富邦基金 Fubon Fund Management

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

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 Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product.

Fubon FTSE Taiwan Daily (2x) Leveraged Product tracks two times the performance of an index on a Daily basis. Fubon FTSE Taiwan Daily (-1x) Inverse Product tracks the performance of a short position on an index on a Daily basis.

The Products only target 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 derivatives and/or 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 rebalancing interval – one day) investment. The performance of the Products, when held overnight, may deviate from the underlying indices.

For Products which invest in futures contracts, you should note that futures investments are subject to certain key risks including leverage, counterparty and liquidity risks. Movement in the prices of futures may be highly volatile. **The Products may not be suitable for all investors. It is possible that the entire value of your investment could be lost within a short period.**

Please refer to section "***4. General Risk Factors***" of Part 1 of this Prospectus as well as any specific risk factors relating to a Product as set out in Part 2 of this Prospectus.

FUBON LEVERAGED & INVERSE SERIES

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

Fubon FTSE Taiwan Daily (2x) Leveraged Product

Stock Code: 7232

Fubon FTSE Taiwan Daily (-1x) Inverse Product

Stock Code: 7332

PROSPECTUS

MANAGER

Fubon Fund Management (Hong Kong) Limited

25 May 2021

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The Trust and the Products set out in Part 2 of this Prospectus have been authorised by the Commission pursuant to section 104 of the Securities and Futures Ordinance. Each of the Products is a fund falling within Chapters 8.6 and 8.8 of the Code on Unit Trusts and Mutual Funds. Authorisation by the Commission is not a recommendation or endorsement of the Trust or any of the Products nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the Trust or the Products are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Fubon Leveraged & Inverse Series

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

(the "Trust")

Fubon FTSE Taiwan Daily (2x) Leveraged Product
Stock Code: 7232

Fubon FTSE Taiwan Daily (-1x) Inverse Product
Stock Code: 7332

First Addendum to the Prospectus

IMPORTANT:

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

This document forms part of and should be read in conjunction with the Prospectus of the Trust dated 25 May 2021. In the case of any conflict between this First Addendum and the Prospectus, this First Addendum shall prevail. All capitalised terms used in the First Addendum have the same meaning as in the Prospectus, unless otherwise defined herein.

The Manager accepts full responsibility for the accuracy of the information contained in this First Addendum 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.

*Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Securities and Futures Commission ("**SFC**") take no responsibility for the contents of this First Addendum, 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 First Addendum.*

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.

Updates to index information of the Underlying Index

With effect from the date of this First Addendum, the following amendments shall be made:

(a) The third row of the table under the sub-section headed "**1.2 Summary of Information**" in the section headed "**1. KEY INFORMATION**" in Appendix 1 to the Prospectus shall be deleted in its entirety and replaced with the following:

"

Underlying Index	FTSE Taiwan RIC Capped Index Inception Date: 29 September 2017 The Underlying Index which the Product tracks is the New Taiwan Dollars version of the master index, the base currency of which is USD.

"

(b) The third paragraph under section headed "**19. THE UNDERLYING INDEX**" in Appendix 1 to the Prospectus shall be deleted in its entirety and replaced with the following:

"The Underlying Index was launched on 29 September 2017 and had a base level of 1,000 on 16 June 2000. The base currency of the Underlying Index is New Taiwan Dollars. The Underlying Index which the Product tracks is the New Taiwan Dollars version of the master index, the base currency of which is USD."

(c) The third row of the table under the sub-section headed "**1.2 Summary of Information**" in the section headed "**1. KEY INFORMATION**" in Appendix 2 to the Prospectus shall be deleted in its entirety and replaced with the following:

"

Underlying Index	FTSE Taiwan RIC Capped Index Inception Date: 29 September 2017 The Underlying Index which the Product tracks is the New Taiwan Dollars version of the master index, the base currency of which is USD.

"

(d) The third paragraph under section headed "**19. THE UNDERLYING INDEX**" in Appendix 2 to the Prospectus shall be deleted in its entirety and replaced with the following:

"The Underlying Index was launched on 29 September 2017 and had a base level of 1,000 on 16 June 2000. The base currency of the Underlying Index is New Taiwan Dollars. The Underlying Index which the Product tracks is the New Taiwan Dollars version of the master index, the base currency of which is USD."

1 Sept 2021

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PARTIES

Manager	Fubon Fund Management (Hong Kong) Limited Unit D, 19/F, Lee & Man Commercial Center 169 Electric Road Hong Kong
Trustee	Cititrust Limited 50/F, Champion Tower Three Garden Road Central Hong Kong
Registrar	Computershare Hong Kong Investor Services Limited 46th Floor, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Custodian and Administrator	Citibank, N.A., Hong Kong Branch 50/F, Champion Tower Three Garden Road Central Hong Kong
Service Agent or Conversion Agent	HK Conversion Agency Services Limited 1st Floor, One & Two Exchange Square 8 Connaught Place Central Hong Kong
Listing Agent	Altus Capital Limited 21 Wing Wo Street Central Hong Kong
Participating Dealer	Please refer to the relevant Appendix of each Product.
Market Maker	Please refer to the relevant Appendix of each Product.
Legal Adviser to the Manager	Deacons 5th Floor, Alexandra House 18 Chater Road Central Hong Kong
Auditors	PricewaterhouseCoopers 22/F, Prince's Building 10 Chater Road Central Hong Kong
Directors of the Manager	Shyy Gang Harn Wey Ting Lee Ming Chou Lin Hsin Yi Ng Fong Chun Chan Yue Yuen

PRELIMINARY

This Prospectus has been prepared in connection with the offer in Hong Kong of Units in the Trust. The Trust is an umbrella unit trust established under Hong Kong law by a trust deed dated 23 April 2021, between Fubon Fund Management (Hong Kong) Limited and Cititrust Limited, as amended and/or supplemented from time to time. The Trust has a number of Products, each a segregated pool of assets and liabilities established under the Trust.

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and confirm, 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 SEHK and the Code and the "Overarching Principles" of the Commission 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 Prospectus contains the information necessary for investors to be able to make an informed judgment of the investment and meets the disclosure requirements under the Code. Before making any investment decisions, investors should consider their own specific circumstances, including without limitation, their own risk tolerance level, financial circumstances, and investment objectives. If in doubt, investors should consult their financial adviser, consult their 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 them to acquire Units and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable and to determine whether any investment in any of the Products, is appropriate.

Applications may be made to list Units in a Product constituted under the Trust on the SEHK. Subject to compliance with the admission requirements of HKSCC and the granting of listing of, and permission to deal in, the Units in such Product on the SEHK, the Units in such 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 in such Product on the SEHK or such other date as may be determined by HKSCC. For further details on listing or application for listing of a Product on the SEHK and admission of Units of such Product as eligible securities by HKSCC, please refer to Part 2 of this Prospectus. Settlement of transactions between participants of SEHK is required to take place in CCASS on the second CCASS Settlement Day (as defined in the "***Definitions***" section) 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.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised. Distribution of this Prospectus shall not be permitted unless it is accompanied by a copy of the latest Product Key Facts Statement of each of the Products, the latest annual report of the Trust (if any) and, if later, its most recent interim report.

The Trust and the Product(s) are not registered as an investment company with the United States Securities and Exchange Commission. Units have not been, and will not be, registered under the United States Securities Act of 1933 or any other United States Federal or State law and accordingly Units are not offered to, and may not be transferred to or acquired by, US persons (including without limitation US citizens and residents as well as business entities organized under United States' law), except under any relevant exemption.

The Manager shall have the power to impose such restrictions as the Manager may think necessary for the purpose of ensuring that no Units in any Product are acquired or held by an Unqualified Person (as defined in the "***Definitions***" section).

Potential applicants for Units in any of the Products should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units in such Product.

Investors should note that any amendment or addendum to this Prospectus will only be posted on the Manager's website www.fubonetf.com.hk[1].

Investment involves risk and investors should note that losses may be sustained on their investment. There is no assurance that the investment objective of any of the Products of the Trust will be achieved. In particular, investors should consider the general risk factors set out in section "***4. General Risk Factors***" of Part 1 of this Prospectus and any specific risk factors relating to a Product as set out in Part 2 of this Prospectus, before investing in any of the Products.

[1] The contents of this website and any other websites referred to in this Prospectus have not been reviewed by the Commission.

DEFINITIONS

In this Prospectus, unless the context requires otherwise, the following expressions have the meanings set out below.

"Administrator"	means Citibank, N.A., Hong Kong Branch in its capacity as the administrator of the Trust and its Products or such other entity as may be appointed from time to time to provide administrative services to the Trust and its Products.
"Application"	means, in respect of a Product, a Creation Application or a Redemption Application.
"Application Basket Value"	means the aggregate value of the Securities and/or Futures Contracts comprising a Basket as fixed by the Manager on the relevant Valuation Day for the purpose of the creation and redemption of Units in an Application Unit size.
"Application Cancellation Fee"	means the fee payable by a Participating Dealer in respect of cancellation of an Application as set out in the Trust Deed, the rate of which is set out in Part 2 of this Prospectus.
"Application Unit"	means, in respect of a Product, such number of Units of a class or whole multiples thereof as specified in Part 2 of this Prospectus or such other number of Units of a class from time to time determined by the Manager, in consultation with the Trustee, and notified to Participating Dealers, either generally or for a particular class or classes of Units or for a particular period of time or for a particular Participating Dealer.
"Auditors"	means the auditor or auditors of the Products and the Trust from time to time appointed by the Manager with the prior approval of the Trustee pursuant to the provisions of the Trust Deed.
"Base Currency"	means the currency of account of a Product as specified in Part 2 of this Prospectus.
"Basket"	means, for the purpose of the creation and redemption of Units in an Application Unit size, a portfolio of Securities and/or Futures Contracts, which seeks to benchmark the Underlying Index by replication strategy provided that such portfolio shall comprise only whole numbers of Securities and/or Futures Contracts and no fraction or, if the Manager determines, shall comprise only round lots and not odd lots.
"Business Day"	means, unless the Manager and the Trustee otherwise agree and specified in the relevant Appendix of the Product, a day on which (a) (i) the SEHK is open for normal trading; and (ii) the relevant market on which the relevant Securities and/or Futures Contracts, as the case may be, are traded is open for normal trading; or (iii) if there are more than one such markets, the market designated by the Manager is open for normal trading, and (b) the Underlying Index is compiled and published, or such other day or days as the Manager may determine and notify to the Trustee 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 or higher, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager determines otherwise and notifies to the Trustee.
"Cancellation Compensation"	means an amount payable by a Participating Dealer in respect of cancellation of an Application pursuant to the Trust Deed.
"Cash Component"	means the aggregate Net Asset Value of the Units comprising the Application Unit(s) less the relevant Application Basket Value.

"CCASS"	means the Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.
"CCASS Operational Procedures"	means the CCASS Operational Procedures as amended from time to time.
"CCASS Settlement Day"	means the term "Settlement Day" as defined in the General Rules of CCASS.
"Code"	means the Code on Unit Trusts and Mutual Funds issued by the Commission, as may be amended from time to time.
"Commission"	means the Securities and Futures Commission of Hong Kong or its successors.
"Connected Person"	in relation to a company, means: (a) any person or company beneficially owning, directly or indirectly, twenty per cent (20%) or more of the ordinary share capital of that company or able to exercise, directly or indirectly, twenty per cent (20%) or more of the total votes in that company; (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a) above; (c) any member of the group of which that company forms part; or (d) any director or other officer of that company or of any of its Connected Persons as defined in (a), (b) or (c) above.
"Conversion Agent"	means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as conversion agent in relation to a Product.
"Conversion Agency Agreement"	means each agreement entered amongst the Trustee, the Manager, the Registrar, the Participating Dealer, the Conversion Agent and HKSCC by which the Conversion Agent agrees with the Manager and the Trustee to provide its services.
"Creation Application"	means an application by a Participating Dealer for the creation of Units of a Product in Application Unit size (or whole multiples thereof) in accordance with the relevant procedures set out in the Trust Deed, and the relevant Participation Agreement.
"CRS Ordinance"	means the Inland Revenue (Amendment) (No.3) Ordinance 2016, the Inland Revenue (Amendment) (No.2) Ordinance 2017 and the Inland Revenue (Amendment) (No.2) Ordinance 2019.
"Custodian"	means Citibank, N.A., Hong Kong Branch in its capacity as the custodian of the Trust and its Products or such other entity as may be appointed from time to time to provide custodial services to the Trust and its Products.
"Dealing Day"	means, in respect of a Product, each Business Day during the continuance of such Product or such other day or days as the Manager may from time to time determine and notify to the Trustee, either generally or in respect of a particular class or classes of Units.
"Dealing Deadline"	in relation to any Dealing Day, shall be such time or times as the Manager may from time to time determine and notify to the Trustee, either generally or in relation to a particular class or classes of Units or any particular jurisdiction in which Units may from time to time be sold or any particular place for submission of Application(s) by a Participating Dealer, as set out in Part 2 of this Prospectus.

"Deposited Property"	means, in respect of each Product, all the assets (including cash) received or receivable by the Trustee for the time being held or deemed to be held upon the trusts of the Trust Deed for the account of the relevant Product excluding (i) the Income Property and (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed).
"Duties and Charges"	means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies, all fees, duties and charges as set out in the Operating Guidelines 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 Futures Contracts (as the case may be) 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 Futures Contracts (as the case may be) of the Trust 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 Futures Contracts (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 Futures Contracts (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 upon such redemption of Units.
"Extension Fee"	means any fee payable by a Participating Dealer to the Trustee for its account and benefit on each occasion the Manager grants the request of such Participating Dealer for extended settlement in respect of an Application, as set out in the Operating Guidelines and Part 2 of this Prospectus.
"FATCA"	means the US Foreign Account Tax Compliance Act and Sections 1471-1474 of the IRC.
"FI"	means financial institution.
"FFI"	means foreign financial institution.
"FFI Agreement"	means the agreement entered into by the FFI with the IRS to comply with FATCA.
"Futures Contract"	means any futures contract which is traded on any futures exchange.
"GIIN"	means Global Intermediary Identification Number.
"Government and other public securities"	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.
"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.
"Hong Kong dollar" or **"HKD"**	means the lawful currency for the time being and from time to time of Hong Kong.

"IGA"	means intergovernmental agreement between the US and the relevant jurisdiction for the implementation of FATCA.
"Income Property"	means, in respect of each Product, (a) all interest, dividends and other sums deemed by the Manager (after consulting the Auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the relevant Product (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale of any Income Property received in a form other than cash); (b) all Cash Component payments received or receivable by the Trustee for the account of the relevant Product; and (c) all Cancellation Compensation received or receivable by the Trustee for the account of the relevant Product; (d) all interest and other sums received or receivable by the Trustee in respect of (a), (b) or (c) of this definition, but excluding (i) the Deposited Property of the relevant Product; (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed) 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 (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 Provider"	means, in respect of each Product, the person responsible for compiling the Underlying Index against which the relevant Product benchmarks its investments and who holds the right to licence the use of such Underlying Index to the relevant Product.
"Initial Issue Date"	means, in respect of a Product, the date of the first issue of Units relating to the Product as set out in Part 2 of this Prospectus.
"Initial Offer Period"	means, in respect of a class of Units, such period as may be determined by the Manager for the purpose of making an initial offer of Units of such class as set out in Part 2 of this Prospectus.
"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.
"Investment Delegate"	means an entity that has been delegated with investment management function of a Product as the case may be.
"IRC"	means the US Internal Revenue Code of 1986, as amended.
"IRD"	means Hong Kong Inland Revenue Department.
"IRS"	means US Internal Revenue Service.
"Issue Price"	means, in respect of each Product, the issue price per Unit of a particular class during the Initial Offer Period as determined by the Manager in respect of such class of Units and thereafter the issue price per Unit calculated pursuant to the Trust Deed at which Units are from time to time issued or to be issued, each as set out in Part 2 of this Prospectus.

"Listing Agent"	means, in respect of a Product, such entity appointed by the Manager as the listing agent for such Product.
"Listing Date"	in respect of a Product, means the date on which Units are first listed and from which dealings therein are permitted to take place on the SEHK.
"Manager"	means Fubon Fund Management (Hong Kong) Limited or any other person (or persons) who for the time being is duly appointed as manager (or managers) of the Trust and accepted by the Commission as qualified to act as such for the purposes of the Code.
"Net Asset Value" or **"NAV"**	means the net asset value of a Product or, as the context may require, the net asset value of a Unit calculated pursuant to the Trust Deed.
"Operating Guidelines"	means, in respect of a Product, the operating guidelines governing the Participating Dealers, including without limitation, the procedures for creation and redemption of Units of such Product, as amended from time to time by the Manager with the approval of the Trustee, and where applicable, with the approval of HKSCC and the Conversion Agent, and, if they are parties to the Participation Agreement, the Service Agent and HKSCC, and following consultation, to the extent reasonably practicable, with the Participating Dealers and as agreed with or as notified in writing to the Participating Dealers (as the case may be) in accordance with the terms of the relevant Participation Agreement.
"Participating Dealer"	means, in respect of each Product, a broker or dealer (licensed for Type 1 regulated activity under the Securities and Futures Ordinance) which has entered into a Participation Agreement, and any reference in this Prospectus to "Participating Dealer" shall, where the context requires, include a reference to any PD agent so appointed by the Participating Dealer.
"Participation Agreement"	means either (1) an agreement entered into between the Trustee, the Manager and a Participating Dealer (and if applicable, supplemented with a supplemental participation agreement entered into between the same parties and the PD Agent), or (2) entered into between the Trustee, the Manager, HKSCC and the Conversion Agent, and a Participating Dealer, each setting out, amongst other things, the arrangements in respect of Applications by such Participating Dealer or PD Agent (as the case may be), as may be amended from time to time. References to the Participation Agreement shall, where appropriate, mean the Participation Agreement, read together with the Operating Guidelines.
"PD Agent"	means a person who is admitted by HKSCC as either a District Clearing Participant or a General Clearing Participant (as defined in the General Rules of CCASS) in CCASS and who has been appointed by a Participating Dealer as its agent for the creation and redemption of Units.
"Primary Market Investor"	means an investor who makes a request to a Participating Dealer or to a stockbroker who has opened an account with a Participating Dealer to effect an Application on his behalf.
"Product"	means a segregated pool of assets and liabilities established under the Trust, specific details of which are set out in Part 2 of this Prospectus.

"Qualified Exchange Traded Funds" means exchange traded funds that are:

(a) authorised by the Commission under 8.6 or 8.10 of the Code; or

(b) 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 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 8.10 of the Code.

"Redemption Application" means, in respect of a Product, an application by a Participating Dealer for the redemption of Units in Application Unit size (or whole multiples thereof) in accordance with the relevant procedures set out in the Trust Deed and the relevant Participation Agreement.

"Redemption Price" means, in respect of a Unit of each Product, the redemption price per Unit of a particular class calculated in accordance with the Trust Deed at which Units are from time to time redeemed, as set out in Part 2 of this Prospectus.

"Register" means, in respect of each Product, the register of Unitholders of that Product to be kept pursuant to the Trust Deed.

"Registrar" means, Computershare Hong Kong Investor Services Limited or such person as may from time to time be appointed as registrar in respect of each Product to keep the Register.

"reverse repurchase transactions" means means transactions whereby a scheme 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 scheme 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 share, stock, debenture, loan stock, bond, security, commercial paper, acceptance, trade bill, warrant, participation note, certificate, structured product, treasury bill, instrument or note 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;

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

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

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

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

"securities financing transactions"	means collectively securities lending transactions, sale and repurchase transactions and reverse repurchase transactions.
"securities lending transactions"	means transactions whereby a scheme lends its securities to a security-borrowing counterparty for an agreed fee.
"SEHK"	means The Stock Exchange of Hong Kong Limited or its successors.
"Secondary Market Investor"	means an investor who purchases and sells Units in the secondary market on the SEHK.
"Securities and Futures Ordinance"	means the Securities and Futures Ordinance (Cap. 571) of Hong Kong.
"Service Agent"	means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent in relation to a Product.
"Service Agent's Fee"	means the fee which may be charged for the benefit of the Service Agent to each Participating Dealer on book-entry deposit or book-entry withdrawal transaction made by the relevant Participating Dealer, and which shall be determined by the Service Agent and set out in Part 2 of this Prospectus.
"Service Agreement"	means the service agreement entered into among the Manager, the Trustee, the Service Agent, HKSCC, the Registrar and the relevant Participating Dealer and (where applicable) the PD Agent.
"Settlement Day"	means the Business Day which is two Business Days after the relevant Dealing Day (or such other Business Day after the relevant Dealing Day as permitted pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as the Manager, in consultation with the Trustee, may from time to time determine and notify to the Participating Dealers, either generally or for a particular class or classes of Units.
"Structured Fund"	means any Product which seeks to achieve its investment objective primarily through investment in financial derivative instruments and authorised under Chapter 8.8 of the Code, for example futures, swap or market access products or similar arrangement.
"Transaction Fee"	means, in respect of a Product, the fee which may at the discretion of the Trustee be charged for the account and benefit of the Trustee to each Participating Dealer under the Trust Deed, the maximum level of which shall be determined by the Trustee with the consent of the Manager from time to time and set out in Part 2 of this Prospectus.
"Trust"	means the unit trust constituted by the Trust Deed and to be called Fubon Leveraged & Inverse Series or such other name as the Trustee and the Manager may from time to time determine.
"Trust Deed"	means the trust deed dated 23 April 2021 between the Manager and the Trustee, as amended, modified and/or supplemented from time to time.
"Trustee"	means Cititrust Limited or such other person (or persons) who for the time being is duly appointed to be trustee (or trustees) of the Trust.

"Underlying Index" means the index against which the relevant Product is benchmarked.

"Unit" means one undivided share of a Product to which a Unit relates and, except where used in relation to a particular class of Unit, a reference to Units means and includes Units of all classes.

"Unitholder" means a person for the time being entered on the Register as the holder of a Unit or Units including, where the context so admits, persons jointly so registered.

"US" means the United States of America.

"US dollar" or **"USD"** means the lawful currency for the time being and from time to time of the United States of America.

"Unqualified Person" means:

(a) a person who by virtue of any law or requirement of any country or governmental authority is not qualified to hold a Unit or who would be in breach of any such law or regulation in acquiring or holding a Unit or if, in the opinion of the Manager, the holding of a Unit by such person might result in the Trust incurring any liability to taxation or suffering a pecuniary disadvantage which the Trust might not otherwise have incurred or suffered, or might result in the Trust, the Manager or the Trustee or any of their Connected Persons being exposed to any liability, penalty or regulatory action; or

(b) any person if the holding of a Unit by such person might, due to any circumstances whether directly affecting such person and whether relating to such person alone or to any other person in conjunction therewith (whether such persons are connected or not), in the opinion of the Manager, result in the Trust incurring any liability to taxation or suffering a pecuniary disadvantage which the Trust might not otherwise have incurred or suffered, or in the Trust, the Manager or the Trustee or any of their Connected Persons being exposed to any liability, penalty or regulatory action.

"Valuation Day" means each Business Day on which the Net Asset Value of a Product and/or the Net Asset Value of a Unit falls to be calculated and in relation to each Dealing Day of any class or classes of Units means either such Dealing Day or such Business Day as the Manager may from time to time determine in its absolute discretion (in consultation with the Trustee). At least one calendar month's prior notice shall be given to the Unitholders of the relevant class or classes of Units before any change in the Manager's determination on the Valuation Day shall become effective.

"Valuation Point" means, in respect of a Product, the official closing of trading on the securities or futures market on which the Securities or Futures Contracts constituting the Underlying Index are listed on each Valuation Day, and in case there are more than one such markets, 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 Valuation Day other than where there is a suspension of determination of the Net Asset Value of the relevant Product pursuant to the provisions of the Trust Deed.

"Withholdable Payments" mean payments that may be subject to withholding under FATCA such as interest, dividends from securities of US issuers and "Foreign Pass Thru Payments" which are yet to be defined in US Treasury Regulations.

