seng TECH Index Daily (2x) Leveraged Product only.

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PART 1 – GENERAL INFORMATION RELATING TO THE TRUST AND PRODUCTS

Part 1 of this Prospectus includes information relevant to the Trust and the Products established under the Trust and listed on the SEHK.

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

DEFINITIONS

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

“After Listing” means the period which commences on the Listing Date and continues until the relevant Product is terminated.

“Appendix” means an appendix to this Prospectus that sets out specific information applicable to a Product.

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

“Application Unit” means, in relation to each Product, such number of Units or whole multiples thereof (if any) as specified in this Prospectus for the relevant Product or such other number of Units from time to time determined by the Manager, approved by the Trustee and notified to the Participating Dealers.

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

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

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

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

“China” or the “PRC” means the People’s Republic of China

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

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

- (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or
- (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or
- (c) any member of the group of which that company forms part; or
- (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

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

“Daily” in relation to the performance, the inverse performance or the leveraged performance of an Index or a Product, means the performance, the inverse performance or the leveraged performance of an Index or a Product (as the case may be) from the close of market of a given Business Day until the close of the market on the subsequent Business Day.

“Dealing Day” means each Business Day during the continuance of the relevant Product, and/or such other day or days as the Manager may from time to time determine with the written approval of the Trustee.

“Dealing Deadline” in relation to any Dealing Day, means such time or times as the Manager may from time to time with the written approval of the Trustee determine generally or in relation to any particular place for submission of Application(s) by a Participating Dealer.

“Default” means a failure by a Participating Dealer in respect of:

- (a) a Creation Application to deliver the requisite Securities, FDIs and/or any relevant cash amount; or
- (b) a Redemption Application to deliver the Units the subject of the Redemption Application and/or any relevant cash amount.

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

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

“Encumbrance” means any mortgage, charge, pledge, lien, third party right or interest, any other encumbrance or security interest of any kind or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect other than any such encumbrance or security interest imposed by the terms of the relevant clearing system/depository or otherwise created by the terms of the Participation Agreement, the Trust Deed or any agreement between the Manager, the Trustee and the relevant Participating Dealer.

“entities within the same group” means entities which are included in the same group for the

purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards.

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

“FDIs” means financial derivative instruments, including, for the avoidance of doubt, Futures Contracts and Swaps.

“Futures Contract” means any futures contract which is traded on any Futures Exchange.

“Futures Exchange” means the Hong Kong Futures Exchange Limited and such other futures exchange from time to time determined by the Manager.

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

“HKD” means Hong Kong dollars, the lawful currency for the time being and from time to time of Hong Kong.

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

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“H-Shares” means shares in Mainland incorporated enterprises which are listed on the SEHK and primarily traded in Hong Kong.

“IFRS” means International Financial Reporting Standards.

“Income Property” means, in respect of each Product, (a) all interest, dividends and other sums deemed by the Manager, (after consulting the auditor either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the relevant Product (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale or transfer of any Income Property received in a form other than cash); (b) all interest and other sums received or receivable by the Trustee in respect of (a), (c) or (d) of this definition; (c) all cash payments received or receivable by the Trustee for the account of the relevant Product in respect of an Application; (d) all Cancellation Compensation received by the Trustee for the account of the relevant Product; and (e) any payments to be received or are receivable by the Trustee under any contractual agreements in the nature of investments for the benefit of the relevant Product but excluding (i) other Deposited Property; (ii) any amount for the time being standing to the credit of the distribution account for the account of the relevant Product or previously distributed to Unitholders; (iii) gains for the account of the relevant Product arising from the realisation of Securities and/or FDIs (as the case may be); and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the relevant Product.

“Index” means, in respect of a Product, the index against which the relevant Product is benchmarked as set out in the relevant Appendix.

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

“Initial Issue Date” means, in respect of a Product, the date of the first issue of Units.

“Initial Offer Period” means, in respect of each Product, the period before the relevant Listing Date

as set out in the relevant Appendix.

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

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

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

“Manager” means CSOP Asset Management Limited 南方東英資產管理有限公司 or such other person or persons for the time being duly appointed pursuant to the Trust Deed as manager of the Trust in succession thereto being approved by the SFC under the Code.

“Market” means in any part of the world:

- (a) in relation to any Security: the SEHK or such other stock exchange from time to time determined by the Manager; and
- (b) in relation to any Futures Contract: the Hong Kong Futures Exchange Limited or such other futures exchange from time to time determined by the Manager,

and any over-the-counter transaction conducted in any part of the world and in relation to any Security or Futures Contract shall be deemed to include any bilateral agreement with a responsible firm, corporation or association in any country in any part of the world dealing in the Security or Futures Contract which the Manager may from time to time elect.

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

“NASDAQ” means The NASDAQ Stock Market LLC.

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

“Operating Guidelines” means, in respect of a Product, the guidelines for the creation and redemption of Units as set out in the schedule to each Participation Agreement as amended from time to time by the Manager with the approval of the Trustee and following consultation, to the extent reasonably practicable, with the relevant Participating Dealers, including without limitation, the procedures for creation and redemption of Units subject always, in respect of the relevant Operating Guidelines for a Participating Dealer, any amendment being notified in writing by the Manager in advance to the Participating Dealer. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the Products applicable at the time of the relevant Application.

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

“Participating Dealer” means a broker or dealer who is (or who has appointed an agent or delegate who is) a Participant and who has entered into a Participation Agreement in form and substance acceptable to the Manager and Trustee, and any reference in this Prospectus to “Participating Dealer” shall include a reference to any agent or delegate so appointed by the Participating Dealer.

“Participation Agreement” means an agreement entered into between, among others, the Trustee, the Manager and a Participating Dealer, setting out, amongst other things, the arrangements in respect of the Applications. References to the Participation Agreement shall, where appropriate, mean the Participation Agreement, read together with the Operating Guidelines.

“P-chips” means securities of companies that are incorporated outside of the PRC mainland that are listed on the SEHK and have more than 50% of their sales revenue (or profits or assets, if more appropriate) derived from Mainland China but are not H-Shares or Red-chips.

“PRC mainland” or the “Mainland China” means all the customs territories of the PRC excluding Hong Kong, Macau and Taiwan of the PRC for purpose of interpretation of this document only.

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

“Recognised Futures Exchange” means an international futures exchange which is approved by the Manager.

“Recognised Stock Exchange” means an international stock exchange which is approved by the Manager.

“Red-chips” means securities of companies that are incorporated outside of the PRC mainland that are listed on the SEHK, have more than 50% of their sales revenue (or profits or assets, if more appropriate) derived from Mainland China and are directly or indirectly controlled by organizations or enterprises that are owned by the state, provinces or municipalities of the PRC mainland.

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

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

“Registrar” means HSBC Institutional Trust Services (Asia) Limited or such person as may from time to time be appointed as registrar of in respect of each Product to keep the register of the Unitholders of the Product.

“reverse repurchase transactions” means transactions whereby a Product purchases Securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an agreed price in the future.

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

“Securities” means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, warrants, participation notes, certificates, structured products, treasury bills, instruments or notes of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, and whether listed or unlisted, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):

- (a) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust (as defined in the Trust Deed);
- (b) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;
- (c) any instrument commonly known or recognised as a security;

- (d) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and
- (e) any bill of exchange and any promissory note.

“securities lending transactions” means transactions whereby a Product lends its securities to a security-borrowing counterparty for an agreed fee.

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

“Service Agent” means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent in relation to the Products.

“Service Agent’s Fee” means the fee incurred by the Service Agent in connection with the services set out in the Service Agreement.

“Service Agreement” means each agreement by which the Service Agent provides its services in respect of a Product in accordance with the CCASS Rules and CCASS Operational Procedures, entered amongst the Trustee and Registrar, the Manager, the Participating Dealer, the Service Agent and the Hong Kong Securities Clearing Company Limited.

“Settlement Day” means the Business Day which is two Business Days after the relevant Dealing Day (or such other Business Day as is permitted in relation to such Dealing Day (including the Dealing Day itself) pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers or as otherwise described in the relevant Appendix.

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

“SFO” means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

“Swap” means a swap agreement to be entered by the Trustee on behalf of a Product which may, subject to the terms of the Trust Deed, take such form as determined or agreed by the Manager, including an International Swaps and Derivatives Association master agreement, schedules, annexes and confirmations as well as related documents.

“Swap Counterparty” means a counterparty of the Product pursuant to a Swap.

“Trading Day” means, in respect of the Units, a day on which trading is conducted on the SEHK as specified in the relevant rules of the SEHK.

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

“Trust” means the umbrella unit trust constituted by the Trust Deed and called “CSOP Leveraged and Inverse Series” or such other name as the Manager may from time to time determine upon prior notice to the Trustee.

“Trust Deed” means the trust deed dated 5 July 2016 between the Manager and the Trustee constituting the Trust, as amended and restated from time to time.

“Trust Fund” means with respect to each Product, all the property for the time being held or deemed to be held by the Trustee upon the trusts hereof, including the Deposited Property and Income Property attributable to that Product and subject to the terms and provisions of the Trust Deed, except for amounts to be distributed, and where such term is used generically, “Trust Fund” means the Trust Fund attributable to all Products taken together.

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

“Unit” means a unit representing an undivided share in a Product.

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

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

“USD” means United States dollars, the lawful currency of the United States of America.

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

INTRODUCTION

The Trust

The Trust is an umbrella unit trust created by the Trust Deed between the Manager and the Trustee made under Hong Kong law. The Trust and each Product is authorised as a collective investment scheme by the SFC under Section 104 of the SFO and each Product falls within Chapters 8.6 and 8.8 of the Code. Certain Product(s) may also be subject to additional Chapters of the Code. SFC authorisation is not a recommendation or endorsement of a Product nor does it guarantee the commercial merits of a Product or its performance. It does not mean that a Product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Products

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 "Product") to which one or more class of Units shall be attributable. The assets of a Product will be invested and administered separately from the other assets of the Trust. All Products will be listed on the SEHK.

The Manager and the Trustee reserve the right to establish other Products and/or issue further classes of Units relating to a Product or Products in the future in accordance with the provisions of the Trust Deed.

THE OFFERING PHASES

Initial Offer Period

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

Unless otherwise stated in the relevant Appendix, the latest date for making a Creation Application for Units is 12:00 p.m. (Hong Kong time) two Business Days prior to the Listing Date or such other time as the Manager (with the approval of the Trustee) may determine on any day when the trading hours of the SEHK are reduced.

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) before the above deadline.

If a Creation Application is received by the Trustee after two Business Days prior to the Listing Date, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

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

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

After Listing

The After Listing phase commences on the Listing Date and continues until the Products are terminated.

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

- (a) buy and sell Units on the SEHK; or
- (b) apply for cash creation and cash redemption of Units through Participating Dealers.

Buying and selling of Units on the SEHK

After Listing, all investors can buy and sell Units in Trading Board Lot Size (as described in the section “Key Information” in the relevant Appendix) or whole multiples thereof like ordinary listed stocks through an intermediary such as a stockbroker or through any of the share dealing services offered by banks or other financial advisers at any time the SEHK is open.

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

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

Creations and redemptions through Participating Dealers

Units will continue to be created and redeemed at the Issue Price and Redemption Value respectively through Participating Dealers in Application Unit size. The Application Unit size and

currency for settlement are as set out in the relevant Appendix.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Creation Applications or Redemption Applications to the Trustee (with a copy to the Manager) before the Dealing Deadline on the relevant Dealing Day. If a Creation Application or Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application or Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application or Redemption Application, provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the relevant Product, exercise its discretion to accept a Creation Application or Redemption Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Participating Dealers are under no obligation to create or redeem generally or for their clients and may charge their clients such fee or fees as such Participating Dealers determine.

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

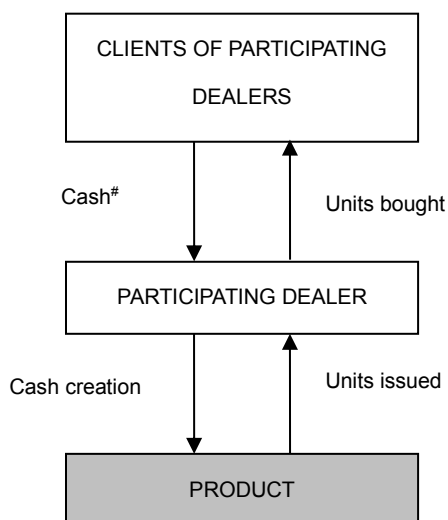
Please refer to the section on “Creations and Redemptions (Primary Market)” for the operational procedures in respect of Creation Applications and Redemption Applications.

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

Diagrammatic Illustration of Investment in a Product

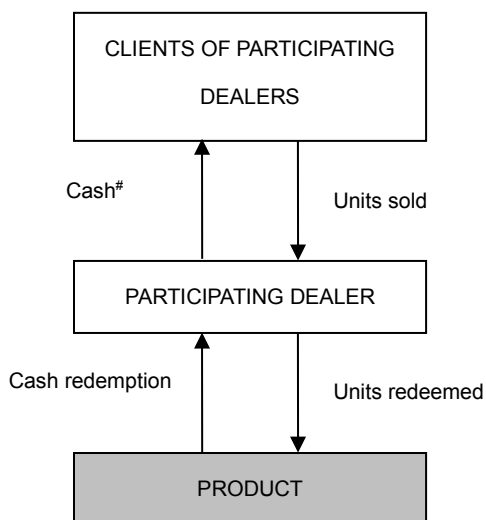
The diagrams below illustrate the creation or redemption and the buying or selling of Units:

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



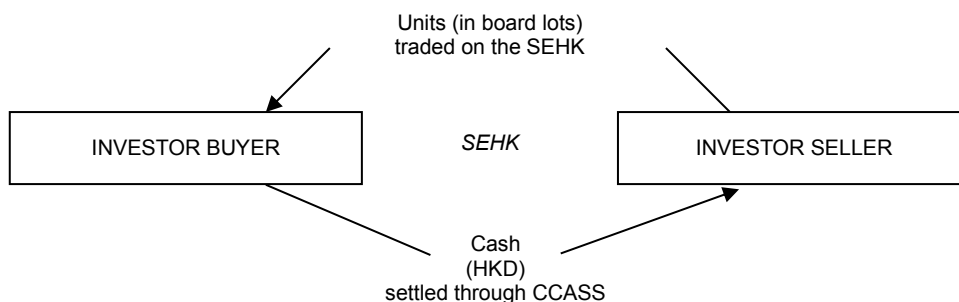
Clients of a Participating Dealer may agree with the Participating Dealer settlement in a different currency to the creation currency.

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



Clients of a Participating Dealer may agree with the Participating Dealer settlement in a different currency to the redemption currency.

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



Summary of Offering Methods and Related Fees

Initial Offer Period

Method of Offering	Minimum Number of Units (or multiple thereof)	Channel	Available to	Consideration, Fees and Charges [#]
Cash creation (in the currency as specified in the relevant Appendix)	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	<p>Cash (in the currency as specified in the relevant Appendix)</p> <p>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)</p> <p>Transaction Fee payable to the Trustee (payable in the currency as specified in the section “Fees and Expenses”)</p> <p>Transaction Fee payable to the Service Agent (payable in HKD)</p> <p>Duties and Charges (payable in USD unless otherwise specified in the relevant Appendix)</p>

After Listing

Method of Acquisition or Disposal of Units	Minimum Number of Units (or multiple thereof)	Channel	Available to	Consideration, Fees and Charges [#]
Purchase and sale in cash through brokers on the SEHK (secondary market)	Board lot size (see relevant Appendix)	On the SEHK	Any investor	<p>Market price of Units on SEHK (in HKD only)</p> <p>Brokerage fees (in such currency as determined by individual brokers)</p> <p>Transaction Levy and Trading Fee (in HKD only unless otherwise specified in the relevant Appendix)</p>
Cash creation and cash redemption	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	<p>Cash (in the currency as specified in the relevant Appendix)</p> <p>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)</p> <p>Transaction Fee payable to the Trustee (payable in the currency as specified in the section "Fees and Expenses")</p> <p>Transaction Fee payable to the Service Agent (payable in HKD)</p> <p>Duties and Charges (payable in USD unless otherwise specified in the relevant Appendix)</p>

[#] Please refer to "Fees and Expenses" for further details

INVESTMENT OBJECTIVE, INVESTMENT STRATEGY, INVESTMENT RESTRICTIONS, SECURITIES LENDING AND BORROWING

Investment Objective

The investment objective of each Product is to provide investment results that, before fees and expenses, closely correspond to the performance of a relevant leveraged or inverse index, or the inverse Daily performance or the leveraged Daily performance of the relevant Index, unless otherwise stated in the relevant Appendix.

Investment Strategy

In managing a Product, the Manager may use (i) a futures-based replication strategy, (ii) a swap-based synthetic replication strategy or (iii) a hybrid approach with the combination of (i) and (ii) as described below. The particular strategy employed for each Product is set out in the relevant Appendix.

Futures-based replication strategy

By using a futures-based replication strategy, a Product directly or indirectly invests in Futures Contracts, so as to replicate the performance, the inverse Daily performance or the leveraged Daily performance of the relevant Index.

The Manager may use a full replication or a representative sampling strategy. In using a representative sampling strategy, the Manager will invest in a representative sample of Futures Contracts which collectively have an investment profile that reflects the profile of the relevant Index and whose performance closely correlates with the performance, the inverse Daily performance or the leveraged Daily performance of the relevant Index.

Swap-based synthetic replication strategy

Pursuant to a Swap-based synthetic replication strategy, a Product will enter into one or more Swaps (which are over-the counter financial derivative instruments entered into with one or more counterparties (each a "Swap Counterparty")) the purpose of which is to exchange all or part of the invested proceeds to gain exposure to the performance, the inverse Daily performance or the leveraged Daily performance of the relevant Index.

Hybrid strategy

The Manager may use a combination of a futures-based replication strategy and a Swap-based synthetic replication strategy. The Manager will (i) primarily use a futures-based replication strategy; and (ii) where the Manager believes such investments will help the relevant Product achieve its investment objective and are beneficial to the relevant Product, use a Swap-based synthetic replication strategy.

Change of Investment Strategy

The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to Unitholders before adopting a strategy other than the investment strategy for a Product as stated in the relevant Appendix (save for certain immaterial changes which do not require the SFC's approval).

Investment Restrictions

If any of the restrictions or limitations set out below is breached in respect of a Product, 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 interests of the Unitholders of that Product.

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 a Product was authorised.

The investment restrictions applicable to each Product (that are included in the Trust Deed) are summarised below:

- (a) the aggregate value of a Product's investments in, or exposure to, any single entity through the following may not exceed 10% of the total Net Asset Value of the Product, 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 financial derivative instrument ("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 Product's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the total Net Asset Value of the Product:
 - (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 Product's cash deposits made with the same entity or entities within the same group may not exceed 20% of the total Net Asset Value of the Product, unless:
 - (1) the cash is held before the launch of the Product 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 the Product, 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 purpose of this sub-paragraph (c), cash deposits generally refer to those that are repayable on demand or have the right to be withdrawn by the Product 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 Product, when aggregated with other ordinary shares of the same entity held for the account of all other Products 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 total Net Asset Value of a Product 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 Product in a market is not in the best interests of investors, a Product 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 Product, 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 Product as a result must be clearly disclosed in the Prospectus; and
 - (3) the Product 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 Product;
- (g) notwithstanding (a), (b) and (d), not more than 30% of the total Net Asset Value of a Product may be invested in Government and other Public Securities of the same issue, except for a Product which has been authorised by the SFC as an index fund, this limit may be exceeded with the approval of the SFC;
- (h) subject to (g), a Product may fully invest in Government and other Public Securities in at least six different issues. Subject to the approval of the SFC, a Product 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, a Product may not invest in physical commodities;
- (j) for the avoidance of doubt, exchange traded funds that are:
- (1) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or
 - (2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (x) listed Securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (y) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in exchange traded funds shall be subject to paragraph (e) above and the relevant investment limits in exchange traded funds by the Product should be consistently applied and clearly disclosed in this Prospectus;

- (k) where a Product invests in shares or units of other collective investment schemes ("underlying schemes"),
- (1) the value of the Product'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 total Net Asset Value of the Product; and
 - (2) the Product 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 Product's investment in units or shares in each such underlying scheme may not exceed 30% of the total Net Asset Value of the Product, unless

the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the Prospectus of the Product,

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, the Product may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total Net Asset Value, and exchange traded funds satisfying the requirements in paragraph (j) above in compliance with paragraph (k)(1) and (k)(2);
 - (ii) where the underlying schemes are managed by the Manager, 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 Product or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the manager of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;
- (l) a Product may invest 90% or more of its total Net Asset Value in a single collective investment scheme and may 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 Prospectus must state that:
 - (i) the Product is a feeder fund into the master fund;
 - (ii) for the purpose of complying with the investment restrictions, the Product (i.e. feeder fund) and its master fund will be deemed a single entity;
 - (iii) the Product (i.e. feeder 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 Product (i.e. Feeder 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 a Product (i.e. feeder fund) may result, if the master fund in which the Product (i.e. feeder 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

paragraph (k); and

- (m) if the name of a Product indicates a particular objective, investment strategy, geographic region or market, the Product should, under normal market circumstances, invest at least 70% of its total Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Product represents.

The Manager shall not on behalf of a Product:

- (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 relevant investment restrictions and limitations set out in Chapter 7.1, 7.1A, 7.2, 7.3 and 7.11 of the Code, where applicable;
- (C) make short sales if as a result the Product would be required to deliver Securities exceeding 10% of the total Net Asset Value of the Product (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 Product 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 a Product, 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 a Product or acquire any asset or engage in any transaction for the account of a Product which involves the assumption of any liability which is unlimited; or
- (G) apply any part of the Product 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 the Product whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs for the purposes of Chapters 7.29 and 7.30 of the Code.

Note: The investment restrictions set out above apply to each Product, subject to the following: A collective investment scheme authorised by the SFC under the Code is usually restricted under Chapter 7.1 of the Code 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 Product authorised under Chapter 8.6 of the Code as an index tracking ETF, given the investment objective of the Products and nature of the Index, the Products are allowed under Chapter 8.6(h) of the Code to, notwithstanding Chapter 7.1 of the Code, hold investments in constituent Securities of any single entity exceeding 10% of the relevant Product's total Net Asset Value if such constituent Securities account for more than 10% of the weighting of the Index and the relevant Product'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 restrictions in 8.6(h)(i) and (ii) (as described above) do not apply if:

- (1) the relevant Product adopts a representative sampling strategy which does not involve full replication of the constituent Securities of the Index in the exact weightings of such Index;
- (2) the strategy is clearly disclosed in the relevant Appendix;
- (3) the excess of the weightings of the constituent Securities held by the relevant Product over the weightings in the Index is caused by the implementation of the representative sampling strategy;
- (4) any excess weightings of the relevant Product's holdings over the weightings in the Index must be subject to a maximum limit reasonably determined by the relevant Product after consultation with the SFC. In determining this limit, the relevant Product must consider the characteristics of the underlying constituent Securities, their weightings and the investment objectives of the Index and any other suitable factors;
- (5) limits laid down by the relevant Product pursuant to the point above must be disclosed in the relevant Appendix;
- (6) disclosure must be made in the relevant Product's interim and annual reports as to whether the limits imposed by such Product itself pursuant to the above point (4) have been complied with in full. If there is non-compliance with the said limits during the relevant reporting period, this must be reported to the SFC on a timely basis and an account for such non-compliance should be stated in the report relating to the period in which the non-compliance occurs or otherwise notified to investors.

Securities Financing Transactions

Where indicated in the relevant Appendix, a Product may enter into securities lending transactions, sale and repurchase transactions and reverse repurchase transactions ("securities financing transactions"), provided that they are in the best interests of the Unitholders, the associated risks have been properly mitigated and addressed, and the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

A Product which engages in securities financing transactions is subject to the following requirements:

- it shall have at least 100% collateralisation in respect of the securities financing transactions into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions;
- 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 to the extent permitted by applicable legal and regulatory requirements, shall be returned to the Product;
- it shall ensure that it is able to at any time to recall the securities or the full amount of cash / collateral (as the case may be) subject to the securities financing transactions or terminate the securities financing transactions into which it has entered.

Further, details of the arrangements are as follows:

- (a) each counterparty for such transactions will be independent counterparties approved by the Manager with credit rating of BBB- or above (by Moody's or S&P, or any other equivalent ratings by recognised credit rating agencies) or which are SFC-licensed corporations or are registered institutions with the Hong Kong Monetary Authority;

- (b) the Trustee, upon the instruction of the Manager, will take collateral, which can be cash or non-cash assets fulfilling the requirements under “Collateral” below;
- (c) for repurchase transactions, it is the intention of the Manager to sell the securities for cash equal to the market value of the securities provided to the counterparty, subject to appropriate haircut. Cash obtained in repurchase transactions will be used for meeting redemption requests or defraying operating expenses, but will not be re-invested;
- (d) the maximum and expected level of a Product’s assets available for these transactions will be as set out in the relevant Appendix; and
- (e) where any securities lending transaction has been arranged through the Trustee or a Connected Person of the Trustee or the Manager, such transaction shall be conducted at arm’s length and executed on the best available terms, and the relevant entity shall be entitled to retain for its own use and benefit any fee or commission it receives on a commercial basis in connection with such arrangement.

There is no current intention for any Product to engage in securities financing transactions, but this may change in light of market circumstances and where a Product does engage in these types of transactions, prior approval shall be obtained from the SFC and no less than one month’s prior notice will be given to the Unitholders.

Financial Derivative Instruments

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

Where indicated in the relevant Appendix, a Product may acquire FDIs for hedging purpose. The FDIs shall meet all of the following criteria to be considered as being acquired for hedging purposes:

- (a) they are not aimed at generating any investment return;
- (b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;
- (c) they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and
- (d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

Unless otherwise stated in the relevant Appendix, each Product may acquire FDIs for non-hedging purposes (“investment purposes”), subject to the limit that the Product’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 for a Product pursuant to Chapter 8.8 or Chapter 8.9 of the Code). For the avoidance of doubt:

- (a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by a Product 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 position;
- (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; and
- (c) FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

Subject to Chapters 7.26 and 7.28 of the Code, a Product may invest in FDIs provided that the exposure to the underlying assets of the FDI, together with the other investments of the Product, 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.

The FDIs invested by a Product 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 the Product may invest according to its investment objectives and policies. Where a Product 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 of the Code provided that the relevant Index is in compliance with 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 on a case-by-case basis;
- (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 total Net Asset Value of the Product. The exposure of a Product to a counterparty of over-the-counter FDIs may be lowered by the collateral received (if applicable) by such Product and shall be calculated with reference to the value of collateral and positive mark 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 measures such as the establishment of a valuation committee or engagement of third party services. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Product. 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 Product shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs (whether for hedging or for investment purposes). 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.

For the purposes herein, assets that are used to cover a Product's payment and delivery obligations incurred under transactions in FDIs should be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

A transaction in FDIs which gives rise to a future commitment or contingent commitment of a Product should also be covered as follows:

- in the case of FDI transactions which will, or may at the Product's discretion, be cash settled, the Product 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, the Product 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, the Product 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. In the case of holding alternative assets as cover, such Product should 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 embeds a financial derivative as well. For the purposes herein, an “embedded financial derivative” is a financial derivative instrument that is embedded in another security.