PART 1
GENERAL INFORMATION RELATING TO THE TRUST

PART 1 – GENERAL INFORMATION RELATING TO THE TRUST

Part 1 of this Prospectus contains general information about the Trust and the Products, while Part 2 of this Prospectus sets out additional details specific to a Product (such as additional terms, conditions and restrictions applicable to the relevant Product). Investors should read both Parts of the Prospectus before investing in any of the Products. In case of any inconsistency between Part 1 and Part 2, the information in Part 2 shall prevail.

1. THE TRUST

The Trust is an umbrella unit trust constituted by way of a trust deed dated 23 April 2021, between Fubon Fund Management (Hong Kong) Limited as Manager and Cititrust Limited as Trustee (as amended and/or supplemented from time to time). The terms of the Trust Deed are governed by the laws of Hong Kong.

Specific details of a Product of the Trust are set out in Part 2 of this Prospectus. Each of the Products is a fund falling within Chapters 8.6 and 8.8 of the Code. Certain Product(s) may also be subject to additional Chapters of the Code. All Products will be listed on the SEHK.

The Manager may create further Products in the future.

Multiple classes of Units may be issued in respect of each Product and the Manager may create additional classes of Units for any Product in its sole discretion in the future. All assets and liabilities attributable to each Product shall be segregated from the assets and liabilities of any other Product(s), and shall not be used for the purpose of, or borne by the assets of, any other Product(s) (as the case may be).

2. KEY OPERATORS AND SERVICE PROVIDERS

2.1 Manager

The Manager of the Trust and its Products is Fubon Fund Management (Hong Kong) Limited.

The Manager was incorporated in Hong Kong on 4 December 1979 and is licensed by the Commission to conduct Types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities under the Securities and Futures Ordinance with CE number AAA662.

2.1.1 Directors of the Manager

The directors of the Manager are Shyy Gang, Harn Wey Ting, Lee Ming Chou, Lin Hsin Yi, Ng Fong Chun and Chan Yue Yuen.

2.2 Listing Agent

The details of the Listing Agent appointed in respect of the Products are set out in Part 2 of this Prospectus.

2.3 Trustee

The Trustee of the Trust and the Products is Cititrust Limited, which is a registered trust company in Hong Kong. Cititrust Limited is a wholly-owned subsidiary of Citigroup Inc. ("**Citigroup**"). As a global financial services group, Citigroup and its subsidiaries provide a broad range of financial products and services, including consumer banking, corporate and investment banking, securities brokerage and wealth management to consumers, corporations, governments and institutions.

Under the Trust Deed, the Trustee shall take into its custody or under its control all the property of the Trust, subject to the provisions of the Trust Deed.

The Trustee may from time to time appoint solely, or (where the appointment of a local custodian is required by the applicable laws and regulations of the relevant jurisdiction to be made by the Manager instead of the Trustee) jointly with the Manager, such person or persons as it thinks fit (including, without limitation, any of its Connected Persons) to hold as custodian, co-custodian, delegate, nominee or agent, all or any of the investments, cash, assets or other property comprised in the Trust and any of the Products and may empower any such custodian, co-custodian, delegate, nominee or agent to appoint, with no objection in writing by the Trustee, co-custodians and/or sub-custodians (each such custodian, delegate, nominee, agent, co-custodian and sub-custodian a "**Correspondent**"). The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and on-going monitoring of such Correspondents which are appointed for the custody and/or safekeeping of any of the investments, cash, assets or other property comprised in the Trust and the Product(s); (b) be satisfied that such Correspondents retained remain suitably qualified and competent on an ongoing basis to provide the relevant custodial services to the Trust and the Product(s); (c) with respect to the selection, appointment and ongoing monitoring of any sub-custodian by the custodian, exercise reasonable care, skill and diligence to ensure that such custodian has appropriate and adequate processes and procedures in place for the selection, appointment and ongoing monitoring of its sub-custodians, and in connection therewith the Trustee shall conduct regular reviews of such custodian's processes and procedures to ensure that the Trustee remains satisfied that such processes and procedures remain appropriate and adequate for the selection, appointment and ongoing monitoring of sub-custodians. The Trustee shall know the identity of each sub-custodian appointed by the custodian for safekeeping of assets of the Trust. 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), (b) and (c) of 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 Euro-clear Clearing System Limited or Clearstream Banking S.A. or any other such central depository or clearing and settlement system in relation to any investment deposited with such central depository or clearing and settlement system.

Subject as provided in the Trust Deed, the Trustee is entitled to be indemnified from the assets of the Trust and/or the relevant Product from and against any and all actions, proceedings, liabilities, costs, claims, damages, expenses (including all reasonable legal, professional and other similar expenses) or demands which may be incurred by or asserted against the Trustee in performing its obligations or duties in connection with the Trust and/or the relevant Product. Notwithstanding the aforesaid, the Trustee can neither be exempted from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence nor may it be indemnified against such liability by Unitholders or at Unitholders' expense. Subject to the applicable law and the provisions of the Trust Deed, the Trustee shall not, in the absence of breach of trust through fraud or negligence on the part of the Trustee, be liable for any losses, costs or damage to the Trust, any Product 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 any Product, which is the sole responsibility of the Manager.

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

The Trustee will remain as the trustee of the Trust until the Trustee retires or is removed. The circumstances under which the Trustee may retire or be removed are set out in the Trust Deed. Where any Product is authorised pursuant to section 104 of the Securities and Futures Ordinance, any change in the Trustee is subject to the Commission's prior approval and the Trustee will remain as the trustee of the Trust until a new Trustee is appointed in accordance with the provisions set out in the Trust Deed. Unitholders will be duly notified of any such changes in accordance with the requirements prescribed by the Commission.

The Trustee will be entitled to the fees described in the section headed "***12. Fees and Charges***" under the heading "***12.2 Trustee's Fee***" below and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed.

The Manager has the sole responsibility for making investment decisions in relation to the Trust and/or each Product and the Trustee (including its delegates) are not responsible for and have no liability for any investment decision made by the Manager. Except as expressly stated in this Prospectus, the Trust Deed and/or required by the Code, neither the Trustee nor any of its employees, service providers or agents are or will be directly or indirectly involved in the business affairs, organisation, sponsorship or investment management of the Trust or any Product. Also, none of the Trustee, its employees, service providers or agents is responsible for the preparation or issue of this Prospectus, and does not accept responsibility for any information contained in this Prospectus, other than the descriptions under this section "***2.3 Trustee***".

2.4 Registrar

Computershare Hong Kong Investor Services Limited is the Registrar of the Products. The Registrar provides services in respect of the establishment and maintenance of the Register of Unitholders of the Products.

2.5 Custodian and Administrator

The Trustee has appointed Citibank, N.A., Hong Kong Branch as the Custodian of the Trust and the Products.

The Custodian has been a provider of custodial and settlement services to domestic and international clients since its establishment in the United States of America in 1814. The Custodian's global custodial network covers all mature and major emerging markets. The Custodian began offering securities services in Hong Kong in the mid-1970s and developed a full-blown capability by the mid-1980s.

The Manager has also appointed Citibank, N.A., Hong Kong Branch, as the Administrator of the Trust and the Products. The Administrator is responsible for certain financial, administrative and other services in relation to the Trust and the Products, including:

- determining the Net Asset Value of the Products and the Net Asset Value per Unit of the Products;
- preparing and maintaining the Trust's and the Products' financial and accounting records and statements; and
- assisting in preparing the financial statements of the Trust and the Products.

2.6 Service Agent or Conversion Agent

HK Conversion Agency Services Limited acts as Service Agent or Conversion Agent, as appropriate in respect of a Product, the details of which as set out in Part 2 of this Prospectus. Under the terms of the Service Agreement, the Participation Agreement or Conversion Agency agreement (as the case may be), the Service Agent or the Conversion Agent (as the case may be) performs, through HKSCC, certain of its services in connection with the creation and redemption of Units in a Product by Participating Dealers or PD Agent (as the case may be).

2.7 Auditors

The auditors of the Trust and the Products are PricewaterhouseCoopers.

2.8 Participating Dealers

The role of the Participating Dealers is to apply to create and redeem Units in a Product from time to time in accordance with the terms of the relevant Participation Agreement. If the Participating Dealer has appointed a PD Agent, the PD Agent will help as an agent of the Participating Dealer to create and redeem Units in a Product insofar as any obligations under the relevant Participation Agreement or Service Agreement (where applicable) entered into by the Participating Dealer and where applicable, which appointment is acknowledged by the Participating Dealer, the Trustee and the Manager.

The Manager has the right to appoint the Participating Dealers for a Product. The criteria for the eligibility and selection of Participating Dealers or PD Agent (as the case may be) by the Manager is as follows: (i) the Participating Dealer or PD Agent must be licensed for at least Type 1 regulated activity pursuant to the Securities and Futures Ordinance with a business presence in Hong Kong; (ii) the Participating Dealer and (where applicable) PD Agent must have entered into a Participating Agreement with the Manager and the Trustee; (iii) the Participating Dealer (and where applicable, the appointment of the PD Agent by the Participating Dealer) must be acceptable to the Manager; and (iv) the Participating Dealer (and where applicable, the PD Agent appointed by the Participating Dealer) must be a participant in CCASS.

The list of Participating Dealers or PD Agent (as the case may be) in respect of each Product is available on www.fubonetf.com.hk. The Participating Dealers or PD Agent (as the case may be) are not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus.

2.9 Market Makers

A market maker is a broker or a dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK. A market maker's 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 Units on the SEHK. Market makers accordingly 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 intends to ensure that there is at least one market maker for each Product to facilitate efficient trading. If the SEHK withdraws its permit to the existing market maker(s), the Manager will endeavour to ensure that there is at least one other market maker per Product to facilitate the efficient trading of Units. The Manager will ensure that at least one market maker per Product is required to give not less than 3 months' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of each Product is available on www.fubonetf.com.hk and from time to time will be displayed on www.hkex.com.hk. Further details relating to market making arrangement are described in Part 2 of this Prospectus.

2.10 Investment Delegate and/or investment adviser

The Manager undertakes the management of the assets of the Trust. The Manager may appoint Investment Delegate(s) and/or investment adviser(s) to provide advice or services to the Manager in relation to any Product.

The details of the Investment Delegate and/or investment adviser appointed in respect of a Product (if any) are set out in Part 2 of this Prospectus.

3. INVESTMENT CONSIDERATIONS

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

The investment objective and strategy specific to each Product, as well as other important details, are set out in Part 2 of this Prospectus.

4. GENERAL RISK FACTORS

Investments involve risks. Each Product is subject to market fluctuations and to the risks inherent in all investments. The price of Units of each Product and the income from them may go down as well as up and an investor may not get back part or all of the amount they invest.

The performance of each Product will be subject to a number of risks, including those risk factors set out below. Some or all of the risk factors may adversely affect a Product's Net Asset Value, yield, total return and/or its ability to achieve its investment objective. There is no assurance that a Product will achieve its investment objective. The following general risk factors apply to each Product unless stated otherwise.

Before investing in any of the Products, investors should carefully consider the general risk factors set out in this section and any specific risk factors relating to a Product as set out in Part 2 of this Prospectus.

4.1 Investment risks

General risks involved in investing in a Product. An investment in Units of a Product involves risks similar to those of investing in a broad-based portfolio of securities traded on exchanges in the relevant overseas securities market, including market fluctuations caused by factors such as economic and political developments, changes in interest rates and perceived trends in security prices. The principal risk factors, which could decrease the value of an Investor's investment, are listed and described below:

- Less liquid and less efficient securities markets;
- Greater price volatility especially for Products investing in financial derivative instruments;
- Exchange rate fluctuations and exchange controls;
- Less publicly available information about issuers;
- The imposition of restrictions on the expatriation of funds or other assets of a Product;
- Higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- Difficulties in enforcing contractual obligations;
- Lesser levels of regulation of the securities markets;
- Different accounting, disclosure and reporting requirements;
- More substantial government involvement in the economy;
- Higher rates of inflation; and
- Disruption of normal market trading and valuation of securities due to extreme market conditions, natural catastrophes, greater social, economic, and political uncertainty and the risk of nationalization or expropriation of assets and war or terrorism.

Investment risk. The Products are not principal guaranteed and the purchase of its Units is not the same as investing directly in the Securities and/or Futures Contracts comprised in the Underlying Index.

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 you as an investor may lose a substantial proportion or all of your investment in a Product. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the relevant Product.

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

Investment in Futures Contracts involves specific risks such as high volatility, leverage, rollover and margin risks. An extremely high degree of leverage is typical of a futures trading account. The leverage component of Futures Contracts can result in a loss significantly greater than the amount invested in the Futures Contracts by a Product. Exposures to Futures Contracts may lead to a high risk of significant loss by a Product.

Equity risk. Investing in equity Securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. Insofar as investment in small-capitalisation / mid-capitalisation companies are concerned, the stock of such companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general. High market volatility and potential settlement difficulties in the markets in which a Product invests (such as Taiwan) may also result in significant fluctuations in the prices of the Securities traded on such markets and thereby may adversely affect the value of the relevant Product. Securities exchanges (such as the exchanges in Singapore and Taiwan) typically have the right to suspend or limit trading in any Security traded on the relevant exchange. The government or the regulators in different jurisdictions (including Singapore and Taiwan) may also implement policies that may affect the financial markets. All these may have a negative impact on the relevant Product.

Currency risk. Assets of a Product may be invested in securities and other investments which are denominated in currencies other than the currency in which the Product are denominated. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Manager may seek to hedge the foreign currency exposure but the Product will necessarily be subject to foreign exchange risks and there can be no assurance that any hedges which are put in place will be effective. Prospective investors whose assets and liabilities are predominantly in currencies other than the currency in which their Units will be denominated should take into account the potential risk of loss arising from fluctuations in value between the currency in which their Units will be denominated, the currency of investment and the currencies of their assets and liabilities.

Risk of indemnity. Under the Trust Deed, the Trustee and the Manager (and their respective directors, officers, employees, delegates and agents) shall be entitled, except to the extent of any breach of trust through fraud or negligence on its (or their) part, to be indemnified and held harmless out of the assets of the relevant Product in respect of any (in addition to any right of indemnity given by law) actions, proceedings, liabilities, costs, claims, damages, expenses or demands to which it (or they) may be put or asserted against or which it (or they) may incur or suffer by virtue of the proper performance of its (or their) respective obligations or duties. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of a Product and the value of the Units.

Market risk. Market risk includes such factors as changes in economic environment, consumption pattern, lack of publicly available information of investments and their issuers and investors' expectations, etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Market movements may therefore result in substantial fluctuations in the Net Asset Value per Unit of the relevant Product. The price of Units and the income from them may go down as well as up.

The Net Asset Value of each Product will change with changes in the market value of the Securities 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 and income on the Securities and/or Futures Contracts it holds, less expenses incurred. A Product's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Product may experience volatility and decline in Net Asset Value in response to changes in the relevant Underlying Index. Investors in the Products may be exposed to the same risks that investors who invest directly in the underlying Securities and/or Futures Contracts would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Underlying Index).

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

Tracking error risk. A Product's returns may deviate from the performance, the leveraged performance or the inverse performance (as the case may be) of Underlying Index due to a number of factors. For example, the fees, expenses, transaction costs as well as costs of using financial derivative instruments, liquidity of the market, inability to rebalance a Product's holdings of Securities and/or Futures Contracts in response to high portfolio turnover, a temporary lack of liquidity in the markets for the Securities and/or Futures Contracts held by a Product, imperfect correlation of returns between a Product's assets and the Securities or Futures Contracts constituting its Underlying Index, changes in the constituents of the Underlying Index, the rounding of Security or Futures Contracts prices, foreign exchange costs, changes to the Underlying Indices and regulatory policies may affect the Manager's ability to achieve close correlation between the performance of the relevant Product and the performance, the leveraged performance or the inverse performance (as the case may be) of the relevant Underlying Index. Further, a Product may receive income (such as interests and dividends) from its assets while the Underlying Index does not have such sources of income. There is no guarantee or assurance of exact or identical replication at any time of the performance, the leveraged performance or the inverse performance (as the case may be) of the relevant Underlying Index.

Although the Manager regularly monitors the tracking error of each Product, there can be no assurance that any Product will achieve any particular level of tracking error relative to the performance, the leveraged performance or the inverse performance (as the case may be) of its Underlying Index.

Derivative instrument risk. The Manager may on behalf of a Product invest in constituents of the relevant Underlying Index through derivative instruments. A 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 and/or Futures Contract 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, 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 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 derivative instruments than if it invests only in conventional Securities.

There is also no active market in derivative instruments and therefore investment in derivative instruments can be illiquid. In order to meet redemption requests, the relevant Product relies upon the issuer of the derivative instruments to quote a price to unwind any part of the derivative instruments that will reflect the market liquidity conditions and the size of the transaction.

In addition, many derivative instruments are not traded on exchanges. As a result, if the relevant Product engages in transactions involving 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 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 derivative instruments does not entitle the 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 derivative instruments will equal the performance, the leveraged performance or the inverse performance (as the case may be) of the Underlying Index 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.

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 particular industry or group of industries, or a single geographical region. The performance of such a Product is likely to be more volatile than that of a fund having a more diverse portfolio of investments, such as a global or regional equity fund, as it is more susceptible to adverse conditions (including economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event) (where the relevant Product tracks the performance or leveraged performance of the relevant Underlying Index) or positive conditions (where the relevant Product tracks the inverse performance of the relevant Underlying Index) affecting the relevant industry or region.

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 Underlying Index by a Product at any time, a Product may be subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints which are beyond the control of the Manager, may not produce the intended results. In addition, in the interest of a Product which holds Securities as part of its investment strategy, the Manager has absolute discretion to exercise shareholders' rights with respect to Securities comprising the relevant Product. There can be no guarantee that the exercise of such discretion will result in the investment objective of the relevant Product being achieved. Investors should also note that in certain cases, none of the Manager, the relevant Product or the Unitholders has any voting rights with respect to Securities comprising the relevant Product.

Risk management. A Product intends to apply a risk management approach that it believes is appropriate for the Product. The application of any risk management approach involves numerous judgements and qualitative assessments. No risk management system is fail-safe, and no assurance can be given that the Product's risk control framework will achieve its objectives. From time to time, without notice to Unitholders, the Manager may modify or change the risk management system and procedures adopted for the Product.

Passive investments risk. The Products are not actively managed. Accordingly, the Products may be affected by changes in the market segments relating to the relevant Underlying Index or Underlying Indices. The Manager does not attempt to take defensive positions when the Underlying Index moves in an unfavourable direction to the Product. In such circumstances investors may lose a significant part of their respective investments. Each Products invests (either directly or indirectly) in the Securities and/or Futures Contracts included in or representative of its Underlying Index regardless of their investment merit, except to the extent of any representative sampling strategy. The Manager does not attempt to select Securities or Futures Contracts individually or to take defensive positions in declining markets. Accordingly, the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of the Products means that falls in the related Underlying Index in the case of Products tracking the performance or the leveraged performance of the Underlying Index, or increases in the Underlying Index or Underlying Indices in the case of Products tracking inverse performance of the Underlying Index are expected to result in a corresponding fall in the value of the relevant Products, and investors may lose substantially all of their investment.

Restricted markets risk. A Product may invest in Securities and/or Futures Contracts in jurisdictions which impose limitations or restrictions on foreign ownership or holdings. In such circumstances, the relevant Product may be required to make investments in the relevant markets directly or indirectly. In either case, legal and regulatory restrictions or limitations may have adverse effect on the liquidity and performance of such investments due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local banks and service providers. This may lead to an increased tracking error for the relevant Product.

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

Counterparty risk. The Manager for the account of a Product, may enter into transactions with financial institutions, such as brokerage firms, broker-dealers and banks, in relation to such Product's investments. The Product may be exposed to the risk that such financial institutions, being a counterparty may not settle a transaction in accordance with market practice due to a credit or liquidity problem of the counterparty, or due to the insolvency, fraud or regulatory sanction of the counterparty, thus causing the Product to suffer a loss.

In addition, a Product may be exposed to the counterparty risk of a custodian or financial institution ("**custodian or depository**") with which it deposits its securities or cash. These custodian or depository may be unable to perform their obligations due to credit-related and other events like insolvency of or default of them. In these circumstances the relevant Product may be required to unwind certain transactions and may encounter delays of some years and difficulties with respect to court procedures in seeking recovery of the relevant Product's assets. The Product's Securities are however maintained by the custodian or depositary in segregated accounts and should be protected in the event of insolvency of such custodian or depositary.

Borrowing risks. The Trustee, on the instruction of the Manager, may borrow for the account of a Product (up to 10% of the Net Asset Value of the relevant Product) 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 the relevant 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 the relevant 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.

Accounting standards and disclosure. The Manager intends to adopt Hong Kong Financial Reporting Standards ("**HKFRS**") in drawing up the annual accounts of the Trust and the Products. However, investors should note that the calculation of the Net Asset Value for determining fees and for subscription and redemption purposes will not necessarily be in compliance with generally accepted accounting principles, that is, HKFRS. Under HKFRS, investments should be valued at fair value, and bid and ask pricing is considered to be representative of fair value for long and short listed investments respectively. However, under the valuation basis described in the section "***10.1 Determination of the Net Asset Value***" below, listed investments may be valued by reference to the last traded price instead of bid and ask pricing as required under HKFRS. Accordingly, investors should note that the Net Asset Value as described in this Prospectus may not necessarily be the same as the Net Asset Value to be reported in the annual financial reports as the Manager may make necessary adjustments in the annual financial reports to comply with HKFRS. Any such adjustments will be disclosed in the annual financial reports, including a reconciliation note to reconcile values as shown in the annual accounts prepared in accordance with HKFRS to those derived by applying the Trust's valuation rules.

Risk of early termination. Under the terms of the Trust Deed and as summarised under the section headed "***14.5 Termination of the Trust or a Product***" of this Prospectus, the Manager or the Trustee may terminate the Trust or a Product under certain circumstances.

In the event of the early termination of a Product, the relevant Product would have to distribute to the Unitholders their pro rata interest in the assets of the Product in accordance with the Trust Deed. It is possible that at the time of such sale or distribution, certain investments held by that Product may be worth less than the initial cost of such investments, resulting in a substantial loss to the Unitholders. Moreover, any organisational expenses with regard to the relevant Product that had not yet become fully amortised would be debited against the relevant Product's net assets at that time. Any amount recovered by the Unitholders of the relevant Product may be more or less than the capital invested by such Unitholders.

New manager risk. Although the Manager has experience in managing unlisted investment funds in Hong Kong, the first two Products are the first leveraged and inverse products managed by the Manager. As such, the Manager will substantially make use of and rely upon the risk management tools to support the investments of a Product. In the event of a breakdown or disruption in such tools, the operations of the Products may be adversely affected.

Emerging market risk. Some overseas markets in which a Product may invest are considered emerging market countries. The economies of many emerging markets are still in the early stages of modern development and subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions that have a sudden and widespread effect. Also, many less developed market and emerging market economies have a high degree of dependence on a small group of markets or even a single market that can render such economies more susceptible to the adverse impact of internal and external shocks.

Emerging market regions are also subject to special risks including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; currency risks/control; exchange rate fluctuations and exchange control; higher volatility of the value of debt (particularly as impacted by interest rates); imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; legal and taxation risks (such as difficulties in enforcing contracts and imposition of taxes); higher transaction and custody costs; settlement delays and risk of loss; less liquidity and smaller market capitalisations; less well regulated markets resulting in more volatile stock prices; different accounting and disclosure standards; governmental interference; higher inflation; social, economic and political uncertainties; custodial and/or settlement systems may not be fully developed which may expose a Product to sub-custodial risk in circumstances whereby the Trustee will have no liability as provided under the provisions of the Trust Deed; the risk of expropriation of assets and the risk of war.

Risk of war or terrorist attacks. There can be no assurance that there will not be any terrorist attacks which could have direct or indirect effect on the markets in which investments of a Product may be located and the corresponding political and/or economic effects arising therefrom if any, may in turn adversely affect the operation and profitability of the Product.