Collateral

Collateral received from counterparties shall comply with the following requirements:

- Liquidity – collateral must be 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;
- Valuation – collateral should be marked-to-market daily by using independent pricing source;
- Issuer credit quality – asset used as collateral must be of high credit quality and should be replaced immediately as soon as 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;
- Haircut - collateral should be subject to prudent haircut policy which should be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. For the avoidance of doubt the price volatility of the asset used as collateral should be taken into account when devising the haircut policy;
- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and a Product’s exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapters 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the Code;
- Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs in such a way that it would undermine the effectiveness of the collateral. As such, securities issued by the counterparty or the issuer of the FDIs or any of their related entities should not be used as collateral;
- Management of operational and legal risks – the Manager must have appropriate systems, operational capabilities and legal expertise for proper collateral management;
- Independent custody – collateral must be held by the Trustee;
- Enforceability – collateral must be readily accessible/enforceable by the Trustee without further recourse to the issuer of the FDIs, or the counterparty of the securities financing transactions;
- Cash collateral - cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised 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. Non-cash collateral received may not be sold, re-invested or pledged;

For the purpose herein, “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. Any re-investment of cash collateral shall be subject to the following further restrictions and limitations:

- i. the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in Chapter 8.2(f) and Chapter 8.2(n) of the Code;
 - ii. cash collateral received is not allowed to be further engaged in any securities financing transactions; and
 - 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.
- Encumbrances - collateral should be free of prior encumbrances; and
 - Collateral generally should not include (i) structured products whose payouts rely on embedded FDIs or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

Subject to the requirements above, below is a summary of the collateral policy and criteria adopted by the Manager:

- eligible collateral include cash, cash equivalents, government bonds, supranational bonds, corporate bonds, debt securities, stocks, funds and money market instruments;
- the issuer of collateral must be of high quality including governments, supranationals, government agencies, substantial financial institution, policy banks or government guaranteed entities with an investment grade credit rating. The rating by a recognised credit rating agency shall be taken into account in the credit assessment process. Securities rated with a non-investment grade credit rating is not eligible for collateral purpose. There is no criteria for country of origin of the counterparty;
- no maturity constraints will apply to the collateral received;
- regular stress tests are carried out under normal and exceptional liquidity conditions to enable an adequate assessment of the liquidity risks attached to the collateral;
- the haircut policy takes account of market volatility, the foreign exchange volatility between collateral asset and underlying agreement, liquidity and credit risk of the collateral assets, and the counterparty’s credit risk (for each eligible security type). Haircuts shall be set to cover the maximum expected decline in the market price of the collateral asset (over a conservative liquidation horizon) before a transaction can be closed out. Cash collateral will not be subject to haircut;
- the collateral would be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer;
- the collateral received would be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- collateral must be readily enforceable by the Trustee and may be subject to netting or set-off;
- cash collateral will generally not be used for reinvestment purposes unless otherwise determined by the Manager and notified to investors.

Structured Funds

The Products seek to invest their respective investment objective primarily through investment in FDIs. The Products are passively managed and track the performance or leveraged or inverse performance of an index and their net derivative exposure exceeds 50% of their respective Net Asset Value. As such the Products are known as structured funds under the Code. The core requirements in Chapter 7 of the Code (as set out in the Trust Deed and summarised above under “Investment Restrictions”) will apply with the modifications, exemptions or additional requirements as set out under 8.8 of the Code (as set out in the Trust Deed and summarised below):

- (a) the Manager and the issuer of FDIs shall be independent of each other;
- (b) the valuation of the FDIs shall meet the requirements set out in paragraph (D) under “Financial Derivative Instruments” in this section;
- (c) notwithstanding paragraph (C) under “Financial Derivative Instruments” in this section, a Product should maintain full collateralisation and there should be no net exposure to any single counterparty of the over-the-counter FDIs;
- (d) the collateral shall meet the requirements set out in “Collateral” under this section and the disclosure requirements set out in “Collateral” above; and
- (e) the Manager shall put in place a detailed contingency plan regarding credit events such as significant downgrading of credit rating and the collapse of the issuer of FDIs.

Borrowing Policy

Borrowing against the assets of a Product is allowed up to a maximum of 10% of its total Net Asset Value. Where the Manager so determines, a Product’s permitted borrowing level may be a lower percentage or more restricted as set out in the relevant Appendix. Securities lending transactions and sale and repurchase transactions in compliance with the requirements as set under the section entitled “Securities Financing Transactions” above are also not borrowings for the purpose of, and are not subject to the borrowing restrictions under this section.

Subject to the relevant Appendix, the Trustee may on instruction of the Manager borrow for the account of a Product any currency, and charge or pledge assets of the Product, for the following purposes:

- (a) facilitating the creation or redemption of Units or defraying operating expenses;
- (b) enabling the Manager to acquire Securities for the account of the Product; or
- (c) for any other proper purpose as may be agreed by the Manager and the Trustee, except to enhance the performance of any Product.

Business Contingency Plan

The Manager has put in place business contingency plans which will be activated whenever there is a credit event (as described below) of the Swap Counterparty of the relevant Swap, or whenever the Manager shall assess that the risk of the occurrence of a credit event is materially high. Should a bankruptcy event that affects the Swap Counterparty of the relevant Swap occur, a Product employing synthetic replication may lose an amount equal to the marked-to-market value of the relevant Swap.

If the Business Contingency Plan is triggered, the Manager will issue an announcement as soon as practicable, which may, in some cases, be after this Business Contingency Plan has been triggered.

In addition to such Business Contingency Plan arrangements and announcements, the Manager will also notify the SFC immediately where it becomes aware of any of the events which may trigger this Business Contingency Plan.

The following is an overview of such contingency plans. Investors should note that the Manager's contingency plans are subject to changes by the Manager from time to time as the circumstances may justify. In any case, the Manager will ensure that the interests of the Unitholders will not be adversely affected. The Manager will issue an announcement in respect of any material change(s) to the business contingency plans as soon as practicable, which may, in some cases, be after the relevant change(s) has/have been implemented.

The Manager will trigger the business contingency plan under the following events:

- (a) event of default affecting the Swap Counterparty(ies) of the relevant Swap(s);
- (b) downgrading of the long term debt credit rating(s) of the relevant Swap Counterparty(ies) to a rating below BBB by Standard & Poor's (or an equivalent rating given by Moody's or by Fitch);
- (c) the spread of 5 years credit default swap in respect of the relevant Swap Counterparty is traded or quoted on the relevant Market at 5 per cent. or above;
- (d) any other event (including, without limitation, licence suspension, significant litigation linked to the activities of the Swap Counterparty in the derivatives business, reputation, etc.) which would materially affect the Swap Counterparty's fitness and properness to act as the counterparty of the relevant Product under the relevant Swap, or any material risk of occurrence of such event; or
- (e) if, in the actual knowledge of the Manager, the relevant Swap Counterparty ceases to be a substantial financial institution (as defined under the Code).

Upon the occurrence of any of the above situations, to the extent permitted under applicable law and regulation the Manager would then opt for one or more of the following remedial actions, depending on the nature of the above situation, and other factors including the size of the exposure to the relevant Swap Counterparty(ies) and surrounding circumstances such as timing and market factors:

- (a) The Manager may unwind the affected Swap(s) immediately or in a measured manner, having regard to the best interest of the relevant Unitholders. The Manager will readjust the relevant Product's exposure with other Swap Counterparty(ies).
- (b) The Manager may decide to replace the Swap Counterparty(ies) and select, as soon as possible and on a best effort basis, a new counterparty(ies) in accordance with the investment strategy of the relevant Product, and will enter into a new Swap(s) with similar terms as the relevant Swap(s) with such newly selected counterparty. The new counterparty(ies) would be selected using criteria including, but not limited to, execution prices, total direct and indirect transaction costs, probability and promptness of execution and delivery (if applicable). In such cases, the relevant Product will enter into the new Swap(s) as soon as possible with the new counterparty(ies). The Manager would then inform the SFC of the selection of the new counterparty(ies) and the entering into of the new Swap(s) with the new counterparty(ies). Alternatively, the Manager may also propose a restructuring of the relevant Product by using other instruments similar to the relevant Swap(s), in the case where no suitable new counterparty(ies) is/are available. Such restructuring would then be subject to review and approval by the relevant authorities, including the SFC. This Prospectus would then be amended accordingly for the purpose providing the updated information to the relevant Unitholders.
- (c) The Manager may also consider asking the Swap Counterparty(ies) to settle any unrealised gain or loss (if any) on a Swap(s) in cash payment, where the market value of the Swap(s) will be nil immediately after such payment. If an amount is payable by the Swap Counterparty(ies) to a Product and the Swap Counterparty(ies) is insolvent or otherwise unable to pay the amount in full, the relevant Product will account for any loss. To mitigate such a loss, the Manager intends to adopt a multiple counterparty arrangement where a Product (via the Trustee) will enter into swap agreements with more than one Swap Counterparty.

- (d) The Manager may suspend creation and redemption of the relevant Product.
- (e) Eventually, if there is no new counterparty acceptable to the Manager and/or as a result of one or more Swap Counterparty(ies) becoming subject to resolution pursuant to an applicable recovery and resolution regime preventing or limiting the exercise of the other remedial actions provided above and if, as a result, the Manager is of the view that the relevant Product is not able to achieve its investment objective, which is to track the movements in the relevant Index, the Manager may decide to terminate the relevant Product.

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Investment in a Product

There are two methods of making an investment in a Product and of disposing of Units to realise an investment in a Product.

The first method is to create or to redeem Units at Net Asset Value directly with the Product in the primary market through a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the relevant Product. Because of the size of the capital investment (i.e. Application Unit size) required either to create or redeem Units through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals. Participating Dealers are under no obligations to create or redeem Units for their clients and may impose terms, including charges, for handling creation or redemption orders as they determine appropriate, as described in more detail in this section.

The second method is to buy or to sell Units in the secondary market on the SEHK which is more suitable for retail investors. The secondary market price of Units may trade at a premium or discount to the Net Asset Value of the relevant Product.

This section of this Prospectus describes the first method of investment and should be read in conjunction with the Operating Guidelines and the Trust Deed. The section on “Exchange Listing and Trading (Secondary Market)” relates to the second method of investment.

Creation of Units through Participating Dealers

Any application for the creation of Units of a Product must only be made through a Participating Dealer in respect of an Application Unit size or whole multiple thereof as set out in the “Key Information” section in the relevant Appendix. Investors cannot acquire Units directly from a Product. Only Participating Dealers may submit Creation Applications to the Trustee (with a copy to the Manager).

Units in each Product are continuously offered through a Participating Dealer, who may apply for them on any Dealing Day for its own account or for the account of their client(s), in accordance with the Operating Guidelines, by submitting a Creation Application to the Trustee (with a copy to the Manager).

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

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

- (a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;
- (b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities and/or FDIs in the relevant Index;

- (c) where acceptance of the creation request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements; or
- (d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the creation request.

Requirements relating to Creation Requests by potential investors

As of the date of this Prospectus, only cash creation is available to the Participating Dealers in respect of the Products.

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

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

The Application Unit size for a Product is the number of Units specified in the relevant Appendix. Creation Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum subscription for each Product is one Application Unit.

Creation process

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

If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application, provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the relevant Product, exercise its discretion to accept a Creation Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced. To be effective, a Creation Application must:

- (a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;
- (b) specify the number of Units and the class of Units (where applicable) which is the subject of the Creation Application; and

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

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

- (a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;
- (b) where in the opinion of the Manager, acceptance of the Creation Application would have an adverse effect on the relevant Product;
- (c) where in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the relevant market on which a Security and/or FDIs, as the case may be (that is a component of the Index for the relevant Product) has its primary listing;
- (d) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities and/or FDIs as the case may be in the relevant Index;
- (e) where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;
- (f) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application;
- (g) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of a Creation Application in the relevant Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
- (h) an Insolvency Event occurs in respect of the relevant Participating Dealer.

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

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

Where the Manager accepts a Creation Application from a Participating Dealer, it shall instruct the Trustee to effect (i) for the account of the Product, the creation of Units in Application Unit size in exchange for a transfer of cash; and (ii) the issue of Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

Issue of Units

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

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

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

The creation and issue of Units pursuant to a Creation Application shall be effected on the relevant Settlement Day for the Dealing Day on which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but (i) for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received, and (ii) the register will be updated on the relevant Settlement Day or the Dealing Day immediately following the Settlement Day if the settlement period is extended. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application, provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the relevant Product, exercise its discretion to accept a Creation Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. An Extension Fee may be payable in relation to such an extension. See the section on “Fees and Expenses” for further details.

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

Fees relating to Creation Applications

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

In relation to cash creation of Units, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing a Product for the difference between:

- (a) the prices used when valuing the Securities and/or FDIs, as applicable, of the Product for the purpose of such issue of Units; and
- (b) the prices which would be used when acquiring the same Securities and/or FDIs, as applicable, if they were acquired by the Product with the amount of cash received by the Product upon such issue of Units.

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

Any commission, remuneration or other sum payable by the Manager to any agent or other person

in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the assets of any Product.

Cancellation of Creation Applications

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

The Trustee, after consultation with the Manager may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application if it has not received the full amount of cash (including Transaction Fee, Duties and Charges) relating to the Creation Application by the relevant time on the Dealing Day.

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

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

- (a) the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section on "Fees and Expenses" for further details);
- (b) the Manager may at its absolute discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the Product, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if the Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Product as a result of such cancellation;
- (c) the Transaction Fee in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and
- (d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

Redemption of Units through Participating Dealers

Any application for the redemption of Units of a Product must only be made through a Participating Dealer in respect of an Application Unit size or whole multiples thereof. Investors cannot redeem Units directly from the relevant Product. Only Participating Dealers may submit Redemption Applications to the Trustee (with a copy to the Manager).

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

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit redemption requests received from its clients, subject always to (i) mutual agreement between the relevant initial Participating Dealer and its clients as to its fees for handling such request(s); (ii) completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to redeem Units for the relevant initial Participating Dealer on

behalf of its clients (please refer to the sub-section on “Redemption process” below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Redemption Application); and (iv) mutual agreement between the relevant initial Participating Dealer and its clients as to the method of effecting such redemption request.