Cross class liability risk. The Trust Deed allows the Trustee and the Manager to issue Units in separate classes. The Trust Deed provides for the manner in which liabilities are to be attributed across the various classes within a Product under the Trust (liabilities are to be attributed to the specific class of a 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 class (in the absence of the Trustee granting that person a security interest). However, the Trustee will have a right of reimbursement and indemnity out of the assets of the relevant Product under the Trust which may result in Unitholders of one class of Units of a Product being compelled to bear the liabilities incurred in respect of another class of the relevant Product which Units such Unitholders do not themselves own if there are insufficient assets attributable to that other class to satisfy the amount due to the Trustee. Accordingly, there is a risk that liabilities of one class of a Product may not be limited to that particular class and may be required to be paid out of one or more other classes of that Product.

Cross Product liability risk. The assets and liabilities of each Product under the Trust will be tracked, for bookkeeping purposes, separately from the assets and liabilities of any other Products, and the Trust Deed provides that the assets of each Product should be segregated from each other. There is no guarantee that the courts of any jurisdiction 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.

Dividends may not be paid. Whether a Product will pay distributions on Units is subject to the Manager's distribution policy and also depends on dividends declared and paid in respect of the Securities held by a Product, where the Product holds Securities as part of its investment strategy. Instead of distributing dividends to Unitholders, the Manager may in its discretion use dividends received from the Securities to pay the relevant Product's expenses. 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.

No right to control a Product's operation. Investors of a Product will have no right to control the daily operations, including investment and redemption decisions, of such Product.

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 investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors.

4.2 Risks associated with investment in Futures Contracts

The following risk factors only apply to Products which invest in Futures Contracts:

Futures Contracts market risks. The Futures Contracts markets may be uncorrelated to traditional markets (such as equities markets) and are subject to greater risks than other markets. It is a feature of Futures Contracts generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of Futures Contracts can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments. In some cases, far-reaching political changes may result in constitutional and social tensions, instability and reaction against market reforms. Political or economic instability may effect investor confidence, which could adversely impact the value of the Underlying Index and, as a result, the Net Asset Value per Unit.

Rolling of Futures Contracts risk. In respect of an Underlying Index which tracks the price of Futures Contracts, such Underlying Index is calculated with reference to Futures Contracts exposing a Product and the investor to a liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. Futures Contract prices can be highly volatile. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a futures contract representing the same underlying but with a later expiration date. Where the Underlying Index is calculated with reference to these Futures Contracts, the value of the Underlying Index may be adversely affected by the cost of rolling positions forward (e.g. due to the increased price of the Futures Contract with a later expiration date for an Underlying Index which tracks long positions in the Futures Contracts) as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Contango and backwardation risk. In respect of Products which track the leveraged performance of an Underlying Index, the process of rolling will subject the Product to contango risks. For example, a Futures Contract may specify a September expiration. As time passes, the Futures Contract expiring in September is replaced by a contract for expiry in December by selling the September contract and purchasing the December contract. Excluding other considerations, if the market for these Futures Contracts is in "contango", where the prices are higher in the distant expiry months than in the nearer expiry months, the sale of the September contract would take place at a price that is lower than the price of the December contract. Accordingly sale proceeds when rolling (selling and then buying the Futures Contracts) will not be sufficient to purchase the same number of Futures Contracts which have a higher price, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

In respect of Products which track the inverse performance of an Underlying Index, the process of rolling will subject the Product to backwardation risks. For example, a Futures Contract may specify a September expiration. As time passes, the Futures Contract expiring in September is replaced by a contract for expiry in December by buying the September contract and entering into a short position of the December contract. Excluding other considerations, if the market for these contracts is in "backwardation", where the prices are lower in the distant expiry months than in the nearer expiry months, the closing of the September short position would take place at a price that is higher than the price of the December contract. Accordingly, when rolling (buying and then selling the Futures Contracts), the amount paid for closing out the September short position would be more than the proceeds receiving from entering into a short position of the December contract, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

Margin risk. Generally, most leveraged transactions, such as Futures Contracts, involve the posting of margin or collateral. Because of the low margin deposits or collateral normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a Futures Contract may result in a proportionally high impact and substantial losses to the Product having a material adverse effect on the Net Asset Value of the Product. Like other leveraged investments, a futures transaction by the Product may result in losses in excess of the amount invested by the Product. Additional funds may need to be posted as margin or collateral to meet such calls based upon daily marking to market of Futures Contracts. Increases in the amount of margin or collateral or similar payments may result in the need for the Product to liquidate its investments at unfavourable prices in order to meet margin or collateral calls. This may result in substantial losses to Unitholders.

Clearing house's failure risk. In the event of the bankruptcy of a futures exchange's clearing house, the Product could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Product would be afforded the protections granted to participants to transactions cleared through a clearing house, under applicable law and regulations. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt exchange's clearing house if the exchange's clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Product to recover all, or even any, of the amounts it has deposited as margin.

Regulatory change risk. The regulation of Futures Contracts, and futures transactions in general, is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any such regulatory changes on the Product is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the Product and what can be done, if anything, to try and limit such impact.

Holding of Futures Contracts restriction in number risk. The holding by a person for his own account, or for another person but which he controls, of particular type of Futures Contracts or stock options contracts may be limited by regulation. As such, the positions held for the Manager's own account or for the funds controlled by the Manager (such as the Products) may not in aggregate exceed the relevant maximum. Because Unitholders do not themselves hold Futures Contracts or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the relevant regulation. Whilst the Manager does not anticipate that this will have any immediate effect on a Product, if the Net Asset Value of a Product grows significantly the restrictions under the relevant regulation may prevent creations of Units due to the inability under the relevant regulation of the Product to acquire further Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The inability to acquire further Futures Contracts may also impair the Manager's ability to perform the Daily rebalancing which could result in the Product being unable to achieve its investment objective.

4.3 Market trading risks

Trading risk. While the creation/redemption feature of each Product is designed to make it more 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 a Product trading at a significant premium / discount to its Net Asset Value. Also, there can be no assurance that an active trading market will exist or maintain for Units of a Product on any securities exchange on which Units may trade.

The market prices of Units will fluctuate in accordance with changes in 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. Price differences may be due, in large part, to the fact that supply and demand forces in the secondary trading market for Units will be closely related, but not identical, to the same forces influencing the prices of the Product's holdings trading individually or in the aggregate at any point in time. Given, however, that Units must be created and redeemed in Application Unit aggregations (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. In the event that the Manager suspends creations and/or redemptions of Units of a Product, the Manager expects larger discounts or premiums between the secondary market price of Units and the Net Asset Value.

There is no certain basis for predicting the sizes in which the Units in the Product may trade. There can be no assurance that the Units in the Product will experience trading or pricing patterns similar to those of other exchange traded funds which are issued by investment companies in other jurisdictions or are traded on the SEHK.

Liquidity risk. Liquidity risk exists when particular investments are difficult to purchase or sell. To the extent a Product invests in illiquid Securities or Securities that become less liquid, such investments may have a negative effect on the returns of the Product because the Product may be unable to sell the illiquid Securities at an advantageous time or price. Liquid investments may become illiquid or less liquid after purchase by a Product, particularly during periods of market turmoil or economic uncertainty. Illiquid and relatively less liquid investments may be harder to value, especially in changing markets. If the Product is forced to sell underlying Securities at reduced prices or under unfavorable conditions to meet redemption requests or for other cash needs, the Product may be prevented from limiting losses, realising gains or achieving its inverse or leveraged investment objective, thus adversely affecting the Product's performance.

No trading market in the Units. There may be no liquid trading market for the Units of a Product notwithstanding the listing of such Units on the SEHK and the appointment of one or more market makers. 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 Underlying Index.

Reliance on market maker(s). Although the Manager will ensure that at least one market maker for each Product, will maintain a market for the Units of the Product, and that at least one market maker (with relevant experience in leveraged or inverse product, as the case may be) per Product is required to give not less than 3 months' prior notice to terminate market making arrangement under the relevant market making agreement, 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 of a Product, the Product may be required by the Commission to be terminated. 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. It should be noted that liquidity in the market for the Units may be adversely affected if there is no or only one market maker for Units. There is also no guarantee that any market making activity will be effective.

It is possible that there is only one SEHK market maker for each Product and therefore it may not be practical for a Product to remove the only market maker for the Product even if the market maker fails to discharge its duties as the sole market maker.

Reliance on the Manager. Unitholders must rely upon the Manager in formulating the investment strategies and the performance of a 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 quickly and the new appointment may not be on equivalent terms or of similar quality. Therefore, the occurrence of those events could cause a deterioration in the Product's performance and investors may lose money in those circumstances.

Reliance on Participating Dealer(s). The creation and redemption of Units may only be effected through Participating Dealer(s). A Participating Dealer may charge a fee for providing this service. Participating Dealer(s) 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 Underlying Index(ices) is/are not compiled or published. In addition, Participating Dealer(s) will not be able to issue or redeem Units if some other event occurs which impedes the calculation of the Net Asset Value of a Product or disposal of a Product's holdings cannot be effected. Where a participating Dealer appoints a PD Agent to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative PD Agent, or if the PD Agent ceases to be a CCASS participant, the creation or redemption of Units by such Participating Dealer may also be affected. Since the number of Participating Dealers at any given time will be limited, and there may even be one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

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 Futures Contract which comprises the Underlying Index may change when investors may not be able to buy or sell Units. Further the price of Securities or Futures Contracts may not be available during part of the SEHK trading day due to trading hour differences which may result in the trading price of Units deviating from the Net Asset Value per Unit. In respect of a futures-based Product, when such Product trades Futures Contracts there may be a time difference between the trading times of the Futures Contracts and the Underlying Index constituents and as such there may be imperfect correlation between the value of the Underlying Index constituents and the Futures Contracts, which may prevent a Product from achieving its investment objective.

Absence of active market / liquidity risk. The Units of a Product may not initially be widely held upon their listing on the SEHK. Accordingly, any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. To address this risk, one or more market makers have been appointed.

There can be no assurance that an active trading market for Units of a Product will develop or be maintained. In addition, if the Securities and/or Futures Contracts which comprise the Product themselves have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Units and the ability of an investor to dispose of its Units at the desired price. If investors need to sell Units at a time when no active market for them exists, the price they receive for such Units – assuming they are able to sell them – would likely be lower than the price received if an active market did exist.

In addition, the price at which Securities and/or Futures Contracts may be purchased or sold by a Product upon any rebalancing activities or otherwise and the value of the Units may be adversely affected if trading markets for the Product's holdings are limited, inefficient or absent or if bid-offer spreads are wide.

Restrictions on creation and redemption of Units. Investors should note that a Product is not like a typical retail investment fund offered to the public in Hong Kong (for which units can generally be purchased and redeemed directly from the manager). Units of a Product may only be created and redeemed in Application Unit sizes directly by a Participating Dealer (either on its own account or on behalf of an investor through a stockbroker which has opened an account with the Participating Dealer). Other investors may only make a request (and if such investor is a retail investor, through a stockbroker which has opened an account with a Participating Dealer) to create or redeem Units in Application Unit sizes through a Participating Dealer which reserves the right to refuse to accept a request from an investor to create or redeem Units under certain circumstances. Alternatively, investors may realise the value of their Units by selling their Units through an intermediary such as a stockbroker on the SEHK, although there is a risk that dealings on the SEHK may be suspended. Please refer the sections "***7.3.5 Rejection of Creation Applications***" and "***7.4.4 Rejection of Redemption Applications***" for details in relation to the circumstances under which creation and redemption applications can be rejected.

Units may trade at prices other than NAV. The Net Asset Value of Product represents the fair price for buying or selling Units. As with any listed fund, the market price of Units may sometimes trade above or below this NAV. There is a risk, therefore, that Unitholders may not be able to buy or sell at a price close to this NAV. The deviation from NAV is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for the Product's holdings. The "bid/ask" spread (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from NAV. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from NAV. Please also note that the fact that an investor purchases the Units from the secondary market with premium does not mean that such investor is guaranteed of the return of the premium an investor pays. 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.

Costs of trading Units risk. Trading of Units on the SEHK may involve various types of costs that apply to all securities transactions. When trading Units through a broker investors will incur a brokerage commission or other charges imposed by the broker. Investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK. In addition, investors on the secondary market will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the Units (bid price) and the price at which they are willing to sell Units (ask price). Frequent trading may detract significantly from investment results and an investment in Units may not be advisable particularly for investors who anticipate regularly making small investments.

Difficulties in valuation of investments. Securities and/or Futures Contracts acquired on behalf of a Product may subsequently become illiquid due to events relating to the issuer of the securities, market and economic conditions and regulatory sanctions. In cases where no clear indication of the value of a Product's holdings is available (for example, when the secondary markets on which a security is traded have become illiquid) the Manager may apply valuation methods to ascertain the fair value of such securities, pursuant to the Trust Deed.

Securities volatility risk. Prices of securities may be volatile. Price movements of securities are difficult to predict and are influenced by, among other things, changing supply and demand relationships, governmental trade, fiscal, monetary and exchange control policies, national and international political and economic events, and the inherent volatility of the market place. A Product's value will be affected by such price movements and could be volatile, especially in the short-term.

Effect of redemptions. If significant redemptions of Units are requested by the Participating Dealers, it may not be possible to liquidate the 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 Net Asset Value of the Product (or such higher percentage as the Manager may determine and as permitted by the Commission) may be deferred, or the period for the payment of redemption proceeds may be extended.

In addition, the Manager may also in certain circumstances suspend the determination of the Net Asset Value of the Product for the whole or any part of any period. Please see section "***10.2 Suspension of Determination of Net Asset Value***" for further details.

Secondary market trading risk. Units may trade on the SEHK when the 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 Product accepts subscription and redemption orders.

4.4 Regulatory risks

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 a Product's investment policy and objective. Governments and regulators may intervene the financial markets by, for example, the imposition of trading restrictions, ban on short selling or suspension of short selling for certain stocks. Such change in the laws and market intervention may have an impact on the market sentiment which may in turn affect the underlying investments of a Product and as a result the performance of a Product. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for a Product. In the worst case scenario, a Unitholder may lose a material part of its investment in a Product.

Risk of withdrawal of authorisation by the Commission. Each Product seeks to provide investment results that closely correspond with the performance, the leveraged performance or the inverse performance (as the case may be) of the relevant Underlying Index. One or more Products have been authorised as a collective investment scheme under the Code by the Commission pursuant to section 104 of the Securities and Futures Ordinance. However, the Commission reserves the right to withdraw the authorisation of the Trust or any Product, for example, if the Commission considers the relevant Underlying Index is no longer acceptable to the Commission. The Commission's authorisation is not a recommendation or endorsement of a Product nor does it guarantee the commercial merits of a Product or its performance. This does not mean the Product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. In addition, any authorisation granted by the Commission may be subject to certain conditions or waivers from the Code which may be withdrawn or varied by the Commission. 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.

Risk relating to de-listing. The SEHK imposes certain requirements for the continued listing of securities, including the Units, on the SEHK. Investors cannot be assured that the Products 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 are delisted from the SEHK, the Manager may, in consultation with the Trustee, seek the Commission's prior approval to operate the Product as an unlisted Product (subject to any necessary amendments to the rules of the Product) or terminate the Product and will notify investors accordingly. In the event that the Units are to be 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 Commission, 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 Commission withdraw authorisation of a Product for any reason it is likely that Units may also have to be delisted.

Risk of suspension of trading on the SEHK. If trading of the Units of a Product on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units. The SEHK may suspend the trading of Units whenever the SEHK determines that it is appropriate in the interests 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.

Taxation. Investing in the 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.

4.5 Risks associated with the US Foreign Account Tax Compliance Act

Subject to the discussion regarding the IGA below, the US Foreign Account Tax Compliance Act and Sections 1471 – 1474 of the IRC (collectively referred to as "**FATCA**") impose rules with respect to US and certain non US-persons, such as the Trust and/or each Product, on payments including but not limited to interest, dividends from securities of US issuers. All such Withholdable Payments may be subject to FATCA withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the IRS to identify US persons (within the meaning of the IRC) with interests in such payments.

To avoid such withholding on payments made to it, a FFI, such as the Trust and/or each Product (and, generally, investment funds organised outside the US), generally will be required to be FATCA compliant and agree to, amongst other things, conduct certain due diligence procedures and identify its direct or indirect account holders who are US persons and report certain information concerning such US account holders to the IRS.

On 13 November 2014, Hong Kong entered into an IGA for the implementation of FATCA, adopting "Model 2" IGA arrangements. Under these "Model 2" IGA arrangements, FFIs in Hong Kong would be required to register with the IRS to obtain a GIIN and comply with the terms of an FFI Agreement with the IRS. Otherwise the FFI may be subject to a 30% FATCA withholding tax on Withholdable Payments it receives. As at the date of this Prospectus, the Products have been registered with the IRS to obtain the GIIN and comply with FFI Agreement.

Under the IGA, FFIs in Hong Kong (such as the Trust and/or each Product) complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will generally not be required to withhold tax on Withholdable Payments made to non-consenting accounts (including accounts of which the holders are US persons and do not provide their US taxpayer identification number or consent to the FFI to report their information to the IRS).

The Trust and each Product intend to satisfy the requirements imposed under FATCA, the IGA, and the terms of the FFI Agreement to avoid any FATCA withholding tax. In the event that the Trust and/or any relevant Product are not able to comply with the requirements imposed by FATCA, the IGA, or the FFI Agreement, the Trust or the relevant Product may be subject to FATCA withholding tax on Withholdable Payments. 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 the relevant Product, or a risk of the Trust or the relevant Product being subject to withholding tax under FATCA, the Manager on behalf of the Trust and each of such relevant Product, reserves the right to, after completing due process to ascertain and confirm that the Unitholder has failed to cooperate and provide the required information, take any legal action against the Unitholder and/or pursue all remedies at its disposal including, without limitation, to the extent permitted by applicable laws and regulations, (i) reporting the relevant information of such Unitholder to the IRS or the IRD; 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. As at the date of this Prospectus, all Units in the Product are registered in the name of HKSCC Nominees Limited. It is the Manager's understanding that HKSCC has completed registration with the IRS as a "Reporting Financial Institution under a Model 2 IGA".

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

4.6 Risks associated with the Underlying Index

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

Licence to use the Underlying Index may be terminated. The Manager has been granted a licence by each of the Index Providers to use the relevant Underlying Index in order to create a Product based on the relevant Underlying Index and to use certain trademarks and any copyright in the relevant Underlying Index. A Product may not be able to fulfil its objective and may be terminated if the licence agreement between the Manager and the relevant Index Provider is terminated. The initial term of the licence agreement of a Product and the manner in which such licence agreement may be renewed are set out in Part 2 of this Prospectus. Generally, a licence agreement may be terminated by the Manager and the relevant Index Provider by mutual agreement, and there is no guarantee that the licence agreement will be perpetually renewed. Further details on the grounds on which the licence agreement of a Product may be terminated are set out in Part 2 of this Prospectus. A Product may also be terminated if the relevant Underlying Index ceases to be compiled or published and there is no replacement Underlying Index using the same or substantially similar formula for the method of calculation as used in calculating the relevant Underlying Index.

Compilation of Underlying Index. Each Product is not sponsored, endorsed, sold or promoted by the relevant Index Provider. The Securities and/or Futures Contracts of each Underlying Index are determined and composed by the relevant Index Provider without regard to the performance of the relevant Product. Each Index Provider makes no representation or warranty, express or implied, to investors in the relevant Product or other persons regarding the advisability of investing in Securities and/or Futures Contracts generally or in the relevant Product particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the relevant Product into consideration in determining, composing or calculating the relevant Underlying Index. There is no assurance that the Index Provider will compile the relevant Underlying Index accurately, or that the relevant Underlying Index will be determined, composed or calculated accurately. There is a possibility that the relevant Underlying Index tracked by the Product may be wrongly calculated, for example, due to the use of incorrect data. There is also a possibility that the calculation of the Underlying Index may be incomplete, for example, due to technical failure during the calculation of the Underlying Index. In this case, there might be significant difference between the return of the relevant Product and that of the Underlying Index. In addition, the process and the basis of computing and compiling the Underlying 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 guarantees that its actions will not prejudice the interests of the relevant Product, the Manager or investors.

Composition of the Underlying Index may change. The composition of the Securities and/or Futures Contracts constituting the relevant Underlying Index will change as the Securities and/or Futures Contracts may be delisted, or as new Securities and/or Futures Contracts are included in the relevant Underlying Index. When this happens, the weightings or composition of the Securities and/or Futures Contracts owned by a Product (either directly or indirectly) would be changed as considered appropriate by the Manager in order 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 Underlying Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. However, there can be no guarantee that a particular Product will, at any given time accurately reflect the composition of the relevant Underlying Index. Please refer to "***Tracking error risk***" under section "***4.1 Investment Risks***" above.

Risk of change in methodology of the Underlying Index. The construction methodology of the relevant Underlying Index may change when the Index Provider deems it necessary to adapt to significant changes in the market condition. When this happens, the weightings or composition of the Securities and/or Futures Contracts owned by a Product would be changed as considered appropriate by the Manager in order to continue to achieve the investment objective under the revised Underlying Index. Thus, an investment in Units will generally reflect the relevant Underlying Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units.

Investors should refer to Part 2 of this Prospectus for details of any additional risks specific to a Product.

5. INVESTMENT AND BORROWING RESTRICTIONS

Investors should refer to Schedule 1 for a list of investment and borrowing restrictions applicable to the Products of the Trust.

Investors should refer to Part 2 of this Prospectus for details of any additional investment restrictions specific to a Product.

6. INVESTING IN A PRODUCT

There are currently two methods to invest in the Products:

6.1 In the Primary Market

- Primary Market Investors may make a request to a Participating Dealer or a stockbroker (who has opened an account with a Participating Dealer) to effect a Creation Application or a Redemption Application on their behalf.

- 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 may submit a Creation Application or a Redemption Application to create or redeem Units directly in the relevant Product.

Please refer to section "***7. Creation and Redemption of Application Units (Primary Market)***" below for the operational procedures in respect of Creation Applications. Creation and redemption of Units by Participating Dealers will be conducted in accordance with the Trust Deed, the Operating Guidelines and the relevant Participation Agreement.

6.2 In the Secondary Market (SEHK)

- Secondary Market Investors may purchase and sell Units in the secondary market on the SEHK. This method of investment is more suitable for retail investors due to the smaller size of capital investment.

- The Units of a Product may trade on the SEHK at a premium or discount to the Net Asset Value of the Units of such Product.

Please refer to section "***9. Trading of Units on the SEHK (Secondary Market)***" below for further information in respect of buying and selling Units on the SEHK.

7. CREATION AND REDEMPTION OF APPLICATION UNITS (PRIMARY MARKET)

7.1 General

This section provides general information regarding the creation and redemption of Units of the Products of the Trust. Specific details relating to a Product are set out in Part 2 of this Prospectus.

7.2 Applications by Primary Market Investors

Primary Market Investors are investors who make a request to a Participating Dealer or a stockbroker (who has opened an account with a Participating Dealer) to effect an Application on their behalf.

Each initial Participating Dealer has indicated to the Manager that it will, subject to (i) normal market conditions, (ii) mutual agreement between the relevant Participating Dealer and the Primary Market Investor as to its fees for handling such request(s), and (iii) completion of anti-money laundering and/or client acceptance procedures and requirements, generally accept and submit creation requests or redemption requests received from a Primary Market Investor who is its client, subject to exceptional circumstances set out below. Investors should note that, although the Manager has a duty to monitor the operations of the Trust closely, neither the Trustee nor the Manager is empowered to compel the Participating Dealer to accept a creation request or redemption request from a Primary Market Investor. Primary Market Investors who are retail investors may only submit a creation request or redemption request through a stockbroker who has opened an account with a Participating Dealer.

In addition, a Participating Dealer reserves the right to reject, acting in good faith, any creation request or redemption request received from Primary Market Investor who is its client under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of a Product, (ii) the redemption of Units of a Product, and/or (iii) the determination of Net Asset Value of a Product has been suspended pursuant to the provisions in the Trust Deed;

(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 Futures Contracts;

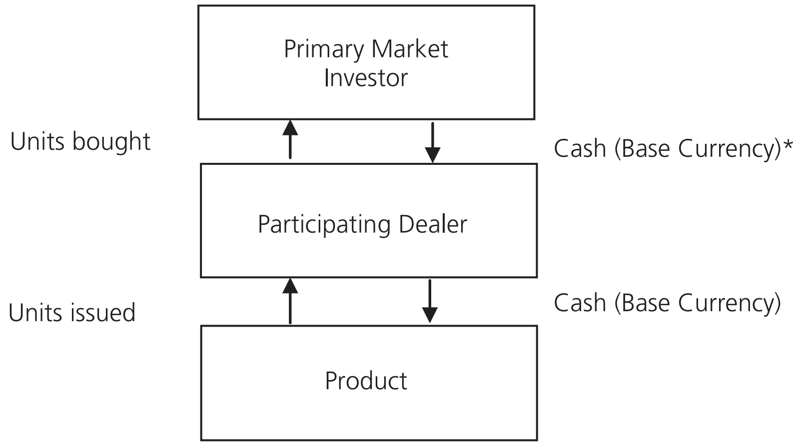
(c) where acceptance of the creation request or redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer and/or any of its Connected Persons which are for purpose of ensuring compliance with applicable laws or regulations or regulatory requirements; or

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

Investors should note that the Participating Dealers and the stockbrokers through whom an Application is made for creation or redemption of Units may impose an earlier dealing deadline, require other supporting documents for the Application and adopt other dealing procedures different from those set out for the Products in this Prospectus. For example, the dealing deadline set by the Participating Dealers or the stockbrokers may be earlier than that set out for a Product in this Prospectus. Investors should therefore check the applicable dealing procedures with the relevant Participating Dealer or stockbroker (as the case may be).

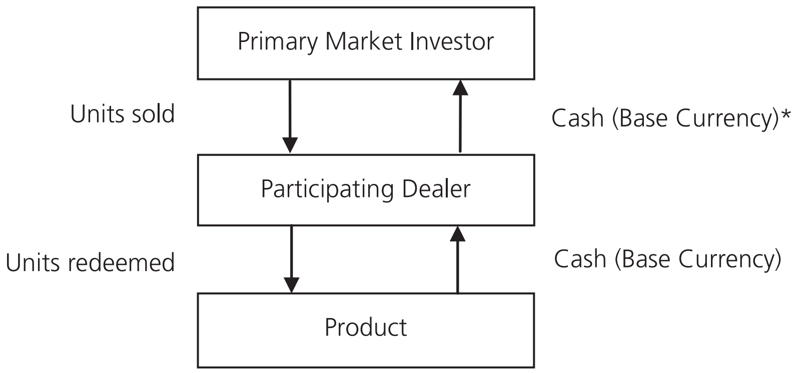
Participating Dealers and stockbrokers may also impose fees and charges in handling any creation or redemption requests of Primary Market Investors which would increase the cost of investment and/or reduce the redemption proceeds. Such fees and charges will normally be payable in the Base Currency of the relevant Product or such other currency as may be determined by the Participating Dealers and stockbrokers. Participating Dealers and stockbrokers may also impose additional terms and restrictions on the holdings of Primary Market Investors and/or may accept or reject the creation or redemption requests of Primary Market Investors based on their internal policies. Please note that although the Manager has a duty to monitor the operations of the Trust closely, neither the Trustee nor the Manager is empowered to compel any Participating Dealer or stockbroker to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee, or to accept any creation or redemption requests received from third parties. Primary Market Investors are advised to check with the Participating Dealers or stockbrokers as to the relevant fees, costs and other applicable terms.

The following illustrates the process of the creation and issue of Units in the case of Primary Market Investors.



* Primary Market Investor may agree with the Participating Dealer on settlement in another currency.

The following illustrates the process of redemption of Units in the case of Primary Market Investors.



* Primary Market Investor may agree with the Participating Dealer on settlement in another currency.

Primary Market Investors should consult with the relevant Participating Dealer on the method(s) for creation or redemption of Units adopted by the relevant Participating Dealer.

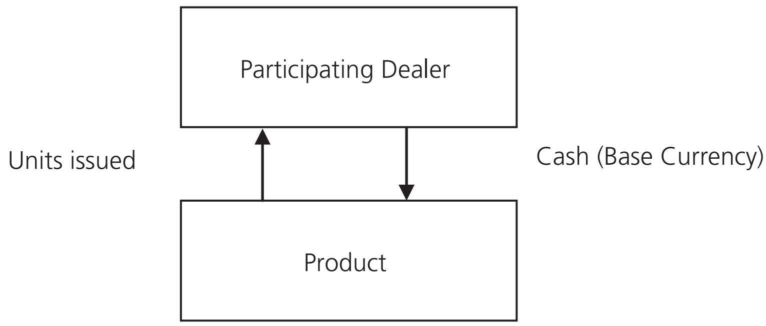
7.3 Creation Applications by Participating Dealers

Unless otherwise determined by the Manager, in consultation with the Trustee, a Creation Application shall only be made by a Participating Dealer or PD Agent (as the case may be) in respect of a Dealing Day in accordance with the terms of the Trust Deed and the relevant Participation Agreement either during the Initial Offer Period or on a Dealing Day in respect of Units constituting an Application Unit size or whole multiples thereof. The Application Unit size for a Product is set out in Part 2 of this Prospectus.

Additional details on the Initial Offer Period, the Dealing Deadline and other relevant information in respect of Creation Applications for Units in a Product are set out in Part 2 of this Prospectus. Any Creation Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster (in consultation with the Trustee) after taking into account the interest of other Unitholders of the relevant Product, exercise its discretion to accept an 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. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not exercise its discretion to accept any application.

As of the date of this Prospectus, only cash Creation Application is available to the Participating Dealers for creation of Units.

The following illustrates the process of the creation and issue of Units in the case of Participating Dealers.



7.3.1 Procedures for Creation of Units

General

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

To be effective, a Creation Application must comply with the requirements in respect of creation of Units set out in the Trust Deed, the Operating Guidelines and the relevant Participation Agreement and be accompanied by such certifications and legal opinions as the Trustee and/or the Manager may in their absolute discretion require.

Methods of creation of Units

Pursuant to a valid Creation Application being accepted by the Manager, the Manager and/or any person duly appointed by the Manager for such purpose shall have the exclusive right to instruct the Trustee to create for the account of the Trust, Units in a class in Application Unit size or whole multiples thereof in exchange for the delivery by the relevant Participating Dealer, to or for the account of the Trustee, of:

(a) a cash payment equivalent to the relevant Application Basket Value (which shall be accounted for as Deposited Property), which the Manager shall use (i) to purchase the Securities and/or Futures Contracts constituting the Basket(s), or (ii) to hold for the Product in connection with, or apply towards any adjustment in the Product's entitlement and liability; or (iii) to purchase such Securities and/or Futures Contracts as the Manager may consider appropriate; or (iv) to apply such cash for entry into such contractual agreements (being the nature of investments by the Product) as the Manager may consider appropriate, and the Manager shall be entitled in its absolute discretion to charge (for the account of the relevant Product) to each Participating Dealer an additional sum which represents the appropriate provision for Duties and Charges (which may include, but is not limited to, a provision for stamp duties and other transaction charges or taxes applicable to the purchase (or estimated to be applicable to the future purchase) of the relevant Securities and/or Futures Contracts) and any incidental costs associated with the creation of Units,

plus,

(b) if the Cash Component is a positive value, a cash payment equivalent to the amount of the relevant Cash Component; if the Cash Component is a negative value, the Trustee shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to the relevant Participating Dealer. If the relevant Product has insufficient cash required to pay any Cash Component payable by the relevant Product, the Manager may instruct the Trustee to sell all or part of the Deposited Property of the relevant Product, or to borrow moneys to provide the cash required.

Payment terms in respect of cash Creation Application only

The Manager currently only accepts cash payments in the Base Currency of the relevant Product. Any cash payable by Participating Dealers in a cash Creation Application must be in the Base Currency of the relevant Product.

In relation to a cash Creation Application, the Manager reserves the right to require the Participating Dealer to pay an additional sum representing the Duties and Charges for the purpose of compensating or reimbursing the Trust for the difference between:

(a) the prices used when valuing the relevant Securities and/or Futures Contracts of the Trust in respect of the relevant Product for the purpose of such creation of Units; and

(b) the prices which would be used when acquiring the same Securities and/or Futures Contracts if they were acquired by the Trust in respect of the relevant Product with the amount of cash received by the Trust in respect of the relevant Product upon such creation of Units.

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

Base Currency and issuance of Units

Units are denominated in the Base Currency of the relevant Product (unless otherwise determined by the Manager) and no fractions of a Unit shall be created or issued by the Trustee. Once Units are created, the Manager shall instruct the Trustee to issue, for the account of the relevant Product, the Units to the relevant Participating Dealer. The Base Currency of each Product is specified in Part 2 of this Prospectus.

7.3.2 Issue Price

The Issue Price of Units of a Product is set out in Part 2 of this Prospectus. For the avoidance of doubt, the Issue Price does not take into account Duties and Charges or fees payable by the Participating Dealers.

Any commission, remuneration or other sums 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 by the Trust or the relevant Product.

7.3.3 Creation and Issue of Units

Where a Creation Application is received or deemed to be received and accepted by the Dealing Deadline on a Dealing Day, the creation and issue of Units pursuant to that Creation Application shall be effected on the Settlement Day but:

(a) for valuation purposes only, Units shall be deemed to be created and issued after the Valuation Point on the relevant Valuation Day relating to that Dealing Day on which the Creation Application was received or deemed received; and

(b) the Register shall be updated on the Settlement Day or the Dealing Day immediately following the Settlement Day provided that 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 issue of Units does not comply with the provisions of the Trust Deed.

7.3.4 Fees relating to Creation Applications

In respect of each Creation Application, the Manager and/or the Service Agent or the Conversion Agent (as the case may be) shall be entitled to charge certain fees and charges and the Trustee shall be entitled to charge a Transaction Fee, details of which are set out in Part 2 of this Prospectus, which shall be paid by or on behalf of the relevant Participating Dealer and may be set off and deducted against any Cash Component due to the relevant Participating Dealer in respect of such Creation Application.

7.3.5 Rejection of Creation Applications

The Manager, acting reasonably and in good faith, has the absolute right to reject a Creation Application, including but not limited to when:

(a) any period during which (i) the creation or issue of Units of the relevant Product, and/or (ii) determination of the Net Asset Value of the relevant Product has been suspended pursuant to the provisions in the Trust Deed;

(b) in the reasonable opinion of the Manager, acceptance of the Creation Application will have an adverse effect or adverse tax consequences on the Trust or the relevant Product or is unlawful or will have an adverse effect on the interests of the Unitholders;

(c) 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 or Futures Contracts;

(d) acceptance of the Creation Application would render the Manager in breach of any laws and regulations, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons which are for purpose of ensuring compliance with applicable laws or regulations or regulatory requirements;

(e) the relevant Product is not able to acquire further investments due to trading restrictions / limits in the market;

(f) processing of the Creation Application is not possible due to exceptional circumstances outside the control of the Manager (such as market disruptions or circumstances under which acceptance of the Creation Application will have a material adverse impact on the relevant Product);

(g) the Creation Application is not submitted in the form and manner set out in the provisions of the Trust Deed;

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

(i) there are insufficient Securities and/or Futures Contracts available to the Manager and/or the Trust to constitute the Basket(s) in respect of a Creation Application; or

(j) the business operations of the Manager or the Trustee or any of their delegates or agents in respect of a Creation Application in the relevant Product are substantially interrupted or closed as a result of or arising from a force majeure event,

provided that the Manager will take into account the interest of the Unitholders of the Trust and/or the relevant Product to ensure that the interests of the Unitholders will not be materially adversely affected. In addition to the foregoing, the Manager may also reject Creation Applications in such other circumstances as set out in Part 2 of this Prospectus.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer, the Conversion Agent (where applicable) and the Trustee of its decision to reject such Creation Application in accordance with the Operating Guidelines.

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

7.3.6 Cancellation of Creation Applications

Any cash payment for exchange of Units, the Cash Component (if applicable) and/or any Duties and Charges and other fees and charges payable in respect of a Creation Application must be received in cleared funds by such times and in such manner as prescribed in the relevant Participation Agreements and if the cleared funds have not been received by or on behalf of the Trustee as aforementioned the Trustee may, on the instruction of the Manager, cancel the Creation Application, and any Units deemed created and issued in respect of such Creation Application. In addition to the preceding circumstances, the Trustee may also, on the instruction of the Manager, cancel any Creation Application and any Units deemed created and issued in respect of such Creation Application if the Manager determines by such time specified in the Operating Guidelines that it is unable to invest the cash proceeds of any Creation Application.

Upon the cancellation of any Creation Application and any Units deemed created pursuant to a Creation Application as provided for above or if a Participating Dealer, with the approval of the Manager, withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, such Units shall be deemed for all purposes never to have been created and the relevant Participating Dealer shall have no right or claim against the Manager, the Trustee and/or the Service Agent or the Conversion Agent (as the case may be) in respect of such cancellation provided that:

(a) any Securities and/or Futures Contracts constituting the Basket(s) deposited for exchange fully vested in the Trustee and/or any cash received by or on behalf of the Trustee in respect of such cancelled Units shall be redelivered to the Participating Dealer without interest;

(b) the Manager shall be entitled to charge the Participating Dealer for the account and benefit of the Trustee an Application Cancellation Fee and any other fees and charges as set out in the Operating Guidelines;

(c) the Manager may at its absolute discretion require the Participating Dealer to pay to the Trustee Cancellation Compensation for the account of the relevant Product in respect of each cancelled Unit, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Price which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application;

(d) the Trustee shall be entitled to charge the Participating Dealer the Transaction Fee payable in respect of the Creation Application for the account and benefit of the Trustee;

(e) the Manager shall be entitled to require the Participating Dealer to pay to the Trustee for the account of the relevant Product the Duties and Charges (if any) incurred by the relevant Product in consequence of such cancelled Creation Application which shall be retained for the benefit of the relevant Product; and

(f) no previous valuations of the assets in respect of a Product shall be re-opened or invalidated as a result of the cancellation of such Units.

7.4 Redemption Applications by Participating Dealers

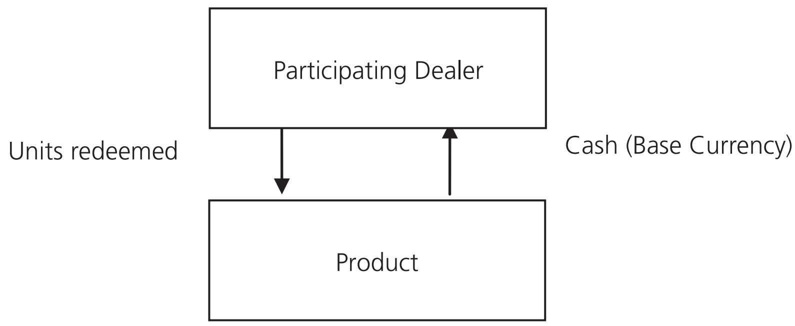
Unless otherwise determined by the Manager, in consultation with the Trustee, a Redemption Application shall only be made by a Participating Dealer or PD Agent (as the case may be) in respect of a Dealing Day in accordance with the terms of the Trust Deed and the relevant Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit size or whole multiples thereof.

Additional details on the Dealing Deadline and other relevant information in respect of Redemption Applications for Units in a Product are set out in Part 2 of this Prospectus.

Any Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster (in consultation with the Trustee) after taking into account the interest of other Unitholders of the relevant Product, exercise its discretion to accept an 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. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not exercise its discretion to accept any application.

Where the Manager accepts a Redemption Application in respect of a Product from a Participating Dealer, the Manager may effect the redemption of the relevant Units by instructing the Trustee to transfer to the Participating Dealer in cash only, in accordance with the Trust Deed and the relevant Participation Agreements and Operating Guidelines. The redemption method adopted by the current Products are as set out in the Appendix of the relevant Product.

The following illustrates the process of redemption of Units in the case of Participating Dealers.



7.4.1 Procedures for Redemption of Units

General

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

To be effective, a Redemption Application must comply with the requirements in respect of redemption of Units set out in the Trust Deed, the Operating Guidelines and the relevant Participation Agreement and be accompanied by such certifications and legal opinions as the Trustee and/or the Manager may require.

Methods of payment of redemption proceeds

Pursuant to a valid Redemption Application accepted by the Manager, the Manager shall instruct the Trustee to redeem and cancel the relevant Units on the Settlement Day in accordance with the Trust Deed and the relevant Participation Agreements and Operating Guidelines and to transfer to the Participating Dealer:

(a) the redemption proceeds in cash provided that the Manager shall be entitled in its absolute discretion to charge (for the account of the Product) to each Participating Dealer an additional sum which represents the appropriate provision for Duties and Charges (which may include, but is not limited to, a provision for stamp duties and other transaction charges or taxes applicable to the sale (or estimated to be applicable to the future sale) of the relevant Securities and/or Futures Contracts constituting the Underlying Index) and any incidental costs associated with the redemption of Units (including but not limited to bid/ask spread and price slippage),

plus,

(b) where the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component. If the relevant Product has insufficient cash to pay any Cash Component payable by the Product, the Manager may instruct the Trustee to sell all or part of the Deposited Property of the relevant Product, or to borrow moneys, to provide the cash required. If the Cash Component is a negative value, the Participating Dealer shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to or to the order of the Trustee.

Payment Terms in respect of cash Redemption Application only

The Manager currently only allows redemption proceeds to be paid out in cash in the Base Currency of the relevant Product. Any cash proceeds received by Participating Dealers in a cash Redemption Application shall be paid only in the Base Currency of the relevant Product.

In relation to a cash Redemption Application, the Manager reserves the right to require the Participating Dealer to pay an additional sum representing Duties and Charges for the purpose of compensating or reimbursing the Trust for the difference between:

(a) the prices used when valuing the relevant Securities and/or Futures Contracts of the Trust in respect of the relevant Product for the purpose of such redemption of Units; and

(b) the prices which would be used when selling the same Securities and/or Futures Contracts if they were sold by the Trust in respect of the relevant Product in order to realise the amount of cash required to be paid out of the Trust in respect of the relevant Product upon such redemption of Units.

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

7.4.2 Redemption Price

The Redemption Price of Units of a Product is set out in Part 2 of this Prospectus. For the avoidance of doubt, the Redemption Price does not take into account Duties and Charges or fees payable by the Participating Dealers.

7.4.3 Payment of Redemption Proceeds

The maximum interval between (i) the receipt of a properly documented Redemption Application and (ii) payment of redemption proceeds (in cash in the Base Currency of the relevant Product only) to the relevant Participating Dealer may not exceed one (1) calendar month unless the market(s) in which a substantial portion of investments of the relevant Product is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of the redemption proceeds within the aforesaid time period not practicable. In such case, and subject to the Commission's prior approval, payments may be delayed but the extended time frame for the payment of redemption proceeds shall reflect the additional time needed in light of the specific circumstances in the relevant market(s).

Subject to the above, payment of redemption proceeds in cash will normally be made within 3 Business Days of the relevant Dealing Day.

7.4.4 Rejection of Redemption Applications

The Manager, acting reasonably and in good faith, has the absolute right to reject a Redemption Application in exceptional circumstances or to impose different minimum redemption size requirements, including but not limited to when:

(a) any period during which (i) the redemption of Units of the relevant Product, and/or (ii) the determination of Net Asset Value of the relevant Product has been suspended pursuant to the provisions of the Trust Deed;

(b) in the reasonable opinion of the Manager, acceptance of the Redemption Application will have an adverse effect on the Trust or the relevant Product;

(c) 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 Futures Contracts;

(d) acceptance of the Redemption Application would render the Manager in breach of any laws or regulations, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons which are necessary for purpose of ensuring compliance with applicable laws or regulations or regulatory requirements;

(e) processing of the Redemption Application is not possible due to circumstances outside the control of the Manager (such as market disruptions or circumstances under which acceptance of the Redemption Application will have a material adverse impact on the relevant Product);

(f) the Redemption Application is not submitted in the form and manner set out in the provisions of the Trust Deed; or

(g) the business operations of the Manager or the Trustee or any of their delegates or agents in respect of a Redemption Application in the relevant Product are substantially interrupted or closed as a result of or arising from a force majeure event,

provided that the Manager will take into account the interest of the Unitholders of the Trust and/or the relevant Product to ensure that the interests of the Unitholders will not be materially adversely affected. In addition to the foregoing, the Manager may also reject Redemption Applications in such other circumstances as set out in Part 2 of this Prospectus.

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 of the Participating Dealer under exceptional circumstances. Notwithstanding a Participating Dealer has accepted redemption requests from its 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.

7.4.5 Deferral of Redemption Applications

In addition, the Manager may after consultation with the Trustee to limit the number of Units of any Product redeemed on any Dealing Day to 10% of the total Net Asset Value of the relevant Product. In this event, the limitation will apply pro rata (and not on a first in-first out basis) so that all Participating Dealers of the relevant Product who have validly requested to redeem Units of the same Product on that Dealing Day will redeem the same proportion of such Units of that Product. Any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager has the same power) until the original request has been satisfied in full.

7.4.6 Fees relating to Redemption of Units

In respect of each Redemption Application, the Manager and/or the Service Agent or the Conversion Agent (as the case may be) shall be entitled to charge certain fees and charges and the Trustee shall be entitled to charge a Transaction Fee, details of which are set out in Part 2 of this Prospectus, which shall be paid by or on behalf of the relevant Participating Dealer and may be set off and deducted against any Cash Component or cash redemption proceeds due to the relevant Participating Dealer in respect of such Redemption Application.

The Manager shall also be entitled to deduct from and set off against any cash redemption proceeds or Cash Component payable to a Participating Dealer on the redemption of Units a sum (if any) which represents the appropriate provision for Duties and Charges, the Transaction Fee (for the account and benefit of the Trustee) and any other fees, charges and payments payable by the Participating Dealer.

7.4.7 Cancellation of Units pursuant to Redemption Application

Upon redemption of Units pursuant to a valid Redemption Application,

(a) the Units, which are the subject of the Redemption Application, shall be redeemed and cancelled;

(b) the funds of the relevant Product shall be reduced by the cancellation of such Units and, for valuation purposes only, such Units shall be deemed to have been redeemed and cancelled after the Valuation Point at the Valuation Day relating to the Dealing Day on which the Redemption Application is or is deemed to be received; and

(c) the name of the Unitholder of such Units shall be removed from the Register in respect of those Units on the relevant Settlement Day.

7.4.8 Cancellation of Redemption Applications

In respect of a Redemption Application, unless the requisite documents in respect of the relevant Units have been delivered to the Manager by such times and in such manner as prescribed in the relevant Participation Agreements and/or Operating Guidelines, the Redemption Application shall be deemed never to have been made except that the Transaction Fee (for the account and benefit of the Trustee) in respect of such Redemption Application shall remain due and payable, and in such circumstances:

(a) the Manager shall also be entitled to charge the relevant Participating Dealer an Application Cancellation Fee which is payable to the Trustee for its own account and such fees and charges as set out in the Operating Guidelines;

(b) the Manager may at its absolute discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the relevant Product, Cancellation Compensation in respect of each Unit, being the amount (if any) by which the Redemption Price of each Unit is less than the Issue Price which would have applied in relation to each Unit if a Participating Dealer had, on the final day permitted for delivery of the requisite documents in respect of the Units which are the subject of the Redemption Application, made a Creation Application; and

(c) no previous valuations of the relevant Product shall be re-opened or invalidated as a result of an unsuccessful Redemption Application,

provided that the Manager, in consultation with the Trustee, may at its discretion extend the settlement period on such terms and conditions as the Manager may determine (including as to, but not limited to, the payment of an Extension Fee).

7.5 Suspension of Creations and Redemptions

The Manager may, after consultation with the Trustee, having regard to the best interests of Unitholders, suspend the creation or issue of Units of a Product, suspend the redemption of Units of a Product and/or delay the payment of any monies in respect of any Redemption Application in the following circumstances:

(a) during any period when trading on the SEHK is restricted or suspended;

(b) during any period when a market on which a Security or a Futures Contract held or to be acquired for the account of the relevant Product 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 or a Futures Contract held or to be acquired for the account of the relevant Product has its primary listing is restricted or suspended;

(d) during any period when, in the opinion of the Manager, settlement or clearing of the Securities and/or Futures Contracts constituting the Underlying Index in the official clearing and settlement depository (if any) of such market is disrupted;

(e) during any period when the determination of the Net Asset Value of the relevant Product is suspended or if any circumstance specified in section "***10.2 Suspension of Determination of Net Asset Value***" below arises; or

(f) during any period if as a result of the investment of the proceeds of issue of such Units in accordance with the investment objective of the relevant Product, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer and the Commission has not agreed to waive this prohibition under the Code.