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

- (a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;
- (b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities and/or FDIs in the Index;
- (c) where acceptance of the redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements; or
- (d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the redemption request.

Requirements relating to redemption requests by Unitholders

As at the date of this Prospectus, only cash redemption is available to the Participating Dealers in respect of the Products.

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

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

The Application Unit size for a Product is the number of Units specified in the relevant Appendix. Redemption Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum redemption for each Product is one Application Unit.

Redemption process

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

If a Redemption Application is received on a day which is not a Dealing Day or is received after

the relevant Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application, provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the relevant Product, exercise its discretion to accept a Redemption Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be effective, a Redemption Application must:

- (a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;
- (b) specify the number of Units and the class of Units (where applicable) which is the subject of the Redemption Application; and
- (c) include the certifications required in the Participation Agreement and Operating Guidelines (if any) in respect of redemptions of Units, together with such certifications and opinions of counsel (if any) as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

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

- (a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;
- (b) where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on the relevant Product;
- (c) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities and/or FDIs in the relevant Index;
- (d) where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;
- (e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or
- (f) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of a Redemption Application in the relevant Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

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

The Manager's right to reject a Redemption Application is separate and in addition to a Participating Dealer's right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances. Notwithstanding a Participating Dealer has accepted redemption

requests from clients and in that connection submitted an effective Redemption Application, the Manager may exercise its rights to reject such Redemption Application in the circumstances described herein.

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

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

Redemption of Units

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

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

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

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

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

Fees relating to Redemption Applications

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

In relation to cash redemption of Units, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing a Product for the difference between:

- (a) the prices used when valuing the Securities and/or FDIs, as applicable of the Product for the purpose of such redemption of Units; and
- (b) the prices which would be used when selling the same Securities and/or FDIs, as applicable if they were sold by the Product in order to realise the amount of cash required to be paid out of the Product upon such redemption of Units.

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

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

Cancellation of Redemption Applications

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

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

In the event that any Units, which are the subject of a Redemption Application, are not delivered to the Trustee for redemption in accordance with the foregoing or are not free and clear of any Encumbrance (other than in certain circumstances contemplated in the Trust Deed such as when the Manager declares a suspension of redemptions of Units):

- (a) the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section on "Fees and Expenses" for further details);
- (b) the Manager may at its discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the relevant Product, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if the Participating Dealer had, on the actual date when the Manager is able to repurchase any replacement Securities and/or FDIs made a Creation Application in accordance with the provisions of the Trust Deed plus such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the Product as a result of such cancellation;
- (c) the Transaction Fee in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and
- (d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

Deferred Redemption

In the event that redemption requests are received for the redemption of Units representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of the Product and as permitted by the SFC) of the total number of Units in a Product then in issue, the Manager may direct the Trustee to reduce such requests rateably and pro rata amongst all Unitholders seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10% (or such higher percentage as the Manager may

determine in respect of a Product) of the Units in the relevant Product 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 Product themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Product) of the Units in the relevant Product then in issue) in priority to any other Units in the relevant Product for which redemption requests have been received. Units will be redeemed at the Redemption Value prevailing on the Dealing Day on which they are redeemed.

Suspension of Creations and Redemptions

The Manager may, at its discretion, after consultation with the Trustee (and where practicable, after consultation with Participating Dealers), having regard to the best interests of the Unitholders, suspend the creation or issue of Units of any Product, suspend the redemption of Units of any Product and/or (subject to all applicable legal or regulatory requirements where payment of redemption proceeds exceeds one calendar month) delay the payment of any monies and transfer of any Securities and/or FDIs in respect of any Creation Application and/or Redemption Application in the following circumstances:

- (a) during any period when trading on the SEHK or any other Recognised Stock Exchange or Recognised Futures Exchange is restricted or suspended;
- (b) during any period when a market on which a Security and/or FDIs, as the case may be (that is a component of the Index) has its primary listing, or the official clearing and settlement depository (if any) of such market, is closed;
- (c) during any period when dealing on a market on which a Security and/or FDIs, as the case may be (that is a component of the Index) has its primary listing is restricted or suspended;
- (d) during any period when, in the opinion of the Manager, settlement or clearing of Securities and/or FDIs, as the case may be in the official clearing and settlement depository (if any) of such market is disrupted;
- (e) during the existence of any state of affairs as a result of which delivery or purchase of Securities and/or FDIs, as appropriate or disposal of investments for the time being comprised in the relevant Product cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant Product;
- (f) during any period when the Index for the relevant Product is not compiled or published;
- (g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Product or when for any other reason the value of any Securities and/or FDIs or other property for the time being comprised in the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (h) during any period when the determination of the Net Asset Value of the relevant Product is suspended or if any circumstance specified in the section on "Suspension of Determination of Net Asset Value" below arises;
- (i) during any period when the Swap (if any) cannot be adjusted or reset for any reason; or
- (j) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee, in respect of any Creation Application and/or Redemption Application in the relevant Product is substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or
- (k) if as result of the investment of the proceeds of issue of such Units in accordance with the investment objective of a Product, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer.

The Manager will, after consultation with the Trustee, having regard to the best interests of the Unitholders, suspend the right to subscribe for Units of the relevant Product if, or if as a result of the investment of the proceeds of issue of such Units in accordance with its investment objective, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer. Where the Products under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single issuer, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website at <http://www.csopasset.com> (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC) or in such other publications as it decides.

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

A Participating Dealer may, at any time after a suspension has been declared and before termination of such suspension, withdraw any Creation Application or Redemption Application by notice in writing to the Manager and the Manager shall promptly notify and request the Trustee to return to the Participating Dealer any cash received by it in respect of the Creation Application (without interest) as soon as practicable.

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

Evidence of Unitholding

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

Restrictions on Unitholders

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

- (a) a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Trust or a Product suffering any adverse effect which the Trust or the Product might not otherwise have suffered;
- (b) in the circumstances which, in the Manager's opinion, might result in the Trust or any Product, the Trustee or the Manager incurring any liability to taxation or suffering any other potential or actual pecuniary disadvantage or might result in the Trust or any Product, the Trustee or the Manager being subject to any additional regulatory compliance which the Trust or the relevant Product, the Trustee or the Manager might not otherwise have incurred, suffered or been subject to; or
- (c) in breach of, or deemed by the Manager to be in breach of, any applicable anti-money

laundering or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including without limitation the issue of any warranty or supporting document required to be given to the Trustee and the Manager

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

Transfer of Units

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

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

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

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

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the SEHK with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager will make available to a Market Maker, the portfolio composition information which is made available to a Participating Dealer.

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

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

Units of the Products are accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Units.

Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any Trading Day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

Participating Dealers should note that they will not be able to sell or otherwise deal in the Units on the SEHK until dealings begin on the SEHK.

DETERMINATION OF NET ASSET VALUE

Calculation of Net Asset Value

The Net Asset Value of each Product will be determined by the Trustee as at each Valuation Point applicable to the relevant Product, which may be different from the close of any Market, by calculating the value of the assets of the relevant Product and deducting the liabilities of the relevant Product, in accordance with the terms of the Trust Deed.

Set out below is a summary of how various properties held by the relevant Product are valued:

- (a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (in consultation with the Trustee) determines that some other method is more appropriate, be valued by reference to the price appearing to the Manager to be the official closing price, or if unavailable, the last traded price on the Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager or, if the Trustee so requires, by the Manager after consultation with the Trustee; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing prices or last traded prices as the case may be;
- (b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available net asset value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the last available bid or offer price for such unit, share or other interest;
- (c) Futures Contracts will be valued at the last traded price of the Futures Contracts or if such price is not available (i) the latest available price or (ii) if bid and offer quotations are made, the latest available middle market quotation of such Futures Contract in each case at the Valuation Point or as otherwise valued as described in the Trust Deed; The value of the Swap invested by a Product, which is not listed or quoted on a recognised market, will be determined on each Dealing Day either by reference to electronic pricing systems (e.g. Bloomberg), or by the Swap Counterparty, which, in doing so, will be acting as the calculating agent. The value of the Swap will be calculated based on the mark-to-market value of such Swap (excluding any fees, commissions and other expenses in connection with the entry or negotiation of the Swap, and initial margin or deposits). Where the value is determined by the Swap Counterparty, the Manager will carry out an independent verification of this valuation on a daily basis;
- (d) except as provided for in paragraph (a) (iii) or (b), the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended out of the Product 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 and shall at such times or at such intervals as the Trust shall, in consultation with the Trustee, request cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);
- (e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager and in consultation with the Trustee, any adjustment should be made to reflect the value thereof; and
- (f) notwithstanding the foregoing, the Trustee or the Manager in consultation with the Trustee may adjust the value of any investment or permit some other method of valuation to be used

if, having regard to relevant circumstances, it determines that such adjustment is more appropriate to fairly reflect the value of the investment.

The Trustee will perform any currency conversion at the rates which the Trustee and the Manager deem appropriate from time to time.

The value of the swap invested by a Product, which is not listed or quoted on a recognised market, will be determined on each Dealing Day by the Swap Counterparty, which, in doing so, will be acting as the calculating agent of the relevant swap based on the mark-to-market value of such swap (excluding any fees, commissions and other expenses in connection with the entry or negotiation of the swap, and initial margin or deposits). The Manager will carry out an independent verification of this valuation on a daily basis. In addition, the Trustee will carry out an independent verification of the value of the swap in accordance with its internal policy and the terms of the swaps.

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

Suspension of Determination of Net Asset Value

The Manager may, after 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 Product for the whole or any part of any period during which:

- (a) there exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the relevant Product;
- (b) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise a substantial part of the Securities and/or FDIs held or contracted for the account of that Product or it is not possible to do so without seriously prejudicing the interest of Unitholders of that Product;
- (c) for any other reason the prices of investments of the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (d) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Product or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities and/or FDIs or other property for the time being comprised in the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (e) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, a substantial part of the Securities and/or FDIs or other property of that Product or the subscription or redemption of Units of the relevant Product is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange;
- (f) the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of the determination of the Net Asset Value of the Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God;
- (g) the existence of any state of affairs prohibiting the normal disposal of any notional investment to which a Swap is linked; or
- (h) the existence of any state of affairs prohibiting the normal disposal of any notional investment to which a Swap entered into on behalf of the Product is linked.

Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the Net Asset Value of the relevant Product and the Manager shall be under no obligation to rebalance the relevant Product until the suspension is terminated on the earlier of (i) the Manager declaring the suspension is at an end; and (ii) the first Dealing Day on which (1) the condition giving

rise to the suspension shall have ceased to exist; and (2) no other condition under which suspension is authorised exists.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website at www.csopasset.com (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC) or in such other publications as it decides.

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

Issue Price and Redemption Value

The Issue Price which is the subject of a Creation Application during the Initial Offer Period of a Product will be a fixed amount per Unit, or a percentage of the closing level of the relevant Index (expressed in the base currency of the relevant Product) as at the last day of the Initial Offer Period, rounded to four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down), or such other amount from time to time determined by the Manager and the Trustee. The Issue Price during the Initial Offer Period of each Product will be set out in the relevant Appendix.

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

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

The benefit of any rounding adjustments will be retained by the relevant Product.

The latest Net Asset Value of the Units will be available before market opens on the day after the relevant Trading Day on the Manager's website at www.csopasset.com (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC) or published in such other publications as the Manager may decide from time to time.

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

FEES AND EXPENSES

There are different levels of fees and expenses applicable to investing in a Product as set out in the following table, current as at the date of this Prospectus. Where any levels of fees and expenses applicable to a particular Product differs from the following, such fees and expenses will be set out in full in the relevant Appendix.

(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	
	CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product, CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product and CSOP Hang Seng Index Daily (-2x) Inverse Product, CSOP Hang Seng TECH Index Daily (-2x) Inverse Product and CSOP Hang Seng TECH Index Daily (2x) Leveraged Product	CSOP NASDAQ-100 Index Daily (-2x) Inverse Product, CSOP US Large Oil & Gas Companies Daily (2x) Leveraged Product and CSOP US Large Oil & Gas Companies Daily (-2x) Inverse Product
Transaction Fee	Up to HKD2,500 ¹ per Application	Up to USD320 ² per Application
	HKD1,000 ¹ per book-entry deposit and book-entry withdrawal	HKD1,000 ² per book-entry deposit and book-entry withdrawal
Registrar Fee	HKD120 ¹ per transaction	USD15 ² per transaction
Application Cancellation Fee	Up to HKD10,000 ³ per Application	Up to USD1,200 ³ per Application
Extension Fee (applicable to redemption of Units only)	Up to HKD10,000 ⁴ per Application	Up to USD1,200 ⁴ per Application
Stamp duty	Nil	Nil
Transaction levy and trading fee	Nil	Nil

(B) Fees and expenses payable by investors

Amount (for all Products)

¹ Up to HKD2,500 is payable to the Trustee and HKD1,000 is payable to the Service Agent per book-entry deposit and book-entry withdrawal. The Registrar will charge a fee of HKD120 for each Creation Application and Redemption Application. A Participating Dealer may pass on to the relevant investor such Transaction Fee and Registrar Fee

² Up to USD320 is payable to the Trustee and HKD1,000 is payable to the Service Agent per book-entry deposit and book-entry withdrawal. The Registrar will charge a fee of USD15 for each Creation Application and Redemption Application. A Participating Dealer may pass on to the relevant investor such Transaction Fee and Registrar Fee

³ An Application Cancellation fee is payable to the Trustee and/or Registrar by the Participating Dealer in respect of either a withdrawn or failed Creation Application or Redemption Application. Cancellation compensation may also be payable pursuant to the terms of the Operating Guidelines.

⁴ An extension fee is payable by the Participating Dealer to the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement in respect of a Redemption Application.