Upon declaration of the suspension by the Manager, the suspension shall take effect. During the suspension:

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

(ii) no Units shall be created and issued or redeemed for the account of the relevant Product.

The Manager shall notify the Commission if dealing in Units is suspended and publish a notice of suspension immediately following such suspension and, at least once a month during the period of suspension, on its website at www.fubonetf.com.hk or in such publications as the Manager decides.

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

The suspension shall terminate (i) when the Manager, after giving notice to the Trustee, declares the suspension at an end, or (ii) in any event on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist; and no other condition under which suspension is authorised under the Trust Deed exists.

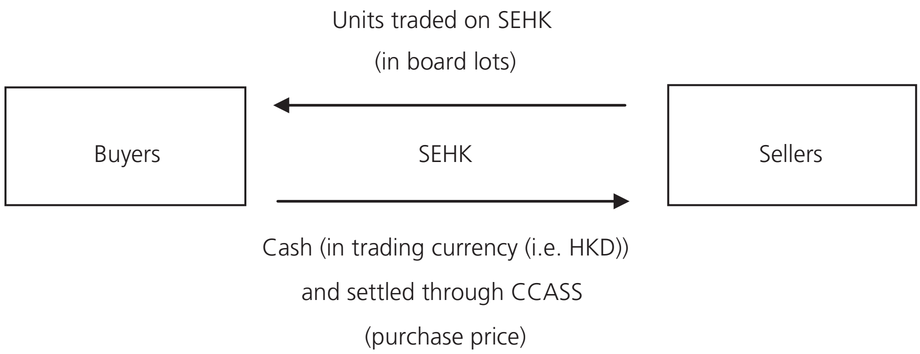
8. CERTIFICATES

All holdings of Units will be in registered form and certificates will not be issued in respect of the Units of the Trust. Evidence of title of Units will be the entry on the register of Unitholders in respect of each Product. Unitholders should therefore be aware of the importance of ensuring that the Registrar is informed of any change to the registered details.

All Units of the Trust will be registered in the name of the HKSCC Nominees Limited by the Registrar on the Register of Unitholders of the relevant Product, which is the evidence of ownership of Units. Beneficial interest of retail investors in the Units of the Trust will be established through an account with a participant in CCASS.

9. TRADING OF UNITS ON THE SEHK (SECONDARY MARKET)

A Secondary Market Investor can buy or sell the Units of a Product through his stockbroker on the SEHK on or after the Listing Date of that Product. The diagram below illustrates the trading of Units on the SEHK:



No money should be paid to any intermediary in Hong Kong which is not licensed for Type 1 regulated activity under Part V of the Securities and Futures Ordinance.

Secondary Market Investors may place an order with a broker to sell their Units on the SEHK at any time during the trading day. To sell Units – or to buy new ones – such investor will need to use an intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers.

The trading price of Units of a Product on the SEHK may differ from the Net Asset Value per Unit of that Product and there can be no assurance that a liquid secondary market will exist for the Units.

Brokerage, stamp duty and other fees may be payable when selling (and purchasing) Units. Please refer to Part 2 of this Prospectus for details of the applicable brokerage, stamp duty and other fees.

There can be no guarantee that once the Units of a Product are listed on the SEHK they will remain listed.

10. VALUATION AND SUSPENSION

10.1 Determination of the Net Asset Value

The Net Asset Value of the relevant Product shall be determined in the Base Currency of the relevant Product at the Valuation Point on the relevant Valuation Day in respect of each Dealing Day (or at such other time as the Manager, in consultation with the Trustee, may determine) by valuing the assets of the relevant Product and deducting the liabilities attributable to the Product in accordance with the terms of the Trust Deed.

A summary of the applicable key provisions of the Trust Deed relating to the determination of the value of investments in the Trust is set out as follows:

(a) the value of any investment (including a unit, share or other interest in a collective investment scheme quoted, listed, traded or normally dealt in on a securities market but excluding a unit, share or other interest in an unlisted collective investment scheme) quoted, listed, traded or normally dealt in on a securities market shall at the discretion of the Manager be calculated by reference to the official closing price, or the last traded price as calculated and published by the securities market or (if no last traded price or closing price is available) the latest available price on which the investment is quoted, listed, traded or normally dealt in for such amount of such investment at or immediately preceding the Valuation Point, as the Manager may consider in the circumstances to provide a fair criterion, PROVIDED THAT:

   (i) if the Manager in its discretion considers that the prices ruling on a securities market other than the principal securities market provide in all circumstances a fairer criterion of value in relation to any such Investment, it may, after consultation with the Trustee, adopt such prices;

   (ii) if an investment is quoted, listed or normally dealt in on more than one securities market, the Manager shall adopt the price or, as the case may be, middle quotation on the securities market which, in its opinion and after consultation with the Trustee, provides the principal market for such investment;

   (iii) for an investment where only a single external pricing source is available, the price shall be obtained independently for that source as the Manager may, after consultation with the Trustee, deem appropriate;

   (iv) in the case of any investment which is quoted, listed or normally dealt in on a securities market but in respect of which, for any reason, prices on that securities market may not be available at any relevant time, the value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager, or, if the Trustee so requires, by the Manager after consultation with the Trustee;

   (v) where there is no securities market, all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Manager, in consultation with the Trustee, may determine) shall be made by reference to the mean of the latest bid and asked price quoted thereby; and

   (vi) there shall be taken into account interest accrued on interest-bearing investments up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price;

and for the purpose of the foregoing provisions the Manager or the Trustee shall be entitled to use and to rely upon electronic transmitted information from such source or sources as they may from time to time think fit with regard to the pricing of the investments on any securities market and the prices derived therefrom shall be taken as the prices for the purposes of this paragraph (a);

(b) the value of any investment which is not quoted, listed or normally dealt in on a securities market (other than an interest in a collective investment scheme) shall be the initial value thereof ascertained as hereinafter provided or the value thereof as assessed on the latest revaluation thereof made in accordance with the provisions hereinafter provided. For this purpose:

(i) the initial value of an unquoted investment (other than an interest in a collective investment scheme) shall be the amount expended out of the relevant Product in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Trustee for the purposes of the Trust Deed);

(ii) the value of any such unquoted investment shall be determined on a regular basis by a professional person approved by the Trustee as qualified to value such unquoted investment. Such professional person may, with the approval of the Trustee, be the Manager;

Notwithstanding the above but subject to paragraph (b)(ii) above, the Manager may determine to value on a straight line basis investments in debt instruments acquired at a discount to their face value.

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

(d) the value of each unit, share or other interest in any collective investment scheme (other than a unit, share or other interest in a collective investment scheme quoted, listed, traded or normally dealt in on a securities market) shall be the net asset value per unit, share or other interest in such collective investment scheme as at the same day the Net Asset Value of the relevant Product is calculated, or if such collective investment scheme is not valued as at the same day, the last published net asset value per unit, share or other interest in such collective investment scheme (where available) or (if the same is not available) the latest available bid price for such a unit, share or other interest at or immediately preceding the Valuation Point. If no net asset value, bid and offer prices or price quotations are available, the value of each unit, share or other interest shall be determined from time to time in such manner as the Manager, in consultation with the Trustee, shall determine;

(e) Futures Contracts will be valued at the official closing 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;

(f) notwithstanding the foregoing, the Manager may, after consultation with the Trustee, adjust the value of any investment or permit some other method of valuation to be used if, having regard to currency, applicable rate of interest, maturity, marketability and other considerations the Manager deems relevant, the Manager considers that such adjustment or use of such other method is required to reflect the fair value thereof. For instance, where the market value of an investment is unavailable or where the Manager reasonably believes that no reliable price exists or the most recent price available does not reflect a price the relevant Product would expect to receive upon the current sale of the investment, the Manager may value the investment at a price which the Manager believes reflects a fair and reasonable price for that investment in the prevailing circumstances; and

(g) the value of any investment (whether of a Security or cash) otherwise than in the Base Currency of a Product shall be converted into the Base Currency at the prevailing market rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

The Trustee or the Manager may:

(A) when reviewing or calculating the Net Asset Value of a Product, rely upon without verification, further enquiry or liability on price data or other information in relation to the value of any investment or the cost price or sale price thereof provided through electronic price feeds, mechanised or electronic systems of price or valuation, or valuation or pricing information which is provided by any valuer, third party valuation agent, intermediary or other third party appointed or authorised to provide valuations or pricing information of the investments or the assets of the Product, notwithstanding that the prices so used are not the last traded prices or closing prices;

(B) accept as sufficient evidence of the value of any asset of a Product or the cost price or sale price thereof, or of any price quoted on a securities market, any market quotation or certification by a calculation agent, administrator or broker, a price taken from the Index Provider, the issuer of the securities, an electronically transmitted source or a certificate by a person, firm or association qualified in the opinion of the Manager (after consultation with the Trustee) to value the same, provided that nothing hereunder shall impose an obligation on the Trustee or the Manager to obtain such a quotation or certification. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of any of a Product's assets, the Trustee may accept, use and rely on such prices without verification; and

(C) rely upon the established practice and rulings of any securities market and any committees and officials thereof on which any dealing in any assets of a Product or other property is from time to time effected in determining what shall constitute a good delivery and any similar matters and such practice and rulings shall be conclusive and binding upon all persons;

and the Trustee and the Manager shall not be liable for any loss suffered by a Product, any Unitholders or any other person in connection therewith except the Trustee and the Manager shall be respectively liable for losses which are due to breach of trust through fraud or negligence on their part.

10.2 Suspension of Determination of Net Asset Value

The Manager may, after consultation with the Trustee, having regard to the best interests of Unitholders, declare a suspension of the determination of the Net Asset Value of a Product for the whole or any part of any period during which:

(a) there is a closure (other than customary weekend and holiday closing) of or restriction or suspension of trading on any commodities market, futures market or securities market on which a substantial part of the investments of the Product is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or the Net Asset Value of the Product or the Issue Price or Redemption Price per Unit; or

(b) for any other reason, the prices of the investments held or contracted for by the Manager for the account of the Product cannot, in the opinion of the Manager after consultation with the Trustee, reasonably, promptly or fairly be ascertained; or

(c) circumstances exist as a result of which, in the opinion of the Manager after consultation with the Trustee, it is not reasonably practicable to realise a substantial part of the investments held or contracted for the account of the Product or it is not possible to do so without seriously prejudicing the interests of Unitholders of the relevant Product; or

(d) 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 investments of that Product or the issue or redemption of Units of the relevant class is prohibited, restricted, delayed or cannot, in the opinion of the Manager after consultation with the Trustee, be carried out promptly at normal rates of exchange; or

(e) the relevant Underlying Index is not compiled or published; or

(f) a breakdown occurs in any of the systems and/or means of communication usually employed by the Manager or the Trustee (as the case may be) in ascertaining the value of any of a Product's investments or other assets or the Net Asset Value of the relevant Product or the Issue Price or Redemption Price per Unit takes place or when for any other reason the value of any of the investments or other assets of the relevant Product or the Net Asset Value of the relevant Product or the Issue Price or Redemption Price per Unit cannot in the opinion of the Manager after consultation with the Trustee, reasonably or fairly be ascertained or cannot be ascertained in a prompt or accurate manner; or

(g) the existence of any state of affairs as a result of which delivery of Securities and/or Futures Contracts comprised in a Basket or disposal of investments for the time being comprised in the Product's assets cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders; or

(h) the dealing of Units is suspended pursuant to any order or direction issued by the Commission; or

(i) in the opinion of the Manager after consultation with the Trustee, such suspension is required by law or applicable legal process; or

(j) where a Product is invested in one or more collective investment schemes and the realisation of interests in any relevant collective investment scheme(s) (representing a substantial portion of the assets of the Product) is suspended or restricted; or

(k) when the Unitholders or the Manager have resolved or given notice to terminate a Product or to carry out a merger involving the Product; or

(l) the business operations of the Manager, the Administrator or the Trustee or any of their delegates or agents in relation to the operations of the Trust and/or a Product are substantially interrupted or closed as a result of or arising from a force majeure event; or

(m) such other circumstance or situation exists as set out in the Appendix of that Product.

Upon declaration of the suspension by the Manager, the suspension shall take effect. During the suspension:

(i) there shall be no determination of the Net Asset Value of the relevant Product and the Issue Price or the Redemption Price of Units of the relevant Product (or a class thereof) (although an estimated Net Asset Value may be calculated and published);

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

(iii) the Manager shall be under no obligation to rebalance the Deposited Property of the relevant Product until the suspension is terminated; and

(iv) no Units shall be created and issued or redeemed for the account of the Product.

The suspension shall terminate (A) when the Manager, after consultation with the Trustee, having regard to the best interests of holders, declares the suspension at an end, or (B) in any event on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist; and no other condition under which suspension is authorised under the Trust Deed exists.

The Manager shall immediately notify the Commission as soon as practicable if dealing in Units is suspended or ceases and publish a notice of suspension immediately following such suspension and, at least once a month during the period of suspension, on its website at www.fubonetf.com.hk or in such publications as the Manager decides.

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

10.3 Suspension of Dealing in Units on The SEHK (Secondary Market)

Dealing in Units on the SEHK, or trading on the SEHK generally, may at any time be suspended by the SEHK subject to any conditions imposed by the SEHK if the SEHK considers it necessary for the protection of investors or for the maintenance of an orderly market or in such other circumstances as the SEHK may consider appropriate.

11. DISTRIBUTION POLICY

Please refer to Part 2 of this Prospectus for further details of the distribution policy in respect of each Product.

On a distribution from the Product, the Trustee, in accordance with the instructions of the Manager, will allocate the amounts available for distribution between Unitholders and will pay such amounts to Unitholders.

12. FEES AND CHARGES

The fees and charges currently applicable to the Trust and each Product (are set out below and in Part 2 of this Prospectus.

12.1 Management Fee

The Manager may, on giving not less than one week's written notice to the relevant Unitholders, increase the rate of the management fee payable in respect of a Product up to or towards its maximum rate of 1.50% per annum of the Net Asset Value of the Product accrued daily and calculated as at each Dealing Day and payable monthly.

Should there be any increase of the management fee beyond the maximum rate stated above, not less than one month's prior notice shall be given to Unitholders.

Please refer to Part 2 of this Prospectus for further details on the current rate of management fee payable in respect of each Product.

12.2 Trustee's Fee

The Trustee may, on giving not less than one week's written notice to the relevant Unitholders, increase the rate of the Trustee's fee payable in respect of a Product up to or towards the maximum rate of 1.50% per annum of the Net Asset Value of the Product ("**Maximum Trustee Fee Rate**") accrued daily and calculated as at each Dealing Day and payable monthly. Subject to the Manager's consent and the Maximum Trustee Fee Rate and not less than one week's written notice to the relevant Unitholders, the Trustee's fee may be increased to reflect additional fees which may be payable to the Trustee in the performance of its duties to the Trust, provided that such fees will be at normal commercial terms and the aggregate Trustee's fee shall not exceed the Maximum Trustee Fee Rate.

Should there be any increase of the Trustee's fee beyond the Maximum Trustee Fee Rate, not less than one month's prior notice shall be given to Unitholders.

Please refer to Part 2 of this Prospectus for further details on the current rate of Trustee's fee payable in respect of each Product.

In addition, the Trustee will be reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services as Trustee.

12.3 Registrar's Fee

The Registrar will charge a monthly fee in respect of the establishment and maintenance of the register of Unitholders. Please refer to Part 2 of this Prospectus for further details on the current rate of Registrar's fee payable in respect of each Product.

In addition, the Registrar will be reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services as the Registrar.

12.4 Custodian's and Administrator's Fee

The Custodian's fee and Administrator's fee are included in the Trustee's fee.

12.5 Service Agent's or Conversion Agent's Fee

The Service Agent or the Conversion Agent (as applicable) will charge such fees and expenses as set out in Part 2 of this Prospectus.

12.6 Estimated Ongoing Charges and Estimated Annual Average Daily Ongoing Charges

The estimated ongoing charges (where a Product is newly established) or actual ongoing charges of a Product where applicable, which are the sum of anticipated ongoing expenses of the relevant Product expressed as a percentage of the estimated average Net Asset Value of the relevant Product, as well as 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 anticipated or actual (as the case may be) 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.

12.7 Brokerage Rates

A Product which adopts a futures-based direct replication investment strategy shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Please refer to Part 2 of this Prospectus for further details on the brokerage rates in respect of each Product.

12.8 Other Charges and Expenses

Each Product will bear the costs set out in the Trust Deed, which are directly attributable to it. Where such costs are not directly attributable to a Product, the Manager, in consultation with the Trustee, shall determine how such costs are to be allocated. Such costs may include but are not limited:

(a) all stamp and other duties, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, account opening fees and expenses, such transactional fees of the Trustee in relation to transactions involving the whole or any part of the relevant Product, custodian, co-custodian, sub-custodian and proxy fees and expenses, warehousing and storage fees and expenses, collection fees and expenses, insurance and security costs, and any other costs, charges or expenses payable in respect of the acquisition, borrowing, lending holding and realisation of any investment or other property or any cash, deposit or loan (including the claiming or collection of income or other rights in respect thereof and including any fees or expenses charged or incurred by the Trustee or the Manager or any of its Connected Persons in the event of the Trustee or the Manager or such Connected Person rendering services or effecting transactions giving rise to such fees or expenses);

(b) the fees and expenses of the Manager and the Trustee (and any of their delegates where disclosed in this Prospectus);

(c) any interest on any borrowing and expenses incurred in negotiating, entering into, varying and carrying into effect with or without variation and terminating the borrowing arrangements;

(d) the fees and expenses of the Auditors;

(e) the fees and expenses of the Administrator and the Registrar (including those of the Trustee where the Trustee is also acting as the Administrator or the Registrar) and the Service Agent (or the Conversion Agent, as the case may be and if applicable);

(f) fees charged by the Trustee in connection with the establishment of a Product or a class thereof (including legal and advisory fees);

(g) the fees in connection with valuing the assets of each Product or any part of a Product, calculating the Net Asset Value of each Product and the issue and redemption prices of Units;

(h) expenses in connection with the management and trusteeship of the Trust authorised by the Trust Deed to be payable out of the assets of the Trust;

(i) all legal and professional fees and charges incurred by the Manager and/or the Trustee in connection with the Trust and/or any Product;

(j) out-of-pocket expenses incurred by the Trustee, the Manager and/or the Administrator wholly and exclusively in the performance of its duties (including, where appropriate, obtaining collateral, credit support or implementing other measures or arrangements in mitigating the counterparty risk or other exposure of the relevant Product);

(k) the costs and expenses incurred by the Manager and/or the Trustee in establishing the Trust and/or the Products and costs and expenses in connection with the initial issue of Units or a class of Units (which expenses may be amortised by being written off against the relevant Products or classes in proportion to their respective Net Asset Values in equal amounts (or such other proportion or method as the Manager, after consultation with the Auditors, may determine from time to time) over the first five financial years or such other period as the Manager after consultation with the Auditors shall determine;

(l) the fees and expenses of the Trustee which are agreed by the Manager in connection with time and resources incurred by the Trustee reviewing and producing documentation in connection with the operation of any Product (including the filing of annual returns and other statutory or regulatory information required to be filed with any regulatory authority having jurisdiction over the Trust);

(m) the expenses of or incidental to the preparation of deeds supplemental to the Trust Deed or any agreement in connection with the Trust or any Product;

(n) the expenses of holding meetings of Unitholders and of giving notices to Unitholders;

(o) the costs and expenses of obtaining and maintaining a listing for the Units of any class on any stock exchange or exchanges selected by the Manager (in consultation with the Trustee) and/or the authorisation or other official approval or sanction of the Trust or any Product under the Securities and Futures Ordinance or any other law or regulation in any part of the world or in complying with any undertaking given, or agreement entered into in connection with, or any rules governing such listing, authorisation, approval or sanction;

(p) costs and expenses charged by the Trustee in terminating the Trust or any Product or any class of Units and for providing any additional services as agreed by the Manager;

(q) unless the Manager determines, bank charges (including the costs of cheques and effecting telegraphic transfers of monies) incurred in making payments to or receiving any payments from Unitholders or former Unitholders pursuant to the Trust Deed;

(r) the fees of any guarantor (including the fee of the Trustee or any Connected Person of the Trustee acting as guarantor in relation to any Product);

(s) any licence fees and expenses payable to the owner of an index for the use of such index;

(t) the fees and expenses of establishing, maintaining and operating any company wholly owned by the Trustee on behalf of any one or more Products;

(u) the fees and expenses of any other service providers of the Trust or a Product;

(v) all costs incurred in publishing the Net Asset Value of a Product, Net Asset Value of a class of Units, Net Asset Value per Unit, Net Asset Value per Unit of a class, the issue and redemption prices of Units, all costs of preparing, printing and distributing all statements, accounts and reports pursuant to the provisions of the Trust Deed (including the Auditors' fees, the Administrator's fees and the Trustee's fees (if any)), preparation of financial statements, the expenses of preparing and printing any Prospectus, and any other expenses, deemed by the Manager after consulting the Auditors and the Trustee, to have been incurred in compliance with or connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with any code relating to unit trusts (provided that the Trustee shall be responsible for any costs incurred in connection with ensuring compliance with Note (2) to Chapter 4.1 of the Code);

(w) all other costs, charges and expenses which in the opinion of the Trustee and the Manager are properly incurred in the administration of the Trust or any Product and pursuant to the performance of their respective duties;

(x) all fees and expenses incurred in connection with the retirement or removal of the Manager, the Trustee, the Auditors or any entity providing services to the Trust or any Product, or the appointment of a new manager, a new trustee, new auditors or other new service providers providing services to the Trust;

(y) where the Manager so determines, all professional fees relating to the agreeing and/or contesting of taxation liabilities and recoveries;

(z) all or any costs and expenses incurred in connection with obtaining collateral or invested assets for any Product;

(aa) all fees and expenses incurred in connection with the de-listing of a Product or a class thereof from any stock exchange or exchanges, merger, the termination of the Trust or a Product or a class thereof or withdrawal of authorisation of the Trust or a Product from any applicable regulatory authority (including the Commission in Hong Kong);

(bb) all other charges, fees, expenses or liabilities expressly authorised by the Trust Deed to be charged against Unitholders or against any Product; and

(cc) all such charges, costs, expenses and disbursements as under the general law the Trustee and/or the Manager is entitled to charge to the Trust or a Product.

12.9 Establishment Costs

The costs and expenses incurred by the Manager in establishing the Trust and the initial Products of the Trust, Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product, are estimated to be USD 200,000; such costs shall be borne equally by Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product (unless otherwise determined by the Manager) and amortised over the first 5 financial years of the Trust (unless the Manager decides a shorter period is appropriate).

The costs of establishment of each subsequent Product will be borne by the relevant Product and amortised over such period as the Manager may determine and specified in Part 2 of this Prospectus.

13. TAXATION

13.1 Hong Kong

13.1.1 Taxation of each Product

Hong Kong profits tax

A Product will be exempted from Hong Kong profits tax in respect of its authorised activities in Hong Kong upon its authorisation as a collective investment schemes under section 104 of the Securities and Futures Ordinance.

Hong Kong stamp duty

Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty (i.e. fixed and ad valorem) on the transfer of a Basket to a Product, by a Participating Dealer as a consideration for an allotment of Units of such Product will be remitted or refunded (i.e. in the primary market). Similarly, Hong Kong stamp duty on the transfer of a Basket by a Product to a Participating Dealer upon redemption of Units will also be remitted or refunded (i.e. in the primary market). As such, no Hong Kong stamp duty should be payable by a Product on an allotment or redemption of Units, subject to application to the IRD for remission.

13.1.2 Taxation of the Unitholders

Hong Kong profits tax

For Unitholders who do not carry on a trade or business in Hong Kong or the Units were acquired and 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 should not be taxable.

Profits arising on the disposal / redemption of any Units will only be subject to profits tax for Unitholders carrying on a trade or business in Hong Kong where the profits, arise in or are derived from such trade or business in Hong Kong and are of revenue nature. Unitholders should seek advice from their own professional advisers as to their particular tax position.

Distributions received by Unitholders from their investments in the Units should generally not be chargeable to tax in Hong Kong (whether by way of withholding or otherwise).

Hong Kong 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” in the Stamp Duty Ordinance.

However, no Hong Kong stamp duty should be imposed 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. Accordingly, transfers of the Units in a Product should not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

13.1.3 Hong Kong requirements regarding tax reporting

Automatic Exchange of Financial Account Information

(a) General Information

The CRS Ordinance provides the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("**AEOI**"). The AEOI requires FIs in Hong Kong to collect information relating to non-Hong Kong tax residents holding financial accounts with Hong Kong FIs, and report such information to the IRD who in turn will exchange such information with the reportable jurisdiction(s) in which that account holder is resident. A Product and/or its agents may adopt the wider approach in collecting residency information of account holders.

The Trust and Product(s) are required to comply with the requirements of AEOI as implemented by Hong Kong, which means that the Trust, the Product(s), the Manager, the Trustee and/or any of their agents shall collect and provide to the IRD the required tax information relating to Unitholders and prospective investors.

The AEOI rules as implemented by Hong Kong requires the Trust to, amongst other things: (i) register the Trust's status 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" for AEOI purposes; 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 reportable jurisdictions. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax residents in a reportable jurisdiction for Hong Kong AEOI's purposes; and (ii) certain entities controlled by individuals who are tax resident in such other jurisdictions. Under the CRS Ordinance, details of Unitholders, including but not limited to their name, date and place of birth, address, tax residence, tax identification number (if any), account details, 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 of tax residence.

(b) Impact on the Product(s) and Unitholders

By investing in the Product(s) and/or continuing to invest in the Product(s), Unitholders acknowledge that they may be required to provide additional information to the Trust, the Product(s), the Manager, the Trustee, and/or any of their agents in order for the Trust and Product(s) to comply with AEOI. The Unitholder's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are not natural persons), 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 Product(s), the Manager, the Trustee, and/or any of their agents, as permitted by applicable law and regulations, taking any action and/or pursue remedies at their disposal including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned.

In such case, the Trust, the Product(s), the Manager, the Trustee and/or any of their agents shall act in good faith on reasonable grounds when exercising its discretion to mandatorily redeem or withdraw a Unitholder.

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).

13.2 United States

The following is a summary of certain aspects of the US federal income taxation of the Trust, the Product(s), and the Unitholders that should be considered by a prospective investor. This summary is based on the US federal income tax laws, regulations, administrative rulings and judicial decisions in effect or available on the date of this Prospectus. No assurance can be given that administrative, judicial or legislative changes will not occur that would make the statements in this Prospectus incorrect or incomplete. This summary does not discuss all of the tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the US federal income tax laws. Each prospective investor should consult its own tax advisers regarding the US federal income tax consequences of an investment in the Product(s).

The Trust and/or the Product(s)

The Trust and/or the Product(s) default to be treated as a corporation for US federal income tax purposes. As a non-US corporation, the Trust and/or the Product(s) generally will not be subject to US federal income taxation on income or gain realised by it from trading and investment activities provided that the Trust and/or the Product(s) are not engaged in, or deemed to be engaged in, a US trade or business to which such income or gain is treated as effectively connected. However, the Trust and/or the Product(s) cannot give complete assurance that it will not be treated as conducting a trade or business within the US.

The Trust and/or the Product(s) may be subject to a 30% US withholding tax on the gross amount of US source fixed or determinable annual or periodical income, such as interest and dividend, in each case to the extent such amounts are not effectively connected with a US trade or business.

Non-US Unitholders

Unitholders that are non-resident alien individuals or non-US corporations generally should not be subject to US federal income taxation on income or gains realised from the sale, exchange or redemption of Units held as a capital asset, unless such income or gain is otherwise effectively connected with a US trade or business.

US Tax-Exempt Unitholders

Because the Trust and/or the Product(s) default to be treated as a corporation for US federal income tax purposes, debt incurred by the Trust and/or the Product(s) for purposes of acquiring assets will be blocked by the Trust and/or the Product(s) and will not be considered acquisition indebtedness incurred by US tax-exempt Unitholders. Income or gain realised on an investment in the Trust and/or the Product(s) by a US tax-exempt Unitholder generally should not be taxable as unrelated business taxable income, provided that such US tax-exempt Unitholder does not incur acquisition indebtedness in connection with its purchase of Units.

US Taxable Unitholders

US taxable Unitholders should generally be subject to US federal income taxation on income or gains realized from the sale, exchange or redemption of Units held as a capital asset as well as distributions made by the Trust and/or the Product(s). The Trust and/or the Product(s) may be classified as a passive foreign investment company ("**PFIC**"). The PFIC provisions of the IRC impose, among other adverse tax consequences, tax at often materially higher rates (plus interest charge) than would otherwise apply to gains and certain distributions made by a PFIC indirectly held by a US taxable Unitholder. Alternative rules apply if the US taxable Unitholder would make certain PFIC election with respect to the PFIC. PFIC rules can be highly complex, prospective US taxable Unitholders should consult with their own tax advisers with respect to these matters before investing in the Trust and/or the Product(s). The Trust and/or the Product(s) have not committed itself to provide the US taxable Unitholders with all of the information concerning the Trust and/or the Product(s) necessary to complete the US federal income tax informational returns/forms.

13.3 Other jurisdiction(s)

Please refer to Part 2 of this Prospectus on taxation requirements in other jurisdiction(s) that may be applicable to a Product.

13.4 General

Investors should consult their professional financial advisers on the consequences to them of acquiring, holding, realizing, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences, stamping and denoting requirements and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances.

14. OTHER IMPORTANT INFORMATION

14.1 Financial Reports

The Trust's financial year end is 31 December in each year. The Trust's first audited annual financial report will be for the period ending on 31 December 2021, which will available by April 2022. The Trust's first unaudited interim financial report dated June 2021 will be available by August 2021.

Unitholders will be notified of where they can obtain the printed and electronic copies of the latest audited annual financial report or the unaudited interim financial report once they are available (both published in English only). Such notices will be sent to Unitholders as soon as practicable and in any event within four months of the end of each financial year (starting the first financial year) in the case of audited annual financial reports and within two months after 30 June in each year in the case of unaudited interim financial reports. Once issued, such reports will be available in electronic copies from the website www.fubonetf.com.hk.

Hard copies of such financial reports will be available upon request of Unitholders free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the office of the Manager.

14.2 Removal and Retirement of the Manager

The Manager shall be subject to removal (in the case of paragraphs (a) and (d) below) by notice in writing to the Manager or (in the case of paragraphs (b) and (c) below) by not less than three (3) months' notice in writing to the Manager given by the Trustee in any of the following events:

(a) if 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), becomes bankrupt or if a receiver is appointed over any of its assets;

(b) if for good and sufficient reason the Trustee is of the opinion and so states in writing to the Manager that a change of Manager is desirable in the interests of the Unitholders;

(c) if the Unitholders of not less than 50% in value of the Units for the time being outstanding deliver to the Trustee in writing a request that the Manager should retire; or

(d) if the Commission withdraws its approval of the Manager as manager of the Trust.

The Manager shall have power to retire in favour of some other qualified manager in accordance with the provisions of the Trust Deed. In particular, Unitholders in the relevant Product shall be given written notice of no less than 1 month (or such other period as permitted by the Commission) in accordance with the provisions of the Trust Deed.

14.3 Removal and Retirement of the Trustee

The Trustee shall be subject to removal by not less than three (3) months' notice in writing given by the Manager (save in relation to a termination pursuant to paragraph (a) below when such notice shall come into effect forthwith upon service of such notice) in any of the following events:

(a) if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation) or if a receiver is appointed over any of its assets;

(b) if the Unitholders of not less than 50% in value of the Units for the time being outstanding (for which purpose Units held or deemed to be held by the Trustee shall not be regarded as being outstanding) shall deliver in writing a request that the Trustee should retire; or

(c) if the Manager wishes to appoint a new trustee.

Notwithstanding such notice, the Trustee shall not be removed or cease to act as such unless and until the Manager shall, subject to the prior approval of the Commission if the Product is authorised pursuant to section 104 of the Securities and Futures Ordinance, have appointed a qualified corporation under any applicable law to be the trustee in place of the removed Trustee.

The Trustee shall be entitled to retire voluntarily. Subject to the prior written approval of the Commission, the Trustee may retire from office by giving not less than 60 days' written notice (or 30 days' written notice in the event of liquidation of the Manager, or a material breach by the Manager of its obligations under the Trust Deed), or such shorter period of notice as the Commission may require, to the Manager. In the event of the Trustee desiring to retire the Manager shall find within 60 days (or, as the case may be, 30 days) from the date the Trustee notifies the Manager of such desire a new trustee who is a qualified corporation under any applicable law to act as trustee and the Manager shall appoint such new trustee to be the Trustee in the place of the retiring Trustee in accordance with the provisions of the Trust Deed and subject to the prior approval of the Commission if the Product is authorised pursuant to section 104 of the Securities and Futures Ordinance. For the avoidance of doubt, the Trustee shall only retire upon the appointment of a new Trustee and subject to the prior approval of the Commission.

14.4 Potential Conflicts of Interest, Transactions with Connected Persons, Cash Rebates and Soft Commissions

The Manager, Investment Delegate (if any), and the Trustee or their Connected Persons may, from time to time, act as manager, investment delegate, trustee, designated depository bank or custodian or in such other capacity in connection with or be otherwise involved in or with any other collective investment schemes separate and distinct from the Trust and the Products, including those that have similar investment objectives to those of the Products, or contract with or enter into financial, banking or other transaction with one another or with any investor of the Products, or any company or body any of whose shares or securities form part of any Product or may be interested in any such contract or transaction.

In addition:

(a) The Manager, Investment Delegate (if any) or any of its Connected Person may purchase and sell investments for the account of a Product as agent for such Product.

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

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

(d) The Trustee, the Manager and any of their Connected Persons may buy, hold and deal in the Securities and/or Futures Contracts constituting the Underlying Index for their own account or for the account of their other customers (including Participating Dealers acting for themselves or for their clients) notwithstanding that the Securities and/or Futures Contracts constituting the Underlying Index may be held as part of the Product.

(e) Any arrangements for the deposit of any monies for the account of the Product may be made with any of the Trustee, the Manager, any Investment Delegate or any Connected Person of any of them being a banker or other financial institution provided that such deposit shall be maintained in a manner that is in the best interest of the Unitholders, having regard to the prevailing commercial rates for deposit of a similar type, size and term, negotiated at arm's length in accordance with ordinary and normal course of business.

The services of the Manager, Investment Delegate (if any) and the Trustee provided to the Products are not deemed to be exclusive and the Manager, Investment Delegate (if any) and the Trustee shall be free to render similar services to others so long as their services hereunder are not impaired thereby. Each of the Manager, Investment Delegate (if any), the Trustee and their respective Connected Persons shall be entitled to retain for its own use and benefit all fees and other monies payable in respect of any of the arrangements described above and shall not be deemed to be affected with notice of or to be under any duty to disclose to the Trust, any Product, any Unitholder or any other relevant party any fact or thing which comes to the notice of itself in the course of its rendering services to others or in the course of its business in any other capacity or in any manner whatsoever, otherwise than in the course of carrying out its duties under the Trust Deed. Each of the Manager, Investment Delegate (if any), the Trustee and their respective Connected Persons shall not be liable to account to the Trust or any Product or any investor of the Trust or the Product for any profit or benefit made or derived thereby or in connection therewith (including in situations set out above). It is, therefore, possible that any of the Manager, the Trustee or their Connected Persons may, in the course of business, have potential conflicts of interest with the Products.

Each of the Manager, Investment Delegate (if any) and the Trustee or their Connected Persons will, at all times, have regard in such event to its obligations to the Products and the investors and will endeavour to ensure that such conflicts are resolved fairly.

The Manager, Investment Delegate (if any), the Trustee or their Connected Persons shall act in a reasonable and prudent manner when handling any potential conflict of interest situation and take into account the interest of Unitholders and clients.

All transactions carried out by or on behalf of the Products will be executed at arm's length and in the best interest of the Unitholders in compliance with applicable laws and regulations. Any transactions between a Product and the Manager, Investment Delegate (if any), or any of their Connected Persons as principal may only be made with the prior written consent of the Trustee. All such transactions will be disclosed in the Product's annual report.

The Manager and any of its Connected Persons may effect transactions by or through the agency of another person with whom the Manager or any of its Connected Persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its Connected Persons, goods, services or other benefits, such as research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publication.

The brokerage and other agency transactions for the account of the Products may be executed through brokers or dealers connected to the Manager, Investment Delegate, directors of the Manager, the Trustee or their Connected Persons. However, for so long as a Product is authorised by the Commission, the Manager shall ensure that it complies with the following requirements when transacting with brokers or dealers connected to the Manager, Investment Delegate, directors of the Product(s), Trustee or their Connected Persons, save to the extent permitted under the Code or any waiver obtained from the Commission:

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

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

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

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

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

(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer will be disclosed in the relevant Product's annual report, describing the soft dollar policies and practices of the management company or investment delegate (if any), including a description of the goods and services received by them.

Neither the Manager, Investment Delegate nor any of their Connected Persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the Product's property to the broker or dealer save that goods and services (soft dollars) may be retained if:

(a) the goods or services are of demonstrable benefit to Unitholders;

(b) the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates;

(c) adequate prior disclosure is made in this Prospectus the terms of which Unitholders have consented to;

(d) periodic disclosure is made in the relevant Product's annual report in the form of a statement describing the soft dollar policies and practices of the Manager or Investment Delegate (if any), including a description of the goods and services received by them; and

(e) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange the transaction with such broker or dealer.

No direct payment may be made to the Manager, the Investment Delegate (if any) or any of their Connected Persons who undertake to place business with that party.

14.5 Termination of the Trust or a Product

A Product shall terminate upon the termination of the Trust. The Trust shall continue until it is terminated in one of the following ways set out below.

A summary of the circumstances under which the Trust may be terminated by the Trustee by notice in writing to the Manager and Unitholders is set out as follows:

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

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

(c) if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable in consultation with the relevant regulatory agencies (the Commission in Hong Kong) to continue the Trust;

(d) if the Manager shall, pursuant to sub-section 14.2 (other than sub-section 14.2(a) thereof) have ceased to be the Manager and, within a period of thirty (30) days thereafter, no other qualified corporation shall have been appointed by the Trustee as successor Manager in accordance with sub-section 14.2; or

(e) if the Trustee shall have notified the Manager of its desire to retire as Trustee and the Manager shall fail to find a qualified corporation to act as a trustee in place of the Trustee within sixty (60) days therefrom or as the case may be, thirty (30) days therefrom as prescribed under sub-section 14.3.

The circumstances under which the Trust and/or a Product and/or any classes of Units relating to a Product (as the case may be) may be terminated by the Manager in its absolute discretion by notice in writing include:

(a) if on any date, in relation to the Trust, the aggregate Net Asset Value of all Units shall be less than USD10 million (or its equivalent in other currencies) or in relation to a Product, the aggregate Net Asset Value of the Units outstanding hereunder in respect to such Product shall be less than USD5 million (or its equivalent in other currencies) or in relation to any class of Units, the aggregate Net Asset Value of the Units of such class outstanding hereunder in respect of such class shall be less than USD5 million (or its equivalent in other currencies) or such other amount as may be specified in the Appendix of the relevant Product;

(b) if in the opinion of the Manager, it is impracticable or inadvisable to continue the Trust, a Product and/or any class of Units (as the case may be) (including without limitation, a situation where it is no longer economically viable to operate the Trust, the Product or the relevant class of Units);

(c) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable in consultation with the relevant regulatory agencies (the Commission in Hong Kong) to continue the Trust and/or the relevant Product and/or any class of Units of the Product;

(d) if the Trust and/or the relevant Product (as the case may be) shall cease to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance or listed on the SEHK or other recognised securities markets;

(e) if the Underlying Index of the relevant Product is no longer available for benchmarking, unless the Manager determines (in consultation with the Trustee) that it is possible, feasible, practicable and in the best interests of the Unitholders to substitute another index for the Underlying Index;

(f) if the Trust and/or the relevant Product ceases to have any Participating Dealer; or

(g) the occurrence of any other event(s) or in such other circumstance(s) as set out in any supplemental deed or notice of establishment of the relevant Product or class of Units.

In cases of termination of the Trust, a Product and/or any class of Units of a Product under the above circumstances, no less than one month's notice will be given to Unitholders.

14.6 Forfeiture of Unclaimed Proceeds or Distributions

If any redemption proceed or distribution remains unclaimed six years after the relevant Dealing Day or distribution date, as the case may be, (a) the Unitholder and any person claiming through, under or in trust for the Unitholder forfeits any right to the proceed or distribution; and (b) the amount of the proceed or distribution will become part of the relevant Product unless such Product shall have been terminated in which case such amount shall be paid into a court of competent jurisdiction subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

14.7 Trust Deed

The Trust was established under Hong Kong law by a trust deed dated 23 April 2021 (as may be amended, modified and/or supplemented from time to time). All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

14.8 Indemnification and Limitation of Liability

The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances.

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 relevant Product or the Trust generally, in respect of any liabilities, costs, claims or demands arising directly or indirectly from the proper performance of their duties with respect to the Trust. Nothing in any of the provisions of the Trust Deed shall in any case exempt the Trustee and the Manager from or indemnify them against any liability to the Unitholders imposed under the laws of Hong Kong or for breach of trust through fraud or negligence for which they may be liable in relation to their duties and neither the Trustee nor the Manager may be indemnified against such liability by Unitholders or at Unitholders' expense.

Unitholders and intending applicants are advised to consult the terms of the Trust Deed for further details.

14.9 Modification of Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the provisions of the Trust Deed by supplemental deed without consulting Unitholders provided that each of the Trustee and the Manager shall certify in writing that in its opinion that such modification, alteration or addition (i) does not materially prejudice the interests of Unitholders, does not to any material extent release to the Trustee or the Manager or any other person from any liability to the Unitholders and does not increase the costs and charges payable from the assets of the Trust (other than the costs, charges, fees and expenses incurred in connection with the supplemental deed) 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 necessary to correct a manifest error.

In all other cases involving any material changes, no modification, alteration or addition may be made except with the sanction of an extraordinary resolution of the Unitholders affected and prior approval of the Commission (if applicable).

14.10 Meetings of Unitholders

The Trust Deed contains detailed provisions for meetings of Unitholders. Meetings may be convened by the Trustee, the Manager or the Unitholders of at least 10% in value of the Units in issue, on not less than 14 days' notice (for a meeting at which an ordinary resolution is to be proposed) or not less than 21 days' notice (for a meeting at which an extraordinary resolution is to be proposed). Notice of meetings will be posted to Unitholders and posted on HKEX's website at www.hkex.com.hk. Unitholders may appoint proxies, who need not themselves be Unitholders. The quorum for a meeting to pass an ordinary resolution will be Unitholders present in person or by proxy registered as holding not less than 10% of the Units for the time being in issue. The quorum for a meeting to pass an extraordinary resolution will be Unitholders present in person or by proxy registered as holding not less than 25% of the Units for the time being in issue or, for an adjourned meeting, Unitholders present in person or by proxy whatever their number or the number of Units held by them. Save as provided in section "***14.9 Modification of Trust Deed***" above, a meeting to pass an extraordinary resolution may be used to modify the terms of the Trust Deed, including terminating the Product at any time. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum.

An ordinary resolution is a resolution proposed as such and passed by a majority of 50% of the total number of votes cast. An extraordinary resolution is a resolution proposed as such and passed by a majority of 75% of the total number of votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders in different Products and different classes where only the interests of Unitholders in a particular Product or class are affected.

14.11 Voting Rights

The Trust Deed provides that at any meeting of Unitholders, every Unitholder who is present as aforesaid or by proxy shall, on a poll, have one vote for every Unit of which he is the holder.

Where a Unitholder is a recognised clearing house (within the meaning of the Securities and Futures Ordinance) (or is its nominee(s)), it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meetings of Unitholders or any meetings of any class of Unitholders provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Units in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarized authorisation and/or further evidence for substantiating the facts that it is duly authorised (save that the Trustee shall be entitled to request for evidence from such person to prove his/her identity) and will be entitled to exercise the same power on behalf of the recognized clearing house as that clearing house or its nominee(s) could exercise if it were an individual Unitholder of the Trust. For the avoidance of doubt, a Unitholder who is a recognised clearing house (or its nominee(s)) shall exercise its voting rights in compliance with the applicable CCASS rules and/or operational procedures.

14.12 Documents Available for Inspection

Copies of the Trust Deed, Service Agreement or the Conversion Agency Agreement (as applicable), Participation Agreements, other material contracts, if any (as specified in Part 2 of this Prospectus) and the latest annual and interim reports (if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager. Please refer to section "***14.19 Complaints and Enquiries***" below for the address of the Manager.

Copies of the Trust Deed, Service Agreement or the Conversion Agency Agreement (as applicable), Participation Agreements and other material contracts, if any (as specified in Part 2 of this Prospectus) can be purchased from the Manager on payment of a reasonable fee. Copies of the latest annual and interim reports (if any) are available upon request free of charge.

14.13 Part XV of the Securities and Futures Ordinance

Part XV of the Securities and Futures Ordinance 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. Consequently, Unitholders are not obliged to disclose their interest in a Product.

14.14 Anti-Money Laundering Regulations

As part of the Trustee's, the Manager's, the Participating Dealers' and their respective delegates' or agents' responsibility for the prevention of money laundering and to comply with all applicable laws, regulations or any group policy to which the Manager, the Trustee, a Product, the Trust, the relevant Participating Dealer or their respective delegate or agent is subject, they may require a detailed verification of an investor's identity and the source of the payment of application monies. Depending on the circumstances of each application, a detailed verification might not be required where:

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

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

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized as having sufficient anti-money laundering regulations.

Each of the Trustee, the Manager, the relevant Participating Dealer and their respective delegates or agents reserves the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee and/or the Manager and/or the relevant Participating Dealer and/or their respective delegates or agents may refuse to accept the application and the application moneys relating thereto. Neither the Manager, the Trustee, the relevant Participating Dealer nor their respective delegates or agents will be liable to any investor or applicant for any loss caused as a result of any delay or refusal to process applications and claims for payment of interest due to such delay or refusal will not be accepted.

Each of the Trustee, the Manager, the relevant Participating Dealer and their respective delegates or agents also reserves to refuse to make any redemption payment to a Unitholder or investor if the Trustee or the Manager or the relevant Participating Dealer or any of their respective delegates or agents suspect or are advised that the payment of redemption proceeds to such Unitholder or investor might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction or any group policy, or if such refusal is considered necessary or appropriate to ensure the compliance by the Trust or the relevant Product(s) or the Trustee or the Manager or the relevant Participating Dealer or their respective delegates or agents with any such laws or regulations in any applicable jurisdiction or any group policy.

None of the Trustee, the Manager, the relevant Participating Dealer or their respective delegates or agents shall be liable to the relevant Unitholder or investor for any loss suffered by such party as a result of the rejection or delay of any subscription application or payment of redemption proceeds due to circumstances as described in the paragraph above.

14.15 Liquidity Risk Management

The Manager has established a liquidity risk 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 risk 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 risk 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, and will facilitate compliance with each Product's obligation to meet redemption requests. Further, the liquidity risk 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 after consultation with the Trustee limit the number of Units of a Product redeemed on any Dealing Day to Units representing 10% of the total number of Units of the such Product in issue (or such higher percentage as the Manager may determine in respect of the Product).