(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)

Fees and charges imposed by the Participating Dealer ⁵	Such amounts as determined by the relevant Participating Dealer
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(ii) Fees payable by all investors in respect of dealings in the Units on SEHK (applicable After Listing)

Brokerage	Market rates
Transaction levy	0.0027% of the trading price ⁶
Accounting and Financial Reporting Council (“AFRC”) transaction levy	0.00015% ⁷
Trading fee	0.00565% of the trading price ⁸
Stamp duty	Nil
Fees and expenses payable by the Product	(See further disclosure below)

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

Fees and Expenses Payable by a Product

Management Fee

Each Product employs a single management fee structure, with each Product paying all of its fees, costs and expenses (and its due proportion of any costs and expenses of the Trust allocated to it) as a single flat fee (the “Management Fee”).

Fees and expenses taken into account in determining a Product’s Management Fee include, but are not limited to, the Manager’s fee, the Trustee’s fee, the Custodian’s fee and the Registrar’s fee.

The Management Fee does not include brokerage and transaction costs such as the fees and charges relating to the investment and realising the investments of a Product and extraordinary items such as litigation expenses. The Management Fee is accrued daily, paid monthly in arrears.

The current Management Fee percentage in respect of each Product is set out in the relevant

⁵ The Participating Dealer may increase or waive the level of its fees in its discretion. Information regarding these fees and charges is available upon request to the relevant Participating Dealer.

⁶ Transaction levy of 0.0027% of the trading price of the Units payable by each of the buyer and the seller.

⁷ AFRC transaction levy of 0.00015% of the trading price of the Units, payable by each of the buyer and the seller.

⁸ Trading fee of 0.00565% of the trading price of the Units, payable by the buyer and the seller.

Appendix.

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

Ongoing charges

The (i) estimated ongoing charges (where a Product is newly established) or actual ongoing charges of a Product, where applicable, which are the sum of ongoing expenses of the relevant Product expressed as a percentage of the estimated average Net Asset Value of the relevant Product, and (ii) the estimated annual average daily ongoing charges (where a Product is newly established) or actual average daily ongoing charges, where applicable, which are equal to the estimated or actual (as the case may be) ongoing charges divided by the number of Dealing Days of the relevant Product during the year, are set out in the relevant Appendix. Where a Product is newly established the Manager will make a best estimate of the ongoing charges and the annual average daily ongoing charges and keep such estimates under review. The establishment costs of a Product will also be included in the ongoing charges calculation. Ongoing expenses are generally payments deducted from the assets of a Product where these are permitted by the Trust Deed, the Code and the law. These include all types of cost borne by a Product, whether incurred in its operation or the remuneration of any party. The estimated or actual ongoing charges do not represent the estimated or actual tracking error, and the estimated or actual annual average daily ongoing charges do not represent the estimated or actual annual average daily tracking error.

Brokerage Rates

A Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its institutional rates. Please refer to the relevant Appendix for further information on brokerage rates.

Promotional Expenses

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

Other Expenses

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

Swap Fees and Indirect Costs

Please refer to the relevant Appendix for further information on swap fees and indirect costs (if applicable).

Establishment Costs

The cost of establishing the Trust and the first two Products including the preparation of the initial issue of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs and including, if considered appropriate by the Manager, any additional costs of determining the stock code did not exceed HKD2.5 million and will be borne by the first two Products equally (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and is being amortised over the first five financial years of the first two Products.

The cost of establishing the CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product and CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product including the preparation of this revised Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs and including, if considered appropriate by the Manager, any additional costs of determining the stock code will not exceed HKD7.5 million and will be borne by these four Products equally (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and amortised over the first five financial years of these four Products.

The cost of establishing the CSOP Hang Seng Index Daily (-2x) Inverse Product including the preparation of Appendix 5 of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs and including, if considered appropriate by the Manager, any additional costs of determining the stock code will not exceed HKD1.8 million and will be borne by the CSOP Hang Seng Index Daily (-2x) Inverse Product and amortised over the first five financial years of this Product.

The cost of establishing the CSOP NASDAQ-100 Index Daily (-2x) Inverse Product including the preparation of Appendix 6 of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs and including, if considered appropriate by the Manager, any additional costs of determining the stock code will not exceed HKD1.3 million and will be borne by the CSOP NASDAQ-100 Index Daily (-2x) Inverse Product and amortised over the first five financial years of this Product.

The cost of establishing the CSOP Hang Seng TECH Index Daily (2x) Leveraged Product and CSOP Hang Seng TECH Index Daily (-2x) Inverse Product including the preparation of Appendix 7 and 8 of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs and including, if considered appropriate by the Manager, any additional costs of determining the stock code will not exceed HKD1.3 million and will be borne by these two Products equally (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and amortised over the first five financial years of these two Products.

The cost of establishing the CSOP US Large Oil & Gas Companies Daily (2x) Leveraged Product and CSOP US Large Oil & Gas Companies Daily (-2x) Inverse Product including the preparation of Appendix 9 and 10 of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs and including, if considered appropriate by the Manager, any additional costs of determining the stock code will not exceed HKD1.4 million and will be borne by these two Products equally (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and amortised over the first five financial years of these two Products.

Investors should note that, under IFRS, establishment costs should be expensed as incurred. To the extent, that the valuation or accounting basis adopted by the Trust deviates from IFRS, the Manager may make necessary adjustments in the annual financial statements to comply with IFRS. Any such adjustments will be disclosed in the financial reports, including a reconciliation note to reconcile values arrived at by applying the Trust's valuation rules.

Increase in Fees

The current fees in respect of each Product payable to the Manager and the Trustee as described in the relevant Appendix (which are included in the calculation of the Management Fee for the relevant Product) may be increased on one month's notice to Unitholders (or such shorter period as approved by the SFC), subject to the maximum rates set out in the Trust Deed. In the event that such fees are to be increased beyond the maximum rates set out in the Trust Deed, such increase will be subject to the Unitholders' and the SFC's approval.

RISK FACTORS

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

General Investment Risks

Investment Objective Risk

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

Market Risk

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

Asset Class Risk

Although the Manager is responsible for the continuous supervision of the investment portfolio of the Products the returns from the types of Securities, Swaps and/or Futures Contracts in which a Product invests (either directly or indirectly) may underperform or outperform returns from other Securities, Swaps and/or Futures Contracts markets or from investment in other assets. Different types of Securities, Swaps and/or Futures Contracts tend to go through cycles of out-performance and underperformance when compared with other general Securities, Swaps and/or Futures Contracts markets.

Passive Investment Risk

The Products are not actively managed. Accordingly, the Products may be affected by changes in the market segments relating to the relevant Index or Indices. The Manager will not take defensive positions when the relevant Index moves in an unfavourable direction. In such circumstances, investors may lose a significant part of their respective investments. Each Product invests (either directly or indirectly) in the Securities, Swaps and/or Futures Contracts included in or representative of the relevant Index regardless of their investment merit, except to the extent of any representative sampling strategy. The Manager does not attempt to take defensive positions. Investors 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 the Products will mean that a fall in the relevant Index expected to result in a fall in the value of a leveraged Product, whereas a rise in the relevant Index expected to result in a fall in the value of an inverse Product, and investors may lose substantially all of their

investment.

Possible Business Failure Risk

Global markets may experience very high level of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more of the constituents of an Index may have an adverse effect on such Index and therefore a leveraged Product's performance. Investors may lose money by investing in leveraged Products.

Management Risk

Because there is no guarantee or assurance of exact or identical replication of the performance, the inverse performance or the leveraged performance (as the case may be) of the relevant Index by a Product at any time, a Product is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Manager has absolute discretion to exercise Unitholders' rights with respect to Securities, Swaps and/or Futures Contracts comprising a Product. There can be no guarantee that the exercise of such discretion will result in the investment objective of the relevant Product being achieved.

Tracking Error Risk

The Net Asset Value of a Product may deviate from the performance, the leveraged performance or the inverse performance (as the case may be) of the relevant Index which the Product seeks to track. Factors such as the fees and expenses of a Product, imperfect correlation between a Product's assets and the Securities or FDIs constituting its Index (basis risk), inability to rebalance a Product's holdings of Securities or FDIs in response to high portfolio turnover, costs of using FDIs, transaction costs, a temporary lack of liquidity in the markets for the Securities or FDIs held by a Product, changes in the constituents of the Index, rounding of Security or FDIs prices, changes to the Indices and regulatory policies may reduce the correlation between the performance of the Product and the leveraged performance or the inverse performance of the relevant Index and may affect the Manager's ability to track. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time to achieve the performance, the leveraged performance or the inverse performance (as the case may be) of the relevant Index.

Concentration Risk

A Product may be subject to concentration risk as a result of tracking the performance, the inverse performance or the leveraged performance (as the case may be) of a single geographical region. Such a Product is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions (where the relevant Product tracks the performance or leveraged performance of the relevant Index) or positive conditions (where the relevant Product tracks the inverse performance of the relevant Index) in the relevant region.

Trading Risk

While the creation/redemption feature of each Product is designed to make it likely that Units will trade close to their Net Asset Value, disruptions to creations and redemptions (for example, as a result of imposition of capital controls by a foreign government) may result in trading prices that differ significantly from the Net Asset Value. The secondary market prices of Units will fluctuate in accordance with changes in the Net Asset Value and supply and demand on any exchange on which Units are listed. In addition, when buying or selling Units on the SEHK additional charges (such as brokerage fees) mean that an investor may pay more than the Net Asset Value per Unit when buying Units on the SEHK and may receive less than the Net Asset Value per Unit when selling Units on the SEHK. The Manager cannot predict whether Units will trade below, at, or above their Net Asset Value. Since, however, Units must be created and redeemed in Application Unit size (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value) the Manager believes that ordinarily

large discounts or premiums to the Net Asset Value of Units should not be sustained. If the Manager suspends creations and/or redemptions of Units, the Manager anticipates that there may be larger discounts or premiums as between the secondary market price of Units and the Net Asset Value.

Loss of Capital Risk

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

No Trading Market in the Units Risk

Although the Units are listed on the SEHK and one or more Market Makers have been appointed, there may be no liquid trading market for the Units or that such Market Maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions or those traded on the SEHK which are based upon indices other than the Index.

Indemnity Risk

Under the Trust Deed, the Trustee and the Manager have the right to be indemnified against any liability in performing their respective duties, except nothing in the Trust Deed may provide that the Trustee or the Manager can be exempted from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence, or be indemnified against such liability by Unitholders or at Unitholders' expense. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the relevant Product and the value of the Units.

Dividends May Not be Paid Risk

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

Early Termination Risk

A Product may be terminated early under certain circumstances, including but not limited to (i) the aggregate Net Asset Value of all the Units is less than USD20 million or (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the relevant Product or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed or (iv) the relevant Index is no longer available for benchmarking or if the Units are no longer listed on the SEHK or any other Recognised Stock Exchange or (v) at any time, the relevant Product ceases to have any Participating Dealer or Market Maker. Upon a Product being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the relevant Product to the Unitholders in accordance with the Trust Deed. Investors may suffer a loss where any such amount distributed may be more or less than the capital invested by the Unitholder.

Foreign Exchange Risks

If a Product's assets are generally invested in Securities, Swaps or Futures Contracts denominated other than in its base currency, and if a substantial portion of the revenue and income of a Product

is received in a currency other than its base currency, any fluctuation in the exchange rate of the base currency relative to the relevant foreign currency will affect the Net Asset Value of a Product regardless of the performance of its underlying portfolio. If the relevant Product's Net Asset Value is determined on the basis of USD, an investor of such Product may lose money even where the local currency value of the Product's holdings goes up, if such local currency depreciates against the USD.

Where a Product invests in instruments denominated in the same currency as the Product's base currency, but such instruments are highly sensitive to the foreign exchange movement of the denominated currency of such instruments' underlying, the Product may indirectly be subject to exchange rate risk. Fluctuations in the exchange rates between such currency and the base currency may have an adverse impact on the performance of the Product.

Risks of investing in fixed income securities

Credit/counterparty Risk

Investment in fixed income securities is subject to the credit risk of the security or its issuers, who may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the securities or the issuers of the fixed income securities held by the Product, the Product's value will be adversely affected and investors may suffer a substantial loss as a result. The Manager may or may not be able to dispose of the securities that are being downgraded. There may also be difficulties or delays in enforcing rights against the issuers who will generally be incorporated overseas and therefore not subject to the laws of Hong Kong.

Interest Rate Risk

Investment in the Product is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

Sovereign Debt Risk

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

Credit Ratings Risks

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

Risks Associated with Financial Derivative Instruments and Collateral

The Manager may invest a Product in constituents of the relevant Index through financial derivative instruments. A financial derivative instrument is a financial contract or instrument the value of which depends on, or is derived from, the value of an underlying asset such as a Security or an index and so have a high degree of price variability and are subject to occasional rapid and substantial changes. Compared to conventional Securities, financial derivative instruments can be more sensitive to changes in interest rates or to sudden fluctuations in market prices due to both the low margin deposits required, and the extremely high degree of leverage involved in their pricing. As a result, a relatively small price movement in a financial derivative instrument may result in immediate and substantial loss (or gain) to the relevant Product. The relevant Product's losses may be greater if it invests in financial derivative instruments than if it invests only in conventional Securities.

There may also be no active market in financial derivative instruments and therefore investment in

financial derivative instruments can be illiquid. In order to meet redemption requests, the relevant Product may rely upon the issuer of the financial derivative instruments to quote a price to unwind any part of the financial derivative instruments that will reflect the market liquidity conditions and the size of the transaction.

In addition, many financial derivative instruments are not traded on exchanges. As a result, if the relevant Product engages in transactions involving financial derivative instruments, it will be subject to the risk of the inability or refusal to perform such contracts by the counterparties with which the relevant Product trades, and as such the relevant Product may suffer a total loss of the relevant Product's interest in the financial derivative instrument. This risk is also aggregated by the fact that over-the-counter derivatives markets are generally not regulated by government authorities and participants in these markets are not required to make continuous markets in the contracts they trade.