14.16 Publication of Information relating to the Products

The Manager will publish important news and information in respect of the Products (including in respect of the Underlying Index), both in English and in Chinese languages, on its website www.fubonetf.com.hk and on HKEX's website at www.hkex.com.hk including:

(a) this Prospectus (as revised from time to time);

(b) the latest Product Key Facts Statements of the Products;

(c) the latest audited annual and unaudited interim financial reports of the Products in English;

(d) any public announcements made by a Product, including information in relation to the relevant Product and the Underlying Index, notices of the suspension of the creation and redemption of Units, the suspension of the calculation of Net Asset Value, changes in fees and charges and the suspension and resumption of trading of Units;

(e) any notices relating to material changes to a Product that may have an impact on its investors, including notices for material alterations or additions to this Prospectus or the Product's Product Key Facts Statement or constitutive documents;

(f) the near real-time indicative Net Asset Value per Unit of a Product (updated every 15 seconds throughout each Dealing Day in the base currency of the Product and in each trading currency) during normal trading hours on the SEHK;

(g) the last Net Asset Value of each Product in the base currency and last Net Asset Value per Unit of each Product in the base currency of the Product and in each trading currency (updated on a daily basis);

(h) the actual daily tracking difference, the actual average daily tracking difference and the tracking error of each Product;

(i) the full portfolio composition of the relevant Product (updated on a Daily basis);

(j) the ongoing charges figures and past performance information of each Product;

(k) a "performance simulator" of the Product which allows investors to select a historical time period and simulate the performance of the Product vis-à-vis the Underlying Index during that period based on historical data;

(l) the last closing level of the Underlying Index;

(m) information on securities financing transaction (such as counterparty exposure and collateral information) (if any);

(n) information on financial derivative instruments (such as counterparty exposure and collateral information) (if any); and

(o) the latest list of Participating Dealers and market makers.

Please refer to Part 2 of this Prospectus for further details on the publication of the near real time indicative Net Asset Value per Unit and the last Net Asset Value and Net Asset Value per Unit of a Product.

Although every effort is made to ensure information provided are accurate at the time of publication the Manager shall not accept any responsibility for any error or delay in calculation or in the publication or non-publication of prices which are beyond its control.

The Manager's website provides a hyperlink to HKEX's website www.hkex.com.hk, where information on the bid/ask price, queuing display, the previous day's closing Net Asset Value will be available.

Real-time updates about the relevant Underlying Index can be obtained through other financial data vendors. It is the investors' own responsibility to obtain additional and latest updated information about the Underlying Index (including without limitation, a description of the way in which the Underlying Index is calculated, any change in the composition of the Underlying Index, any change in the method for compiling and calculating the Underlying Index) via the website disclosed in the relevant Appendix for each Product under Part 2 of the Prospectus.

Please refer to the section "***14.17 Website Information***" below for the warning and the disclaimer regarding information contained in such website.

14.17 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 investors to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of 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 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, the website: www.fubonetf.com.hk. Investors should exercise an appropriate degree of caution when assessing the value of such information.

Note that the contents of any website and any other websites referred to in this Prospectus have not been reviewed by the Commission.

14.18 Notices

All notices and communications to the Manager and Trustee should be made in writing and sent to their respective addresses set out in the section headed "Parties" above.

14.19 Complaints and Enquiries

Any investor enquiries or complaints should be submitted in writing to the Manager's office (Unit D, 19/F, Lee & Man Commercial Center, 169 Electric Road, Hong Kong) or calling the Manager at telephone number at (852) 3918 3288.

14.20 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 the relevant 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.

14.21 Power to Disclose Information to Tax Authorities

Subject to applicable laws and regulations in Hong Kong, the Trust, the relevant Product, 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 US 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 the relevant 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).

SCHEDULE 1 – INVESTMENT AND BORROWING RESTRICTIONS

If the investment and borrowing restrictions for a Product are breached, the Manager shall as a priority objective take all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the Unitholders of the relevant Product.

1. Investment limitations applicable to each Product

No holding of any security may be acquired for or added to a Product which would be inconsistent with achieving the investment objective of the Product or which would result in, or no cash deposits may be made which would result in:–

(a) the aggregate value of the Product's investments in, or exposure to, any single entity (other than Government and other public securities) through the following exceeding 10% of the total Net Asset Value of the relevant Product:

(i) investments in securities issued by that entity;

(ii) exposure to that entity through underlying assets of financial derivative instruments; and

(iii) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments.

For the avoidance of doubt, restrictions and limitations on counterparty as set out in sub-paragraphs 1(a), 1(b) and 4.4(c) of this Schedule 1 will not apply to financial derivative instruments that are:

(A) transacted on an exchange where the clearing house performs a central counterparty role; and

(B) marked-to-market daily in the valuation of their financial derivative instrument positions and subject to margining requirements at least on a daily basis.

The requirements under this sub-paragraph 1(a) will also apply in the case of sub-paragraphs 6(e) and (j) of this Schedule 1.

(b) subject to sub-paragraphs 1(a) and 4.4(c) of this Schedule 1, the aggregate value of the Product's investments in, or exposure to, entities within the same group through the following exceeding 20% of the total Net Asset Value of the relevant Product:

(i) investments in securities issued by those entities;

(ii) exposure to those entities through underlying assets of financial derivative instruments; and

(iii) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments.

For the purposes of sub-paragraphs 1(b) and 1(c) of this Schedule 1, "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.

The requirements under this sub-paragraph 1(b) will also apply in the case of sub-paragraphs 6(e) and (j) of this Schedule 1.

(c) the value of the Product's cash deposits made with the same entity or entities within the same group exceeding 20% of the total Net Asset Value of the relevant Product provided that the 20% limit may be exceeded in the following circumstances:

(i) cash held before the launch of the Product and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or

(ii) cash proceeds from liquidation of investments prior to the merger or termination of the Product, whereby the placing of cash deposits with various financial institutions would not be in the best interests of investors; or

(iii) cash proceeds received from subscriptions pending investments and cash held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions would be unduly burdensome and the cash deposits arrangement would not compromise investors' interests.

For the purposes of this sub-paragraph 1(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) the Product's holding of any ordinary shares (when aggregated with all other Products' holdings of such ordinary shares) exceeding 10% of any ordinary shares issued by any single entity.

(e) the value of the Product's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a securities market, exceeding 15% of the total Net Asset Value of such Product.

(f) (i) notwithstanding sub-paragraphs 1(a), 1(b) and 1(d), the value of the Product's total holding of Government and other public securities of the same issue exceeding 30% of the total Net Asset Value of such Product.

(ii) subject to sub-paragraph 1(f)(i) above, the Product may invest all of its assets in Government and other public securities in at least six different issues.

(iii) For the avoidance of doubt, Government and other public securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

(g) (i) the value of the Product's investment in units or shares in other collective investment schemes (namely "**underlying schemes**") which are non-eligible schemes (the list of "eligible schemes" is as specified by the Commission from time to time) and not authorised by the Commission in aggregate exceeding 10% of its total Net Asset Value; and

(ii) the value of the Product's investment in units or shares in each underlying scheme which is either an eligible scheme (the list of "eligible schemes" is as specified by the Commission from time to time) or a scheme authorised by the Commission exceeding 30% of its total Net Asset Value unless the underlying scheme is authorised by the Commission, and the name and key investment information of the underlying scheme are disclosed in the offering document of that Product,

provided that:

(A) no investment may be made in any underlying scheme the investment objective of which is to invest primarily in any investment prohibited by Chapter 7 of the Code;

(B) where an 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. For the avoidance of doubt, a Product may invest in underlying scheme(s) authorised by the Commission under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) of which the net derivative exposure does not exceed 100% of its total net asset value, and Qualified Exchange Traded Funds in compliance with sub-paragraphs 1(g)(i) and (ii) of this Schedule 1;

(C) the underlying scheme's objective may not be to invest primarily in other collective investment scheme(s);

(D) all initial charges and redemption charges on the underlying scheme(s) must be waived if the underlying scheme is managed by the Manager or its Connected Persons; and

(E) 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 its management company, or any quantifiable monetary benefits in connection with investments in any underlying scheme.

For the avoidance of doubt:

(aa) unless otherwise provided under the Code, the spread requirements under sub-paragraphs 1(a), (b), (d) and (e) of this Schedule 1 do not apply to investments in other collective investment schemes by a Product;

(bb) unless otherwise disclosed in the Appendix of a Product, the investment by a Product in a Qualified Exchange Traded Fund will be considered and treated as listed securities for the purposes of and subject to the requirements in sub-paragraphs 1(a), (b) and (d) of this Schedule 1. Notwithstanding the aforesaid, the investments by a Product in Qualified Exchange Traded Funds shall be subject to sub-paragraph 1(e) of this Schedule 1 and the relevant investment limits in Qualified Exchange Traded Funds by a Product shall be consistently applied;

(cc) where investments are made in listed REITs, the requirements under sub-paragraphs 1(a), (b) and (d) of this Schedule 1 apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under sub-paragraphs 1(e) and (g)(i) of this Schedule 1 apply respectively; and

(dd) where a Product invests in index-based financial derivative instruments, the underlying assets of such financial derivative instruments are not required to be aggregated for the purposes of the investment restrictions or limitations set out in sub-paragraphs 1(a), (b), (c) and (f) of this Schedule 1 provided that the index is in compliance with the requirements under 8.6(e) of the Code.

2. Investment prohibitions applicable to each Product

The Manager shall not, unless otherwise specifically provided for in the Code, on behalf of any Product:–

(a) invest in physical commodities unless otherwise approved by the Commission on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary;

(b) invest in any type of real estate (including buildings) or interests in real estate (including any options or rights but excluding shares in real estate companies and interests in REITs);

(c) make short sales unless (i) the liability of the relevant Product to deliver securities does not exceed 10% of its total Net Asset Value; (ii) the security which is to be sold short is actively traded on a securities market where short selling activity is permitted; and (iii) the short sales are carried out in accordance with all applicable laws and regulations;

(d) carry out any naked or uncovered short sale of securities;

(e) subject to sub-paragraph 1(e) of this Schedule 1, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. For the avoidance of doubt, reverse repurchase transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Schedule 1 are not subject to the limitations in this sub-paragraph 2(e);

(f) acquire any asset or engage in any transaction which involves the assumption of any liability by the relevant Product which is unlimited. For the avoidance of doubt, the liability of Unitholders of a Product is limited to their investments in that Product;

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

(h) invest in any security where a call is to be made for any sum unpaid on that security, unless the call could be met in full out of cash or near cash from the Product's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments for the purposes of sub-paragraphs 4.5 and 4.6 of this Schedule 1.

3. Feeder funds

A Product which is a feeder fund may invest 90% or more of its total Net Asset Value in a single collective investment scheme ("**underlying scheme**") in accordance with the following provisions:–

(a) such underlying scheme ("**master fund**") must be authorised by the Commission;

(b) no increase in the overall total of initial charges, redemption charges, management fees, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders or by the feeder fund may result, if the master fund in which the feeder fund invests is managed by the Manager or by a Connected Person of the Manager;

(c) the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in sub-paragraphs 1(g)(i) and (ii) and proviso (A), (B) and (C) to sub-paragraph 1(g) of this Schedule 1.

4. Use of financial derivative instruments

4.1 A Product may acquire financial derivative instruments for hedging purposes. For the purposes of this sub-paragraph 4.1, financial derivative instruments are generally considered as being acquired for hedging purposes if they meet all the following criteria:

(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) although they may not necessarily reference to the same underlying assets, 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.

The Manager, where it deems necessary, shall cause hedging arrangement to be adjusted or re-positioned, with due consideration on the fees, expenses and costs, to enable the relevant Product to meet its hedging objective in stressed or extreme market conditions.

4.2 A Product may also acquire financial derivative instruments for non-hedging purposes ("**investment purposes**") subject to the limit that such Product's net exposure relating to these financial derivative instruments ("**net derivative exposure**") does not exceed 50% of its total Net Asset Value provided that such limit may be exceeded in such circumstances as permitted under the Code, handbook, code and/or guideline issued by the Commission from time to time or permitted by the Commission from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes under sub-paragraph 4.1 of this Schedule 1 will not be counted towards the 50% limit referred to in this sub-paragraph 4.2 so long as there is no residual derivative exposure arising from such hedging arrangement. Net derivative exposure shall be calculated in accordance with the Code and the requirements and guidance issued by the Commission which may be updated from time to time.

4.3 Subject to sub-paragraphs 4.2 and 4.4 of this Schedule 1, a Product may invest in financial derivative instruments provided that the exposure to the underlying assets of the financial derivative instruments, 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 sub-paragraphs 1(a), (b), (c), (f), (g)(i) and (ii), proviso (A) to (C) to sub-paragraph 1(g), proviso (cc) to sub-paragraph 1(g) and sub-paragraph 2(b) of this Schedule 1.

4.4 The financial derivative instruments invested by a Product shall be either listed/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, currencies, or other asset classes acceptable to the Commission, in which the Product may invest according to its investment objectives and policies;

(b) the counterparties to transactions of over-the-counter financial derivative instruments or their guarantors are substantial financial institutions or such other entity acceptable to the Commission;

(c) subject to sub-paragraphs 1(a) and (b) of this Schedule 1, a Product's net counterparty exposure to a single entity arising from transactions of over-the-counter financial derivative instruments may not exceed 10% of its total Net Asset Value provided that the exposure of the Product to a counterparty of over-the-counter financial derivative instruments may be lowered by the collateral received (if applicable) by the Product and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter financial derivative instruments with that counterparty, if applicable; and

(d) the valuation of the financial derivative instruments is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the valuation agent, the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) (as the case may be) independent of the issuer of the financial derivative instruments through measures such as the establishment of a valuation committee or engagement of third party services. The financial derivative instruments can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Product's initiative. Further, the valuation agent should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the financial derivative instruments on a regular basis.

4.5 A Product shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in financial derivative instruments (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in financial derivative instruments in respect of a Product are adequately covered on an ongoing basis. For the purposes of this sub-paragraph 4.5, assets that are used to cover the Product's payment and delivery obligations incurred under transactions in financial derivative instruments shall 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.

4.6 Subject to sub-paragraph 4.5 of this Schedule 1, a transaction in financial derivative instruments which gives rise to a future commitment or contingent commitment of a Product shall be covered as follows:

(a) in the case of financial derivative instruments transactions which will, or may at the Product's discretion, be cash settled, the Product shall at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

(b) in the case of financial derivative instruments transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Product shall 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 provided further that the Product shall apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

4.7 The requirements under sub-paragraphs 4.1 to 4.6 of this Schedule 1 shall apply to embedded financial derivative. For the purposes of this Prospectus, an "**embedded financial derivative**" is a financial derivative instrument that is embedded in another security, namely the host contract.

5. Securities financing transactions

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

5.2 A Product shall have at least 100% collateralisation in respect of the securities financing transaction(s) into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions.

5.3 All the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions shall be returned to the Product.

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

6. Collateral

In order to limit the exposure to each counterparty as set out in sub-paragraphs 4.4(c) and 5.2 of this Schedule 1, a Product may receive collateral from such counterparty, provided that the collateral complies with the requirements set out below:

(a) Liquidity – the 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;

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

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

(d) Haircut – the collateral is subject to a prudent haircut policy;

(e) Diversification – the collateral is appropriately diversified so as to avoid concentrated exposure to any single entity and/or entities within the same group. A Product's exposure to the issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in sub-paragraphs 1(a), 1(b), 1(c), 1(f), 1(g)(i) and (ii) and provisos (A) to (C) of sub-paragraph 1(g) , proviso (cc) to sub-paragraph 1(g) and sub-paragraph 2(b) of this Schedule 1;

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

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

(h) Independent custody – the collateral is held by the Trustee or by duly appointed nominee, agent or delegate (including any custodian);

(i) Enforceability – the collateral is readily accessible or enforceable by the Trustee without further recourse to the issuer of the financial derivative instruments, or the counterparty of the securities financing transactions;

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

    (i) cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the Commission and acceptable to the Commission, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. For this purpose, money market instruments refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account;

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

    (iii) the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in Chapter 8.2(f) and 8.2(n) of the Code;

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

    (v) 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;

(k) the collateral is free of prior encumbrances; and

(l) the collateral generally does not include (i) structured products whose payouts rely on embedded financial derivatives or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitized products; or (iv) unlisted collective investment schemes.

Further details relating to the collateral policy of the Trust and/or Products are disclosed in "**Part 2 – Information specific to Products**".

7. Index Funds

7.1 In the exercise of its investment powers in relation to a Product the principal objective of which is to track, replicate or correspond to a financial index or benchmark ("**Underlying Index**"), with an aim of providing or achieving investment results or returns that closely match or correspond to the performance of the Underlying Index ("**Index Fund**"), the Manager shall ensure that the core requirements in paragraphs 1, 2, 4, 5, 6, 8.1, 9.1 and 9.2 of this Schedule 1 shall apply with the modifications or exceptions as set out in sub-paragraphs 7.2 to 7.5 below.

7.2 Notwithstanding sub-paragraph 1(a) of this Schedule 1, more than 10% of the Net Asset Value of a Product may be invested in constituent securities issued by a single entity provided that:–

(a) it is limited to any constituent securities that each accounts for more than 10% of the weighting of the Underlying Index; and

(b) the Product's holding of any such constituent securities may not exceed their respective weightings in the Underlying Index, except where weightings are exceeded as a result of changes in the composition of the Underlying Index and the excess is only transitional and temporary in nature,

7.3 Investment restrictions in sub-paragraphs 7.2(a) and (b) of this Schedule 1 do not apply if:

(a) a Product adopts a representative sampling strategy which does not involve the full replication of the constituent securities of the Underlying Index in the exact weightings of such Underlying Index;

(b) the strategy is clearly disclosed in the relevant Appendix of the Product;

(c) the excess of the weightings of the constituent securities held by the Product over the weightings in the Underlying Index is caused by the implementation of the representative sampling strategy;

(d) any excess weightings of the Product's holdings over the weightings in the Underlying Index must be subject to a maximum limit reasonably determined by the Product after consultation with the Commission. In determining this limit, the Product must consider the characteristics of the underlying constituent securities, their weightings and the investment objectives of the Underlying Index and any other suitable factors;

(e) limits laid down for the Product pursuant to sub-paragraph 7.3(d) of this Schedule 1 must be disclosed in the relevant Appendix of the Product; and

(f) disclosure must be made in the Product's interim and annual reports as to whether the limits imposed for the Product itself pursuant to sub-paragraph 7.3(d) of this Schedule 1 have been complied with in full.

7.4 Subject to approval of the Commission, the investment restrictions in sub-paragraphs 1(b) and (c) of this Schedule 1 may be modified and the 30% limit in sub-paragraph 1(f) of this Schedule 1 may be exceeded, and a Product may invest all of its assets in Government and other public securities in any number of different issues despite sub-paragraph 1(f) of this Schedule 1.

7.5 A Product which is an Index Fund shall also comply with the requirements set out in paragraph 10 of this Schedule 1 if the Product's net derivative exposure exceeds 50% of the Net Asset Value.

8. Borrowing and leverage

The expected maximum level of leverage of each Product is as follows:

Cash borrowing

8.1 No borrowing shall be made in respect of a Product which would result in the principal amount for the time being of all borrowings made for the account of the relevant Product exceeding an amount equal to 10% of the total Net Asset Value of the relevant Product provided always that back-to-back loans do not count as borrowing. For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Schedule 1 are not borrowings for the purpose of, and are not subject to the limitations in this sub-paragraph 8.1.

Leverage from the use of financial derivative instruments

8.2 A Product may also be leveraged through the use of financial derivative instruments and its expected maximum level of leverage through the use of financial derivative instruments (i.e. expected maximum net derivative exposure) is set out in the relevant Appendix.

8.3 In calculating the net derivative exposure, derivatives acquired for investment purposes that would generate incremental leverage at the portfolio level of the relevant Product are converted into their equivalent positions in their underlying assets. The net derivative exposure is calculated in accordance with the requirements and guidance by the Commission which may be updated from time to time.

8.4 The actual level of leverage may be higher than such expected level in exceptional circumstances, for example when there are sudden movements in markets and/or investment prices.

9. Name of Product

9.1 If the name of a Product indicates a particular objective, investment strategy, geographic region or market, the Product must, under normal market circumstances, invest at least 70% of its Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Product represents.

9.2 The name of a Product which is an Index Fund must reflect the nature of an index fund.

10. Structured Funds

The following general criteria shall apply to a Structured Fund, which seeks to achieve its investment objective primarily through investment in financial derivative instruments, for example futures, swap or market access products or similar arrangement. Notwithstanding paragraph 4 of this Schedule 1, a Structured Fund's net derivative exposure exceeds 50% of its total Net Asset Value. In respect of a Structured Fund, the core requirements as summarised in paragraphs 1 to 9 of this Schedule 1 above will apply with modifications, exemptions or additional requirements set out below:

(a) the Manager and the issuer of financial derivative instruments shall be independent of each other;

(b) the valuation of the financial derivative instruments must meet the requirements set out in sub-paragraph 4.4(d) of this Schedule 1;

(c) notwithstanding sub-paragraph 4.4(c) of this Schedule 1, full collateralisation shall be maintained and there should be no net exposure to any single counterparty of over-the-counter financial derivative instruments; and

(d) any collateral obtained for the purpose of paragraph (c) above, shall meet the requirements set out in paragraph 6 of this Schedule 1.

PART 2 – INFORMATION SPECIFIC TO PRODUCTS

APPENDIX 1

Fubon FTSE Taiwan Daily (2x) Leveraged Product

(a sub-fund of the Fubon Leveraged & Inverse Series, a Hong Kong umbrella unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

STOCK CODE: 7232

MANAGER

Fubon Fund Management (Hong Kong) Limited

LISTING AGENT

Altus Capital Limited

25 May 2021

FUBON FTSE TAIWAN DAILY (2X) LEVERAGED PRODUCT

Stock Code: 7232

1. KEY INFORMATION

1.1 General

This Appendix sets out information specific to the Fubon FTSE Taiwan Daily (2x) Leveraged Product (hereinafter referred to as the "**Product**" in this Appendix). For general information about the Trust and its Products, please refer to Part 1 of this Prospectus. Investors should read both Parts of the Prospectus before investing in Product. In particular, investors should consider the general risk factors set out in section "***4. General Risk Factors***" of Part 1 of this Prospectus and any specific risk factors set out in section "***12. Risk Factors relating to the Product***" of this Appendix, before investing in the Product.

The SEHK has granted its approval for the listing of, and permission to deal in, the Units of the Product. Units in the Product have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCASS. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

1.2 Summary of Information

The following table sets out certain key information in respect of the Product, and should be read in conjunction with the full text of this Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Underlying Index
Investment Type	Exchange traded fund ("**ETF**") authorised as a collective investment scheme by the Commission under Chapter 8.6 of the Code The Product is also a Structured Fund falling under Chapter 8.8 of the Code
Underlying Index	FTSE Taiwan RIC Capped Index Inception Date: 29 September 2017 Base Currency of Index: USD
Type of Underlying Index:	A price return index which calculates the performance of the Underlying Index constituents without adjustments for cash dividends or warrant bonuses
Index Provider	FTSE International Limited
Investment Strategy	The Manager will primarily use the futures-based replication investment strategy. Please refer to section ***"3. Investment Objective and Strategy"*** of this Appendix for further details.
Net Derivative Exposure	The Product's net derivative exposure may be more than 100% of its Net Asset Value.