An investment in the financial derivative instruments does not entitle the financial derivative instruments holder to the beneficial interest in the shares nor to make any claim against the company issuing the shares. There can be no assurance that the price of the financial derivative instruments will equal the underlying value of the company or securities market that it may seek to replicate.

There are risks associated with management of collateral and re-investment of collateral. The value of any collateral received in respect of any derivative transactions may be affected by market events. 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 Product's exposure to such counterparty to be under-collateralised. If a Product reinvests cash collateral, it is subject to investment risk including the potential loss of principal.

Risks relating to Repurchase Agreements

In the event of the failure of the counterparty with which collateral has been placed, a Product 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. The Product may also be subject to legal risk, operational risk, liquidity risk of the counterparty and custody risk of the collateral.

Risks relating to Reverse-Repurchase Agreements

In the event of the failure of the counterparty with which cash has been placed, a Product 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. A Product may also be subject to legal risk, operational risks, liquidity risk of the counterparty and custody risk of the collateral.

Risks Associated with Market Trading

Absence of Active Market and Liquidity Risks

Although Units of each Product are listed for trading on the SEHK, there can be no assurance that an active trading market for such Units will develop or be maintained. In addition, if the underlying Securities or FDIs which comprise the relevant Index have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Units and the ability of an investor to dispose of its Units at the desired price. If an investor needs to sell his, her or its Units at a time when no active market for them exists, the price received for the Units — assuming an investor is able to sell them — is likely to be lower than the price received if an active market did exist.

Suspension of Trading Risk

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

Effect of Redemptions Risk

If significant redemptions of Units are requested by the Participating Dealers, it may not be possible to liquidate the relevant Product's investments at the time such redemptions are requested or the Manager may be able to do so only at prices which the Manager believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Units are requested by the Participating Dealers, the right of Participating Dealers to require redemptions in excess of 10% of the total number of Units in a Product then in issue (or such higher percentage as the Manager may determine and as permitted by the SFC) may be deferred.

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

Units May Trade at Prices Other than Net Asset Value Risk

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

Borrowing Risks

The Trustee, on the written instructions of the Manager, may borrow for the account of a Product (up to 10% of the Net Asset Value of each Product unless otherwise specified in the Appendix) for various reasons, such as facilitating redemptions or to acquire investments for the account of the relevant Product. Borrowing involves an increased degree of financial risk and may increase the exposure of a Product 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 Product will be able to borrow on favourable terms, or that the relevant Product's indebtedness will be accessible or be able to be refinanced by the relevant Product at any time.

Cost of Trading Units Risk

As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on

the SEHK, investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK. In addition, investors on the secondary market will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the Units (bid price) and the price at which they are willing to sell Units (ask price).

No Right to Control the Product's Operation Risk

Investors will have no right to control the daily operations, including investment and redemption decisions, of any Product.

Secondary Market Trading Risk

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

Reliance on the Manager Risk

Unitholders must rely on the Manager in formulating the investment strategies and the performance of each Product is largely dependent on the services and skills of its officers and employees. In the case of loss of service of the Manager or any of its key personnel, as well as any significant interruption of the Manager's business operations or in the extreme case of the insolvency of the Manager, the Trustee may not find successor managers with the requisite skills and qualifications quickly or at all and the new appointment may not be on equivalent terms or of similar quality.

Reliance on Market Makers Risk

Although it is a requirement that the Manager uses its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units of each Product, there may be circumstances such as the revocation of the relevant market making approvals or registration or other changes beyond the control of the Manager that may result in the sudden loss of a market maker for a Product. If there is no market maker for the Units, a Product may be required by the SFC to be terminated if it tracks the leveraged or inverse performance of an index. Termination will take place at about the same time as the resignation of the last Market Maker becoming effective and advance notice of termination will be issued to investors pursuant to the Code. The Manager will seek to mitigate this risk by using its best endeavours to put in place arrangements so that at least one Market Maker (with relevant experience in leveraged or inverse products, as the case may be) for the Units of each Product gives not less than 3 months' notice prior to terminating market making under the relevant market making agreements. It is possible that there is only one SEHK Market Maker to a Product or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker. There is also no guarantee that any market making activity will be effective.

Reliance on Participating Dealers Risk

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

functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative agent or delegate, or if the agent or delegate ceases to be a Participant, the creation or realisation of Units by such Participating Dealer may also be affected.

Trading Time Differences Risk

As a stock exchange or futures exchange may be open when the Units are not priced, the value of any Security or FDIs which comprises the Index may change when investors may not be able to buy or sell Units. Further the price of Securities or FDIs may not be available during part of the Trading Day due to trading hour differences which may result in the trading price of Units deviating from the Net Asset Value per Unit.

Risks Associated with the Indices

Fluctuations Risk

The performance of the Units should, before fees and expenses, correspond closely with the performance, the inverse performance or the leveraged performance (as the case may be) of the Index. If the Index experiences volatility or fluctuations, the price of the Units will vary and may decline.

Licence to Use Index may be Terminated Risk

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

Compilation of Index Risk

The Securities and/or FDIs of each Index are determined and composed by the relevant Index Provider without regard to the performance of the relevant Product. The Products are not sponsored, endorsed, sold or promoted by the Index Provider(s). Each Index Provider makes no representation or warranty, express or implied, to investors in the Products or other persons regarding the advisability of investing in Securities and/or FDIs generally or in the Products particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the Products into consideration in determining, composing or calculating the Index or Indices. 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 Product, the Manager or investors.

Composition of an Index May Change Risk

The Securities and/or FDIs constituting an Index will change as the Securities and/or FDIs of the Index are delisted, or as the Securities and/or FDIs mature or are redeemed or as new Securities and/or FDIs are included in the Index. When this happens the weightings or composition of the Securities and/or FDIs owned by the Products will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the performance, the leveraged performance or the inverse performance (as the case may be) of the

relevant Index as its constituents change, and not necessarily the way the relevant Index is comprised at the time of an investment in Units.

Risks Associated with Regulation

Withdrawal of SFC Authorisation Risk

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

General Legal and Regulatory Risk

Each Product 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 Product. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the Index and as a result, the performance of the relevant Product. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Product. In the worst case scenario, a Unitholder may lose a material part of its investments in a Product.

Units May be Delisted from the SEHK Risk

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

Taxation Risk

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

Legal and Compliance Risk

Domestic and/or international laws or regulations may change in a way that adversely affects the Trust or the Products. Differences in laws between jurisdictions may make it difficult for the Trustee or Manager to enforce legal agreements entered into in respect of the Products. The Trustee and the Manager reserve the right to take steps to limit or prevent any adverse effects from changes to laws or their interpretation, including altering investments of or restructuring the

Products.

Valuation and Accounting Risk

The Manager intends to adopt IFRS in drawing up the annual financial accounts of the Products. However, the calculation of the Net Asset Value in the manner described under the section on “Determination of Net Asset Value” will not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Investors should note that under IFRS, establishment costs should be expensed as incurred and that amortisation of the expenses of establishing sub-funds is not in accordance with IFRS; however, the Manager has considered the impact of such non-compliance and has considered that it will not have a material impact on the financial statements of Products. To the extent that the basis adopted by a Product for subscription and redemption purposes deviates from IFRS, the Manager may make necessary adjustments in the annual financial accounts for the financial accounts to be in compliance with IFRS. Any such adjustments will be disclosed in the annual financial accounts, including a reconciliation.

Contagion across Products risk

The Trust Deed allows the Trustee and the Manager to issue Units in separate Products as separate trusts. The Trust Deed provides for the manner in which the liabilities are to be attributed across the various Products under the Trust (liabilities are to be attributed to the specific Product 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 Product (in the absence of the Trustee granting that person a security interest). However, each of the Trustee and the Manager 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 Product being compelled to bear the liabilities incurred in respect of another Product in which such Unitholders do not themselves own Units, if there are insufficient assets in that other Product to satisfy the amount due to the Trustee or the Manager (as the case may be). Accordingly, there is a risk that liabilities of one Product may not be limited to that particular Product and may be required to be paid out of one or more other Product.

Non-recognition of Product segregation risk

The assets and liabilities of each of the Products under the Trust will be tracked, for book keeping purposes, separately from the assets and liabilities of any other Products, and the Trust Deed provides that the assets of each of the Products should be segregated as separate trusts 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 Product will not be used to satisfy the liabilities of any other Product.

Risks associated with Foreign Account Tax Compliance Act

Sections 1471 to 1474 (referred to as “FATCA”) of the US Internal Revenue Code of 1986, as amended (the “IRS Code”) have imposed new rules with respect to certain payments to non-United States persons, such as the Trust and each Product, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service (the “IRS”) to identify United States persons (within the meaning of the IRS Code) with interests in such payments. To avoid such withholding on payments made to it, a foreign financial institution (an “FFI”), such as the Trust and each Product (and, generally, other investment funds organised outside the US), generally will be required to enter into an agreement (an “FFI Agreement”) with the US IRS under which it will agree to identify its direct or indirect owners who are United States persons and report certain information concerning such United States person owners to the US IRS.

In general, an FFI which does not sign an FFI Agreement or is not otherwise exempt will face a punitive 30% withholding tax on all “withholdable payments” derived from US sources, including dividends, interest and certain derivative payments made on or after 1 July 2014. In addition,

starting from 1 January 2019, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating US source dividends or interest are treated as “withholdable payments.” It is expected that certain non-US source payments attributable to amounts that would be subject to FATCA withholding (referred to as “passthru payments”) will also be subject to FATCA withholding, though the definition of “passthru payment” in US Treasury Regulations is currently pending.

Hong Kong and the US have entered into an intergovernmental agreement (“IGA”) for the implementation of FATCA, adopting “Model 2” IGA arrangements. Under this “Model 2” IGA arrangements, FFIs in Hong Kong (such as the Trust and each Product) will be required to enter into an FFI Agreement with the US IRS, register with the US IRS and comply with the terms of an FFI Agreement. Otherwise they will be subject to a 30% withholding tax on relevant US-sourced payments to them.

Under the IGA, FFIs in Hong Kong (such as the Trust and each Product) complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments to recalcitrant accounts (i.e. accounts of which the holders do not consent to FATCA reporting and disclosure to the US IRS) or close those recalcitrant accounts (provided that information regarding such recalcitrant account holders is reported to the US IRS in a timely manner by the Inland Revenue Department of Hong Kong, which may be beyond the control of the Trust and the Products), but may be required to withhold tax on payments made to non-compliant FFIs.

The Trust and the Products will endeavour to satisfy the requirements imposed under FATCA and the FFI Agreement to avoid any withholding tax. In the event that the Trust or a Product is not able to comply with the requirements imposed by FATCA or the FFI Agreement and the Trust or the relevant Product does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Trust or the relevant Product may be adversely affected and the Trust or the relevant Product may suffer significant loss as a result.

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Trust or a Product, or a risk of the Trust or a Product being subject to withholding tax under FATCA, the Manager on behalf of the Trust and the relevant Product reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation and to the extent permitted by applicable laws and regulations, (i) reporting the relevant information of such Unitholder to the US IRS; and/or (ii) withholding, deducting from such Unitholder’s account, or otherwise collecting any such tax liability from such Unitholder to the extent permitted by applicable laws and regulations. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds and in compliance with all applicable laws and regulations.

Each of the Products has been registered with the IRS as at the date of this Prospectus. The Manager has obtained tax advice that the Trust does not need to be registered with the IRS.

Each Unitholder and prospective investor should consult with his own tax advisor as to the potential impact of FATCA in its own tax situation.

MANAGEMENT OF THE TRUST

The Manager

The Manager is CSOP Asset Management Limited 南方東英資產管理有限公司.

The Manager was established in January 2008 and is licensed to carry on Types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities under the SFO with CE Number ARN075.

The Manager, a subsidiary of China Southern Fund Management Co. Limited, was the first Hong Kong subsidiary set up by a PRC mainland fund house to carry out asset management and securities advisory activities in Hong Kong.

The Manager is dedicated to serving investors as a gateway for investment between China and the rest of the world. For inbound investment, the Manager boasting local expertise makes the ideal adviser or partner of international investors. For outbound investment, it is keen to introduce suitable overseas investment opportunities to domestic Chinese institutional and retail investors. The Manager provides discretionary management services and advisory services to both institutional investors and investment funds.

The directors of the Manager

The directors of the Manager are Yi Zhou, Chen Ding, Gaobo Zhang, Xiaosong Yang, Zhongping Cai, Zhiwei Liu and Yundong Zhu.

Yi Zhou

Mr Zhou holds a degree in Computer Communication from the Nanjing University of Posts and Telecommunications and has 16 years of experience in the securities industry. Mr Zhou once worked on technology management in the telecommunications center of Jiangsu Posts & Telecommunications Bureau and administrative management at Jiangsu Mobile Communication Co., Ltd. He served as the Chairman of the Board of Directors at Jiangsu Beier Co., Ltd. and Nanjing Xinwang Tech Co., Ltd., and the Deputy General Manager of Shanghai Beier Fortune Communications Company.

Mr Zhou is the CEO, Chairmen of Executive Committee, and Executive Director of Huatai Securities Co., Ltd., and is appointed as the Chairman of China Southern Asset Management Co. Ltd. in May 2022. Mr Zhou joined Huatai Securities in August 2006 and served as the President and party secretary of Huatai Securities Co., Ltd. Mr. Zhou, from June 2016 to December 2019, served as the Chairman of the Board of Directors of Huatai Securities Co., Ltd.

Chen Ding, MH

Ms Ding joined CSOP Asset Management Limited in 2010 and is the Chief Executive Officer, overseeing the overall business of the Manager.

Ms. Ding, from 2003 to June 2013, was the Assistant CEO and Managing Director of China Southern Asset Management Co. Ltd., one of the largest fund management companies in China. During her tenure with the company, she issued China's first and largest QDII mutual fund, and successfully established the QDII business of China Southern Asset Management Co. Ltd.. She was also a member of the Investment Management Committee of China Southern Asset Management Co. Ltd., where she was responsible for setting investment policies and strategies of the fund, monitoring market, portfolio and systematic risk, asset allocation and stock selection in addition to reviewing and monitoring portfolio performance of the fund.

Ms. Ding also actively participates in community services. She co-founded Chinese Asset Management Association of Hong Kong with industry peers in 2013 and served as the Chairperson of the association. The association actively promoted positive interaction between Chinese Asset Management companies and strived to provide a conducive business environment for Chinese Asset Management companies in Hong Kong. Ms. Ding made outstanding contributions to the prosperity of Hong Kong's capital market by actively advising on projects such as the establishment of RQFII scheme, Mutual Recognition of Funds between the Mainland and Hong Kong, Inclusion of ETFs in Stock Connect and Wealth Management Connect Scheme. Ms. Ding was the only person from the financial services industry who was awarded the Medal of Honour by the Government of the Hong Kong Special Administrative region in July 2021, in recognition of her contributions to the Hong Kong's financial market over the years.

Ms. Ding resigned from Chairperson in 2020 and is currently the Permanent Honorary Chairperson of Chinese Asset Management Association of Hong Kong. She was also appointed as Vice-Chairman of the Hong Kong Financial Services Development Council in January 2023 as well as Convenor of Mainland Opportunities Committee of the Hong Kong Financial Services Development Council since 2019. In addition, Ms. Ding is now a member of the Hong Kong Mandatory Provident Fund Schemes Appeal Board, and Executive Board Member of the Hong Kong Treasury Markets Association. Prior to that, she has ever served as a member of the Product Advisory Committee of the Securities and Futures Commission, a member of the Process Review Panel of the Securities and Futures Commission, a member of the Securities and Futures Appeals Tribunal, a member of the Financial Infrastructure and Market Development Sub-Committee of the Hong Kong Monetary Authority, the Co-Chairman of the International Business Committee of the Asset Management Association of China and the Vice Chairperson of Chinese Securities Association of Hong Kong.

Ms. Ding is awarded as the CEO of the year by I&M Professional Investment Awards in 2022 and 2023; the CEO of the Year in Asia by Asia Asset Management in 2023. Prior to joining China Southern Asset Management Co. Ltd., Ms Ding served from 2001 to 2003 as an Associate General Manager of China Merchants Securities Co. Ltd. in the PRC mainland. She assumed key roles in building solid management infrastructure and repositioning the asset management business of the company.

Ms Ding was also the Investment Manager of ML Stern & Co., in California, United States, which is a securities house. She was responsible for accounts management, where she provided investment solutions to high net worth and institutional investors; customer relationship development, where she conducted company research and profiling; communicated with sell-side analysts and prepared investment analyses for clients, and participated in the innovation of annuity product rollouts.

Ms Ding holds a Master's Degree in Business Administration from the San Francisco State University in the United States and a Bachelor degree in Electrical Engineering from the Sichuan University in the PRC mainland.

Gaobo Zhang

Mr Zhang is a founding partner and the Chief Executive Officer of Oriental Patron Financial Group and is responsible for formulating the investment strategies, monitoring the investment performance and approving investment decisions. He joined CSOP Asset Management Limited in 2008.

From February 1988 to February 1991, Mr Zhang was a deputy chief of the Policy Division of Hainan Provincial Government. From 1991 to 1993, Mr Zhang was deputy chief of Financial Markets Administration Committee of the PBOC Hainan Branch. He was chairman of Hainan Stock Exchange Centre from 1992 to 1994. Mr. Zhang was appointed as an executive director of Wealthking Investments Limited, a company listed on the Hong Kong Stock Exchange from February 2003 to December 2020. Mr Zhang is also an independent non-executive director of Beijing Enterprises Water Group Limited, a company listed on the SEHK and a non-executive director of Vimetco N.V., a company listed on the London Stock Exchange in the United Kingdom from June 2007 to June 2017. As from 2021, Mr. Zhang starts to play the role as founder and CEO

of Micro Connect Group.

Mr Zhang obtained a Bachelor's degree in Science from Henan University in the PRC mainland in 1985 and later graduated from the Peking University in the PRC mainland with a Master's degree in Economics in 1988.

Xiaosong Yang

Mr Yang is the Chief Executive Officer and Director of China Southern Asset Management Co. Ltd. where Mr Yang has overall responsibility for the business. He joined China Southern Asset Management Co. Ltd. as the Head of Compliance in 2012.

Prior to joining China Southern Asset Management Co. Ltd., Mr Yang worked for China Securities Regulatory Commission. Mr Yang holds a Master's Degree in Economics from Renmin University of China in the PRC mainland.

Zhongping Cai

Mr Cai is the Chief Financial Officer and the General Manager of the Finance Department of China Southern Asset Management Co. Ltd., Director of CSOP Asset Management Limited, Supervisor of China Southern Capital Management Limited, and Director of Shenzhen SouthernFund Equity Investment Fund Management Co. Ltd. Prior to joining China Southern Asset Management Co. Ltd., Mr Cai served as the Director of the Finance Department of UBS SDIC in the PRC mainland. He joined China Southern Asset Management Co. Ltd. in 2014.

Mr Cai holds a Master's Degree from Zhongnan University of Economics and Law in the PRC mainland.

Zhiwei Liu

Dr. Liu has been appointed as chairman of the board and the chairman of the nomination committee of Wealthking Investments Limited since 16 December 2020, and an executive Director since 16 April 2019. From 16 April 2019 to 16 December 2020 and from 29 December 2021 to 14 March 2022, he was the chief executive officer of Wealthking Investments Limited. From June 2016 to June 2018, he was an executive Director, the president, and a member of the corporate governance committee of Wealthking Investments Limited. From December 2015 to June 2016, he served as a non-executive director of Wealthking Investments Limited. On 22 August 2022, Dr. Liu was appointed as an executive director and the chairman of the board of GoFintech Innovation Limited (formerly known as China Fortune Financial Group Limited), the shares of which are listed on the Main Board of the Hong Kong Stock Exchange. Dr Liu obtained a Bachelor's degree in Industrial Management Engineering from Zhe Jiang University in 1989. He furthered his studies in Graduate School of the People's Bank of China between 1989 and 1992 and obtained his Master's degree in International Finance. In 2007, Dr Liu obtained a doctoral degree in Economics & Law from Hunan University. He completed a professional programme in Finance CEO from Cheung Kong Graduate School of Business in 2010.

Dr. Liu has over 20 years of experience in financing, securities investment and capital market. He served as a non-executive director of Shanghai Zendai Property Limited (stock code: 755), whose shares are listed on the Hong Kong Stock Exchange for the period from 2 February 2010 to 12 December 2012. He was the vice chairman of Chang'an International Trust Co., Ltd (formerly known as Xi'an International Trust Co., Ltd) from 2008 to 2011. Dr. Liu served as a supervisor of Xin Jiang Hui-tong (Group) Co., Ltd (stock code: 415) from December 2005 to December 2008, whose shares are listed on the Shenzhen Stock Exchange. He also served as a general manager of the merger and acquisition department of Guosen Securities Co., Ltd from 1997 to 1998.

Yundong Zhu

Mr Zhu joined China Southern Asset Management Co. Ltd. in 2002. Mr Zhu is the Deputy Chief Executive Officer and Party Committee Member of China Southern Asset Management Co. Ltd., Chairman of China Southern Capital Management Limited, and Director of CSOP Asset Management Limited.

Prior to joining China Southern Asset Management Co. Ltd., Mr Zhu worked for the Local Budget Department and the General Office of the Ministry of Finance of People's Republic of China, and China Economic Development Trust & Investment Corporation. Mr Zhu holds a Bachelor's Degree in Economics from Jiangxi University of Finance and Economics in the PRC mainland.

The Manager has a risk management policy which enables it to monitor and measure at any time the risk of the financial derivative instruments used by a Product for investment purposes. The Products are subject to daily risk management and control procedures such as, but not limited to:

- (A) daily calculation of value at risk (a methodology used to estimate the maximum amount of portfolio losses under normal market conditions);
- (B) limitation on the percentage of the Net Asset Value committed as margin for all futures or options contracts;
- (C) liquidity guidelines on each open futures or option contract such as maximum holding compared to daily average volume for the contract; and
- (D) historical and hypothetical stress tests which aim to simulate adverse market scenarios.

The Manager will also ensure that at all times its reconciliation, accounting and settlement functions are separated from back office procedures.

The Trustee and Registrar

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

The Trustee was incorporated with limited liability in Hong Kong in 1974 and is registered as a trust company under the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) and approved by the Mandatory Provident Funds Scheme Authority as trustee of registered MPF Schemes under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong).

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

The Trustee may from time to time appoint such person or persons as it thinks fit (including, without limitation, any of its Connected Persons) to hold as custodian, nominee, agent or delegate, all or any of the investments, assets or other property comprised in the Trust Fund or any of the Products and may empower any such custodian, nominee, agent or delegate to appoint, with the prior consent in writing of the Trustee, co-custodians and/or sub-custodians (each such custodian, nominee, agent, delegate, co-custodian and sub-custodian a "Correspondent"). The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of Correspondents and (b) be satisfied that Correspondents retained remain suitably qualified and competent on an ongoing basis to provide the relevant custodial services to the Products. The Trustee shall be liable for the acts and omissions of any Correspondent which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee, but 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 which is not a Connected Person of the Trustee.

The Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of Euroclear Clearing System Limited or Clearstream Banking S.A. or any other recognised depositary or

clearing system which may from time to time be approved by the Trustee and the Manager.

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

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

The Trustee in no way acts as guarantor or offeror of the Units or any underlying investment. The Trustee has no responsibility or authority to make investment decisions, or render investment advice with respect to the Trust or the Products, which is the sole responsibility of the Manager.

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

The Service Agent

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

The Auditor

The Manager has appointed PricewaterhouseCoopers to act as the auditor of the Trust and the Products (the “Auditor”). The Auditor is independent of the Manager and the Trustee.

The Participating Dealers

A Participating Dealer may act for its own account or for your account as its clients in making Creation Applications and Redemption Applications. Different Products may have different Participating Dealers. The latest list of the Participating Dealers in respect of each Product is available at www.csopasset.com (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC).

The Market Makers

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

Subject to applicable regulatory requirements, the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one Market Maker for Units. If the SEHK withdraws its permit to the existing Market Maker(s), the Manager will use its best endeavours to put in place arrangements so that there is at least one other Market Maker per Product to facilitate the efficient trading of Units. The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker per Product gives not less than 3 months notice prior to terminating market making under the relevant market making agreement. The latest list of Market Makers for each Product is available at <http://www.hkex.com.hk> and www.csopasset.com (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC).

The Listing Agent

Unless otherwise specified in the relevant Appendix, Altus Capital Limited has been appointed by the Manager as the Listing Agent for each Product in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in respect of the relevant Product's listing on the SEHK. The Listing Agent is a licensed corporation which holds, amongst others, a Type 6 (advising on corporate finance) regulated activity licence under the SFO with CE Number AGH102.

Conflicts of interest

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, secretary, manager, custodian, investment manager or investment adviser or perform other functions in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Products.

In addition:

- (a) the Manager or any of its Connected Persons may, with the consent of the Trustee, deal with the Trust as principal;
- (b) the Trustee, the Manager or the Registrar or any of their Connected Persons may have banking or other financial relationships with any company or party which is the issuer of Securities, financial instruments or investment products held by the Trust;
- (c) the Trustee, the Manager or the Registrar or any of their Connected Persons may hold and deal in Units or in investments held by the Trust either for their own account or for the account of their customers; and
- (d) the monies of the Trust may be deposited with the Manager, the Trustee or any of their Connected Persons or invested in certificates of deposit or banking instruments issued by any of them.

The Trustee and Registrar or the Manager or their Connected Persons may, in the course of business, and in providing services to the Trust, have potential conflicts of interest with the Trust or any Product. Each will, at all times, have regard to its obligations to the Trust and to Unitholders and will endeavour to ensure that any such conflicts are resolved fairly.

Conflicts of interest may arise due to the widespread business operations of the Trustee and Registrar, the Manager and the Service Agent and their respective holding companies, subsidiaries and affiliates. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed and applicable laws and regulations, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the Trust (or a Product) will be on arm's length terms and in compliance with applicable laws and regulations.

Soft dollars

The Manager (as well as any of its Connected Persons) will not receive or enter into any soft dollar commissions or arrangements in respect of the management of the Products. The Manager (as well any of its Connected Persons) will not retain any cash rebates from any broker or dealer.

STATUTORY AND GENERAL INFORMATION

Reports

The financial year-end of the Trust (and each Product) is 31 December every year. Audited financial reports are to be prepared (in accordance with IFRS) and published on the Manager's website within four months of each financial year-end. Half-yearly unaudited financial reports are also to be prepared up to 30 June of each year and published on the Manager's website within 2 months of such date. Once these financial reports are made available on the Manager's website, investors will be notified within the relevant timeframe.

The audited annual financial reports and the half-yearly unaudited reports of the Products will be available in English only. Printed copies may be requested free of charge from the Manager by contacting it, as described below under "Notices".

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

Trust Deed

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

Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the Trust Fund in respect of any action, costs, claims, damages, expenses or demands arising directly or indirectly from the proper performance of the Products. Nothing in the Trust Deed may provide that either the Trustee or the Manager (as the case may be) can be exempted from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence nor may they be indemnified against such liability by Unitholders or at Unitholders' expense.

Liability of Unitholders

No Unitholder shall incur or assume any liability or be required to make any payment to the Trustee or the Manager in respect of its Units. The liability of Unitholders is limited to their investment in Units.

Modification of the Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the provisions of the Trust Deed by supplemental deed provided that in the opinion of the Trustee and the Manager such proposed modification, alteration or addition (i) does not materially prejudice the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Products or (ii) is necessary in order to make possible compliance with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law) or (iii) is made to correct

a manifest error. In all other cases, modifications, alterations and additions involving material changes require the sanction of an extraordinary resolution of the Unitholders affected. The SFC must (where such approval is required) also give its prior approval to all such amendments to the Trust Deed.

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

Name of the Trust and Product

Under the Trust Deed the Manager may, on notice to the Trustee, change the name of the Trust and the Products.

Meetings of Unitholders

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

Voting Rights

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing at least 10% of the Units in issue, on not less than 21 days' notice. Notice of meetings will be posted to Unitholders and posted on the Manager's website at <http://www.csopasset.com> (which has not been reviewed or approved by the SFC) and the Hong Kong Exchanges and Clearing Limited's website at www.hkex.com.hk.

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

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

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

Termination

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over any of its assets and not discharged within 60 days or (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily or (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders or (iv) a law is passed that renders it illegal or in the opinion of the Trustee or the Manager, impracticable or inadvisable to continue the Trust or (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated by the Trustee shall fail to be approved by extraordinary resolution or (vi) 60 days after the Trustee notifies the Manager in writing of its

intention to retire, no new person willing to act as trustee has been identified.

The Manager may terminate the Trust if: (i) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Product outstanding is less than USD20 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the good faith opinion of the Manager, makes it impracticable or inadvisable to continue the Trust; or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate a Product if: (i) after one year from the date of establishment of the Product, the aggregate Net Asset Value of all the Units in the relevant Product outstanding is less than USD20 million or such other amount specified in the relevant Supplemental Deed; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Product and which renders the relevant Product illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue that Product; (iii) its Index is no longer available for benchmarking or if the Units of the relevant Product are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager; (iv) at any time, the relevant Product ceases to have any Participating Dealer; (v) the Manager is unable to implement its investment strategy; or (vi) there are no Market Makers for the relevant Product. Further, the Unitholders may at any time authorise termination of the Trust or the relevant Products by extraordinary resolution.

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

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

Distribution Policy

The Manager will adopt a distribution policy for each Product as the Manager considers appropriate having regard to the Product's net income, fees and costs. For each Product this distribution policy (including the currency of such distribution) will be set out in the relevant Appendix. Distributions will always depend on dividend payments on Securities held by the relevant Product 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. Distribution may be paid out of capital and/or effectively out of capital of the Product. There can be no assurance that such entities will declare or pay dividends or distributions.

Inspection of Documents

Copies of the constitutive documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager upon the payment of a reasonable fee.

Part XV of the SFO

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

Anti-money Laundering Regulations

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

- (a) the investor makes the payment from an account held in the investor's name at a recognised financial institution; or
- (b) the application is made through a recognised intermediary.

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

Liquidity Risk Management

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Products and to ensure that the liquidity profile of the investments of the relevant Product will facilitate compliance with such Product's obligation to meet redemption requests. Such policy, combined with the liquidity management tools of the Manager, also seeks to achieve fair treatment of Unitholders and safeguard the interests of remaining Unitholders in case of sizeable redemptions.

The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency, the ability to enforce redemption limitations and the fair valuation policies of the Products. These measures seek to ensure fair treatment and transparency for all investors.

The liquidity management policy involves monitoring the profile of investments held by each Product on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "Redemption of Units through Participating Dealers", and will facilitate compliance with each Product's obligation to meet redemption requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Products under normal and exceptional market conditions.

As a liquidity risk management tool, the Manager may limit the Units of a Product redeemed on any Dealing Day to Units representing 10% (or such higher percentage as the Manager may determine in respect of the Product and as permitted by the SFC) of the total number of Units in such a Product then in issue (subject to the conditions under the section headed "Deferred Redemption").

Index Licence Agreements

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

Material Changes to an Index

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

Replacement of an Index

The Manager reserves the right, with the prior approval of the SFC and provided that in its opinion the interests of the Unitholders of the relevant Product would not be adversely affected, to replace an Index with another index in accordance with the provision 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 ceasing to exist;
- (b) the licence to use the Index being terminated;
- (c) a new index becoming available that supersedes the existing Index;
- (d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Index;
- (e) investing in the Securities and/or FDIs comprised within the Index becomes difficult;
- (f) the Index Provider increasing its licence fees to a level considered too high by the Manager;
- (g) the quality (including accuracy and availability of the data) of the Index having in the opinion of the Manager, deteriorated; and
- (h) a significant modification of the formula or calculation method of the Index rendering that index unacceptable in the opinion of the Manager.

The Manager may change the name of a Product if the relevant Index changes or for any other reasons including if licence to use the Index is terminated. Any change to (i) the use by the relevant Product of the Index and/or (ii) the name of the relevant Product will be notified to investors.

Information Available on the Internet

The Manager will publish important news and information with respect to each Product (including in respect of the relevant Index), in the English and Chinese languages (unless otherwise specified), on the Manager's website at <http://www.csopasset.com> (which has not been reviewed or approved by the SFC) including:

- (a) this Prospectus and the product key facts statements in respect of the Products (as revised from time to time);
- (b) the latest annual audited financial report and half yearly unaudited financial report (in English only);
- (c) any notices relating to material changes to the Products which may have an impact on Unitholders such as material alterations or additions to this Prospectus or the constitutive documents of the Trust and/or a Product;
- (d) any public announcements made by the Products, including information with regard to the Products and Index, notices of the suspension of the calculation of the Net Asset Value, suspension of creation and redemption of Units, changes in fees and the suspension and resumption of trading;
- (e) the near real time indicative Net Asset Value per Unit updated every 15 seconds during SEHK trading hours in the relevant base currency and (if the base currency is not HKD) in HKD;
- (f) the last Net Asset Value of each Product in the relevant base currency and the last Net Asset Value per Unit of each Product in the relevant base currency and (if the base currency is not HKD) in HKD;

- (g) the past performance information of each Product;
- (h) the daily tracking difference, the average daily tracking difference and the tracking error of each Product;
- (i) full holdings information of each Product (updated on a Daily basis);
- (j) a “performance simulator” of each Product which allows investors to select a historical time period and simulate the performance of the relevant Product vis-à-vis the Index during that period based on historical data;
- (k) the latest list of the Participating Dealers and Market Makers;
- (l) in respect of a Product which may distribute dividends, the composition of dividends for the Product (i.e. the relative amounts paid out of (i) net distributable income, and (ii) capital (if any)), for a rolling 12-month period; and
- (m) in respect of a Product investing in Swaps:
 - (i) the gross and net exposure to each Swap Counterparty;
 - (ii) the full portfolio information of the Product;
 - (iii) the list of Swap Counterparties (including hyperlinks to the websites of Swap Counterparties and their guarantors (if applicable));
 - (iv) pictorial presentation of collateral information by way of pie charts showing the following (if applicable):
 - a breakdown by asset type, e.g. equity, bond and cash and cash equivalents;
 - for equity, further breakdown by (1) primary listing (i.e. stock exchanges), (2) index constituents, and (3) sector;
 - for bond, further breakdown by (1) types of bonds, (2) countries of issuers/guarantors, and (3) credit rating; and
 - (v) top 10 holdings in the collateral (including name, percentage of the Product’s Net Asset Value, type, primary listing for equities and country of issuers, credit rating if applicable),

where items (i) and (ii) will be updated on a daily basis and items (iii), (iv) and (v) will be updated on a weekly basis and uploaded onto the website within three working days of the end of each week; and
- (n) in respect of a Product investing in FDIs, the portfolio holdings of such Products (updated on a daily basis unless otherwise specified in the relevant Appendix).

Real-time updates about the Index can be obtained through other financial data vendors.

Investors should obtain additional and the latest updated information about the Index (including without limitation, a description of the way in which the Index is calculated, any change in the composition of the Index, any change in the method for compiling and calculating the Index) via the Manager’s website at <http://www.csopasset.com> and the Index Provider’s website (neither of which, nor any other website referred to in this Prospectus, has been reviewed by the SFC). Please refer to the section on “Website Information” for the warning and the disclaimer regarding information contained in such website.

Notices

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

Manager

CSOP Asset Management Limited
南方東英資產管理有限公司
2801-2803 & 3303-3304, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Trustee

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

Website information

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of the Listing Agent, the Manager or the Trustee accepts any responsibility for ensuring that the information contained in such other websites and sources, if available, is accurate, complete and/or up-to-date, and no liability is accepted by the Listing Agent, the Manager and the Trustee in relation to any person's use of or reliance on the information contained in these other websites and sources save, in respect of the Manager, its website <http://www.csopasset.com> (the contents of which and of other websites referred to in this Prospectus have 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.

Queries and complaints

Investors may contact the complaint officer of the Manager if they have any complaints or enquiries in respect of the Trust or the Product:

Address: 2801-2803 & 3303-3304, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

Manager's Customer Service Hotline: +852 3406 5688

Depending on the subject matter of the complaints or enquiries, these will be dealt with either by the Manager directly, or referred to the relevant parties for further handling. The Manager will revert and address the investor's complaints and enquiries as soon as possible. The contact details of the Manager are set out in the paragraph above.

Certification for compliance with FATCA or other applicable laws

Each Unitholder (i) will be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Trust or a Product (a) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Trust or a Product receives payments and/or (b) to satisfy reporting or other obligations under IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction, including reporting obligations that may be imposed by future legislation.

Power to disclose information to tax authorities

Subject to applicable laws and regulations in Hong Kong, the Trust, the Products, the Trustee or the Manager or any of their authorised person(s) (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the IRS), certain information in relation to a Unitholder, including but not limited to the Unitholder's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, to enable the Trust or a Product to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law, regulation or agreement under FATCA).

TAXATION

The following summary of Hong Kong taxation 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 both under the laws and practice of Hong Kong and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong at the date of this Prospectus. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus.

Taxation of the Trust and Products

As the Trust and each Product have been authorised as a collective investment scheme by the SFC under Section 104 of the SFO, profits of the Trust and each Product are exempt from Hong Kong profits tax.

Taxation of the Unitholders

Where the Unitholders do not carry on a trade, profession or business in Hong Kong or the Units in the Products were acquired and are held by the Unitholders as capital assets for Hong Kong profits tax purposes, gains arising from the sale or disposal or redemption of the Units in a Product should not be taxable. For Unitholders carrying on a trade, profession or business in Hong Kong, such gains may be subject to Hong Kong profits tax (which is currently charged at the rate of 16.5% in the case of corporations, and 15% in the case of individuals and unincorporated business) if the gains in question arise in or are derived from such trade, profession or business and sourced in Hong Kong. Unitholders should take advice from their own professional advisers as to their particular tax position.

Distributions by the Trust/Products should generally not be subject to Hong Kong profits tax in the hands of the Unitholders.

Stamp duty

Hong Kong stamp duty is payable on the transfer of Hong Kong stock. "Hong Kong stock" is defined as "stock" the transfer of which is required to be registered in Hong Kong. The Units fall within the definition of "Hong Kong stock".

Under a remission order issued by the Secretary for the Treasury on 20 October 1999, no Hong Kong stamp duty is payable on the delivery of Hong Kong stock by an investor to the Trust as consideration for an issue or redemption of Units. Hong Kong stamp duty is not payable on the issue or redemption of Units.

Stamp duty in respect of any transfer in the shares or units of an exchange traded fund (as defined in Part 1 to Schedule 8 of the Stamp Duty Ordinance) on the SEHK is not payable. Accordingly transfers of the Units do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

Hong Kong requirements regarding tax reporting

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires financial institutions ("FIs") in Hong Kong to collect certain required information relating to non-Hong Kong tax residents holding financial accounts with the FIs, and report such information to the Hong Kong Inland Revenue Department ("IRD") for the purpose of AEOI exchange. Generally, the information

will be reported and automatically exchanged in respect of account holders that are tax resident in an AEOI partner jurisdiction(s) with which Hong Kong has a Competent Authority Agreement (“CAA”) in force; however, the Trust and/or its agents may further collect information relating to residents of other jurisdictions.

The Trust is a collective investment scheme within the definition set out in the SFO that is resident in Hong Kong, and is accordingly an investment entity with obligations to report as a financial institution in accordance with the Ordinance. This means that the Trust and/or its agents shall collect and provide to the IRD the required information relating to Unitholders and prospective investors.

The Ordinance as implemented by Hong Kong require the Trust to, amongst other things: (i) register the Trust as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e. Unitholders) to identify whether any such accounts are considered "Reportable Accounts" under the Ordinance; and (iii) report to the IRD the required information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the required information reported to it to the government authorities of the jurisdictions with which Hong Kong has a CAA in force. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a jurisdiction with which Hong Kong has a CAA in force; and (ii) certain entities controlled by individuals who are tax resident in such jurisdictions. Under the Ordinance, details of Unitholders, including but not limited to their name, place of birth, address, tax residence, tax identification number (if any), account number, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions.

By investing in the Products and/or continuing to invest in the Products, Unitholders acknowledge that they may be required to provide additional information to the Trust, the Manager and/or the Trust's agents in order for the Trust to comply with the Ordinance. The Unitholder's information (and information on controlling person including beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are passive non-financial entities), may be transmitted by the IRD to authorities in other jurisdictions. The failure of a Unitholder to provide any requested information, may result in the Trust, the Manager and/or other agents of the Trust taking any action and/or pursue remedies at their disposal including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned.

Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Product(s).

PART 2 – SPECIFIC INFORMATION RELATING TO EACH PRODUCT

Part 2 of this Prospectus includes specific information relevant to each Product established under the Trust and listed on the SEHK. It is updated from time to time by the Manager. Information relating to each Product is set out in a separate Appendix.

The information presented in each Appendix in this Part 2 should be read in conjunction with the information presented in Part 1 of this Prospectus. Where the information in any Appendix in this Part 2 conflicts with the information presented in Part 1, the information in the relevant Appendix in the Part 2 prevails, however, is applicable to the specific Product of the relevant Appendix only.

Defined terms used in each of the Appendices and which are not defined in this Part 2, bear the same meanings as in Part 1 of this Prospectus. References in each Appendix to “Product” refer to the relevant Product 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.