Initial Offer Period		from 9:00 a.m. (Hong Kong time) on 25 May 2021 to 1:30 p.m. (Hong Kong time) on 27 May 2021
Issue Price per Unit during Initial Offer Period		USD 1 (or such other price as may be determined by the Manager in consultation with the Trustee)
Initial Issue Date		27 May 2021
Listing Date		28 May 2021
Dealing on SEHK Commencement Date		28 May 2021
Exchange Listing		SEHK – Main Board
Stock Code		7232
Stock Short Name		FL2FBFTTAIWAN
Trading Board Lot Size		100 Units
Base Currency		US dollar (USD)
Trading Currency		Hong Kong dollar (HKD)
Dividend Policy		The Manager has sole discretion to determine the dividend and distribution policy. The Manager does not intend to pay or make any distributions or dividends.
Application Unit size for Creation/Redemption (only by or through Participating Dealers)		Minimum 100,000 Units (or multiples thereof)
Method of Creation/Redemption		In-cash only (in USD)
Dealing Deadline		12:00 noon (Hong Kong time), as may be revised by the Manager from time to time
Parties	Manager	Fubon Fund Management (Hong Kong) Limited
	Trustee	Cititrust Limited
	Registrar	Computershare Hong Kong Investor Services Limited
	Custodian and Administrator	Citibank, N.A., Hong Kong Branch
	Listing Agent	Altus Capital Limited
	Participating Dealer(s)	• China International Capital Corporation Hong Kong Securities Limited • Mirae Asset Securities (HK) Limited • Citigroup Global Markets Asia Limited • Haitong International Securities Company Limited * *please refer to the Manager's website set out below for the latest list*

	Market Maker(s)	AP Capital Management (Hong Kong) Limited Flow Traders Hong Kong Limited * *please refer to the Manager's website set out below for the latest list*
	Service Agent	HK Conversion Agency Services Limited
Financial Year		Ending 31 December each year
Management Fee		Up to 1.50% per annum of the Net Asset Value accrued daily and calculated as at each Dealing Day, with the current rate being 0.99% per annum of the Net Asset Value accrued daily and calculated as at each Dealing Day. One week's prior notice will be provided to investors if the management fee is increased up to and towards the maximum rate, and one month's prior notice will be provided to investors if the management fee is increased beyond the maximum rate.
Website		www.fubonetf.com.hk

1.3 Listing Agent of the Product

Altus Capital Limited has been appointed by the Manager as the Listing Agent for the Product. The Listing Agent is licensed by the Commission to carry on Type 6 (advising on corporate finance) regulated activity in Hong Kong under the Securities and Futures Ordinance.

1.4 Market Maker

It is a requirement that the Manager ensures that there is at all times at least one market maker for Units of the Product. If the SEHK withdraws its permit to the existing market maker(s), the Manager will ensure that there is at least one other market maker per Product to facilitate the efficient trading of Units of the Product. The Manager will ensure that at least one market maker per Product is required to give not less than 3 months' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of the Product is available on www.fubonetf.com.hk and from time to time will be displayed on www.hkex.com.hk.

2. DEALING

2.1 Exchange Listing and Trading

The SEHK has granted its approval for listing of and permission to deal in Units in the Product, in HKD.

Currently, Units are expected to be listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges subject to applicable law and requirements.

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

2.2 The Initial Offer Period

Units in the Product will initially be offered only to the Participating Dealer(s) from 9:00 a.m. (Hong Kong time) on 25 May 2021 to 1:30 p.m. (Hong Kong time) on 27 May 2021, or such other period determined by the Manager (the "**Initial Offer Period**"). The purpose of the Initial Offer Period is to enable the Participating Dealer(s) to apply for Units on their own account or on behalf of third party Primary Market Investors in accordance with the terms of the Trust Deed and the Operating Guidelines.

2.3 Extension of the Initial Offer Period

If the Initial Offer Period is extended beyond 27 May 2021, dealings in the Units on the SEHK will commence on the third Business Day following the close of the Initial Offer Period.

2.4 Buying and Selling of Units of the Product on SEHK

Dealings on the SEHK in Units of the Product issued after the Initial Offer Period are expected to begin on the trading day after the Initial Issue Date.

A Secondary Market Investor can buy and sell the Units of the Product on the SEHK through his stockbroker at any time the SEHK is open. Units of the Product may be bought and sold in the Trading Board Lot Size (or the multiples thereof). The Trading Board Lot Size is currently 100 Units.

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 the Net Asset Value per Unit of the Product 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 of the Product in the secondary market may be higher or lower than the Net Asset Value per Unit of the Product.

Please refer to section "***9. Trading of Units on the SEHK (Secondary Market)***" in Part 1 of this Prospectus for further information on buying and selling of Units on the SEHK.

2.5 Creation Applications and Redemption Applications by Participating Dealers

The general terms and procedures relating to Creation Applications and Redemption Applications by the Participating Dealers are set out in section "***7. Creation and Redemption of Application Units (Primary Market)***" of Part 1 of this Prospectus, which should be read in conjunction with the following specific terms and procedures which relate to the Product only.

The Manager currently only allows Creation Applications and Redemption Applications in cash for Units of the Product. Any cash payable by Participating Dealers in a Creation Application must be in USD.

Settlement in cash for subscribing Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

The Application Unit size for the Product is 100,000 Units. Creation Applications submitted in respect of Units other than in Application Unit size will not be accepted. The minimum subscription for the Product is one Application Unit.

Units can be redeemed by way of a Redemption Application (through a Participating Dealer). Any cash proceeds received by Participating Dealers in an In-Cash Redemption shall be paid only in USD.

2.5.1 Dealing Period

The dealing period on each Dealing Day for a Creation Application or Redemption Application in respect of the Product commences at 9:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 12:00 noon (Hong Kong time), as may be revised by the Manager from time to time. Any Creation Application or Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster (in consultation with the Trustee) after taking into account the interest of other Unitholders of the Product, exercise its discretion to accept an 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. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not exercise its discretion to accept any application.

The cleared funds in respect of Creation Applications must be received by 12:00 noon on the relevant Dealing Day or such other time as may be agreed by the Trustee, the Manager and the relevant Participating Dealer.

2.5.2 Issue Price and Redemption Price

In respect of each Creation Application during the Initial Offer Period, the Issue Price of a Unit of any class which is the subject of the Creation Application in relation to the Product shall be USD1 (or such other price as may be determined by the Manager in consultation with the Trustee). After the Initial Issue Date, the Issue Price of a Unit of any class in the Product shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point in respect of the relevant Valuation Day rounded to the nearest fourth (4^{th}) decimal place (with 0.00005 being rounded up).

The Redemption Price of Units of any class redeemed shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point of the relevant Valuation Day rounded to the nearest fourth (4^{th}) decimal place (with 0.00005 being rounded up).

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

For the avoidance of doubt, the Issue Price and Redemption Price do not take into account Duties and Charges or fees payable by the Participating Dealers.

The "**Valuation Day**" of the Product, coincides with, and shall mean, the Dealing Day of the Product or such other days as the Manager may from time to time determine in its absolute discretion (in consultation with the Trustee).

The latest Net Asset Value of the Units will be available on the Manager's website at www.fubonetf.com.hk or published in such other publications as the Manager decides.

2.5.3 Business Day and Dealing Day of the Product

In respect of the Product, "**Business Day"** means a day on which the SGX, and the SEHK and the Taiwan Stock Exchange (the "**TWSE**") (each a "**Relevant Market**") are open for normal trading, 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 or higher, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager determines otherwise and notifies to the Trustee. "**Dealing Day**" means each Business Day.

3. INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The investment objective of the Product is to provide investment results that, before deduction of fees and expenses, closely correspond to twice (2x) the Daily performance of the Underlying Index, namely, FTSE Taiwan RIC Capped Index. There is no assurance that the Product will achieve its investment objective. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day**.

"**Daily**" in relation to the leveraged performance of the Underlying Index or performance of the Product, means the leveraged performance of the Underlying Index or performance of the Product (as the case may be) from the close of the relevant market of a given Business Day until the close of the relevant market on the subsequent Business Day.

Investment Strategy

In seeking to achieve the Product's investment objective, the Manager will adopt a futures-based replication investment strategy through investing directly in the spot month SGX FTSE Taiwan Index Futures traded on the Singapore Exchange (the "**SGX**") (the "**Index Futures Contracts**"), subject to the rolling strategy discussed below, to obtain the required exposure to the Underlying Index.

In entering the spot month Index Futures Contracts, the Manager anticipates that not more than 40% of the Net Asset Value of the Product from time to time will be used as margin to acquire the Index Futures Contracts. Under exceptional circumstances (e.g. increased margin requirement by the exchange and/or futures brokers in extreme market turbulence), the margin requirement may increase substantially.

Not less than 60% of the Net Asset Value of the Product (this percentage may be reduced proportionally under exceptional circumstances when there is a higher margin requirement, as described above) will be invested in cash (USD or HKD) and cash equivalents (e.g. short-term deposits) denominated in USD or HKD.

Prior approval of the Commission will be sought and not less than one month's prior notice will be given to the Unitholders in the event the Manager wishes to change the investment strategy of the Product unless such changes satisfy the overriding principles and requirements prescribed by the Commission from to time and be considered as immaterial changes.

The investment strategy of the Product is subject to the investment and borrowing restrictions set out in Part 1, Schedule 1.

4. USE OF DERIVATIVES

The Product's net derivative exposure may be more than 100% of the Product's Net Asset Value.

5. SECURITIES FINANCING TRANSACTIONS

The Manager does not currently intend to enter into securities financing transactions and other similar over-the-counter transactions on behalf of the Product. Should this intention change in the future, the Commission's prior approval will be sought and at least one month's prior notice will be given to Unitholders and this Prospectus will be updated accordingly.

6. DAILY REBALANCING OF THE PRODUCT

The Product as a leveraged product will rebalance its position on a Business Day. On each Business Day the Product will seek to rebalance its position at or around the close of trading of the Index Futures Contracts, by increasing exposure in response to the Underlying Index's Daily gains or reducing exposure in response to the Underlying Index's Daily losses, so that its Daily leverage exposure ratio to the Underlying Index is consistent with the Product's investment objective.

The table below illustrates how the Product as a leveraged product will rebalance its position following the movement of the Underlying Index by the end of the day. *Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have a futures exposure of 200 to meet the objective of the Product. If the Underlying Index increases by 10% during the day, the Net Asset Value of the Product would have increased to 120, making the futures exposure of the Product 220. As the Product needs a futures exposure of 240, which is 2x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional 20. Day 1 illustrates the rebalancing requirements if the Underlying Index falls by 5% on the subsequent day.

	Calculation	Day 0	Day 1	Day 2
(a) Initial Product NAV		100	120	108
(b) Initial futures exposure	(b) = (a) x 2	200	240	216
(c) Daily Underlying Index change (%)		10%	-5%	5%
(d) Profit / loss on futures	(d) = (b) x (c)	20	-12	10.8
(e) Closing Product NAV	(e) = (a) + (d)	120	108	118.8
(f) Futures exposure	(f) = (b) x (1 + (c))	220	228	226.8
(g) Target futures exposure to maintain leverage ratio	(g) = (e) x 2	240	216	237.6
(h) Required rebalancing amounts	**(h) = (g) – (f)**	**20**	**-12**	**10.8**

* The above figures are calculated before fees and expenses.

7. THE INDEX FUTURES CONTRACTS

Introduction

SGX FTSE Taiwan Index Futures are equity index products which provide global investors with an efficient tool to access and manage Taiwan market exposure. The Index Futures Contract was launched on 20 July 2020 and is a quanto USD-denominated futures available for trading during Taiwan and Singapore holidays.

The Index Futures Contracts have the following key specifications:–

Underlying index	FTSE Taiwan RIC Capped Index
Exchange	Singapore Exchange
Contract size	US$40 x SGX FTSE Taiwan Index Futures price
Minimum price fluctuation	0.25 index points (US$10)
Contract months	2 nearest serial months and 12 nearest quarterly months on the March, June, September and December cycle
Trading hours (Singapore time)	T Session: Pre – Opening: 8.30 am – 8.43 am Non – Cancel: 8.43 am – 8.45 am Opening: 8.45 am – 1.45 pm Pre – Closing: 1.45 pm – 1.49 pm Non – Cancel: 1.49 pm – 1.50 pm T+1 Session: Pre – Opening: 2.05 pm – 2.13 pm Non – Cancel: 2.13 pm – 2.15 pm Opening: 2.15 pm – 5.15 am
Last trading day	Second last business day of the contract month

Daily price limits	<u>**For the Index Futures Contracts**</u> Whenever the initial price limits are reached (i.e. the price moves by 10% in either direction from the previous day's Daily Settlement Price ("**DSP**")) (the "**Initial Price Limits**"), a cooling off period is triggered where trading within the Initial Price Limit shall continue for a period of ten minutes. After the cooling off period is over, the final price limits (i.e. the price moves by 15% in either direction from the previous day's DSP) (the "**Final Price Limits**"), come into effect and shall apply for the rest of the trading day. No trades are allowed to take place at prices beyond the Final Price Limits. There shall be no price limits on the last trading date for the expiring contract. <u>**For stocks of the Underlying Index constituents trading on the TWSE**</u> The daily price fluctuation during the general trading period on the TWSE is limited to ±10% the auction reference price at market opening for the given day.
Settlement basis	Cash settlement
Final settlement price	The average of the Underlying Index values on the last trading day taken at 1-minute intervals during the last 25 minutes of trading on the Underlying Index preceding the commencement of the closing auction session, and the closing index value. The final settlement price shall be rounded to 2 decimal places.
Position accountability / position limit	Position limit is not applicable to this contract. However, a person owning or controlling more than 10,000 contracts net long or net short in all contract months combined, or such position as the SGX may prescribe from time to time with prior notification, shall provide, in a timely fashion, upon request by the SGX, information regarding the nature of the position, trading strategy, and hedging information if applicable.

For more information, please refer to "FTSE Taiwan Index Futures" under "Derivatives > Products" on the SGX's website at https://www.sgx.com/derivatives/products/twnfc?cc=TWN (the contents of which have not been reviewed by the Commission).

Futures Liquidity

The daily average volume and open interest of the spot month Index Futures Contracts for February 2021 and March 2021 are as follows:

Month	Daily average volume (number of contracts)	Open interest (number of contracts)
February 2021	71,441.89	113,160
March 2021	73,033.26	111,448

Taking into account the target fund size of the Product and the estimated liquidity and open interest take-up by the Product, the Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as a leveraged product tracking the Underlying Index.

Futures Roll

As the Underlying Index is not a futures index, the product does not follow any predetermined roll-over schedule. The manager will use its discretion to carry out the roll-over of the spot month Index Futures Contracts into next month Index Futures Contracts with the goal that, by one Business Day before the last trading day of the spot month Index Futures Contracts, all roll-over activities would have occurred. The rolling of the Index Futures Contracts will start three Business Days before the last trading day of the spot month Index Futures Contracts, and be completed no later than one Business Day before the last trading day of the spot month Index Futures Contracts.

8. COMPARISON BETWEEN THE UNDERLYING INDEX AND THE LEVERAGED PERFORMANCE OF THE UNDERLYING INDEX FOR A PERIOD LONGER THAN A DAY (I.E. COMPARISON OF THE POINT-TO-POINT PERFORMANCE)

The Product's objective is to provide return which is of a predetermined leverage factor (2x) of the Daily performance of the Underlying Index. As such, the Product's performance may not track twice the cumulative Underlying Index return over a period greater than 1 Business Day. This means that the return of the Underlying Index over a period of time greater than a single day multiplied by 200% generally will not equal the Product's performance over that same period. The Product may underperform the return of 200% of the Underlying Index in a trendless or flat market. This is caused by compounding, which is the cumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. In addition, the effects of volatility are magnified in the Product due to leverage. The following scenarios illustrate how the Product's performance may deviate from that of the cumulative Underlying Index return (2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical USD100 investment in the Product.

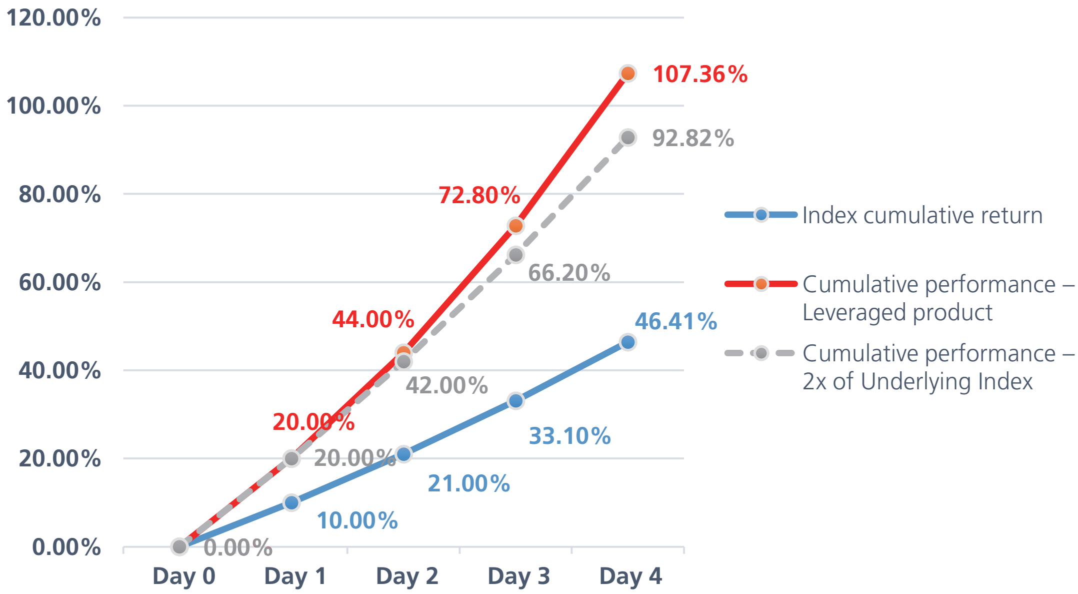
Scenario I: Continuous upward trend

In a continuous upward trend, where the Underlying Index rises steadily for more than 1 Business Day, the Product's accumulated return will be greater than twice the cumulative Underlying Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Underlying Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 107.36%, compared with a 92.98% gain which is twice the cumulative Underlying Index return.

	Index daily return	Index level	Index cumulative return	Leveraged product daily return	Leveraged product NAV (USD)	Cumulative performance – Leveraged product	Cumulative performance – 2x of Underlying Index	Difference
Day 0		100.00	0.00%		100.00	0.00%	0.00%	0.00%
Day 1	10.00%	110.00	10.00%	20.00%	120.00	20.00%	20.00%	0.00%
Day 2	10.00%	121.00	21.00%	20.00%	144.00	44.00%	42.00%	2.00%
Day 3	10.00%	133.10	33.10%	20.00%	172.80	72.80%	66.00%	6.80%
Day 4	10.00%	146.41	46.41%	20.00%	207.36	107.36%	92.98%	14.38%

* Figures in the above table are rounded to two decimal places.

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the cumulative Underlying Index return and (iii) the cumulative Underlying Index return in a continuous upward market trend over a period greater than 1 Business Day.



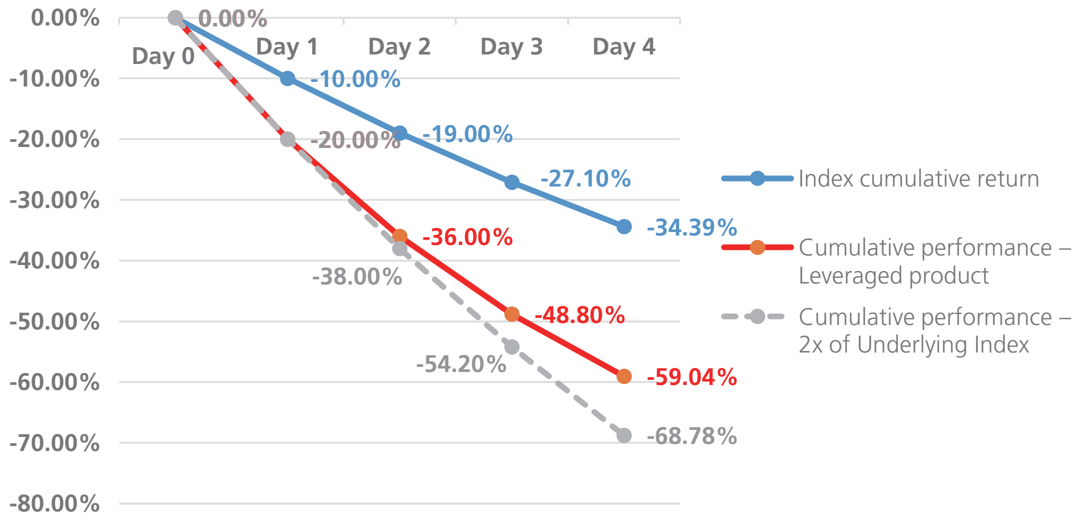
Scenario II: Continuous downward trend

In a continuous downward trend, where the Underlying Index falls steadily for more than 1 Business Day, the Product's accumulated loss will be less than twice the cumulative Underlying Index loss. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Underlying Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 59.04%, compared with a 68.78% loss which is twice the cumulative Underlying Index return.

	Index daily return	Index level	Index cumulative return	Leveraged product daily return	Leveraged product NAV (USD)	Cumulative performance – Leveraged product	Cumulative performance – 2x of Underlying Index	Difference
Day 0		100.00	0.00%		100.00	0.00%	0.00%	0.00%
Day 1	-10.00%	90.00	-10.00%	-20.00%	80.00	-20.00%	-20.00%	0.00%
Day 2	-10.00%	81.00	-19.00%	-20.00%	64.00	-36.00%	-38.00%	2.00%
Day 3	-10.00%	72.90	-27.10%	-20.00%	51.20	-48.80%	-54.20%	5.40%
Day 4	-10.00%	65.61	-34.39%	-20.00%	40.96	-59.04%	-68.78%	9.74%

* Figures in the above table are rounded to two decimal places.

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the cumulative Underlying Index return and (iii) the cumulative Underlying Index return in a continuous downward market trend over a period greater than 1 Business Day.



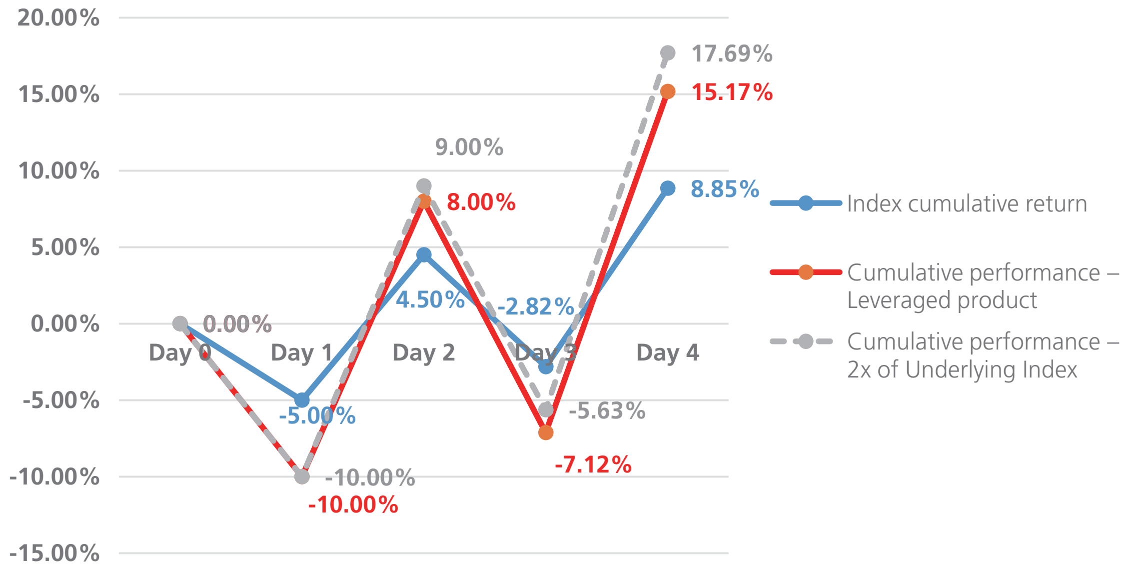
Scenario III: Volatile upward trend

In a volatile upward trend, where the Underlying Index generally moves upward over a period longer than 1 Business Day but with intraday volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the cumulative Underlying Index return. As illustrated in the scenario below, where the Underlying Index grows by 8.85% over 5 Business Days but with intraday volatility, the Product would have an accumulated gain of 15.17%, compared with a 17.69% gain which is twice the cumulative Underlying Index return.

	Index daily return	Index level	Index cumulative return	Leveraged product daily return	Leveraged product NAV (USD)	Cumulative performance – Leveraged product	Cumulative performance – 2x of Underlying Index	Difference
Day 0		100.00	0.00%		100.00	0.00%	0.00%	0.00%
Day 1	-5.00%	95.00	-5.00%	-10.00%	90.00	-10.00%	-10.00%	0.00%
Day 2	10.00%	104.50	4.50%	20.00%	108.00	8.00%	9.00%	-1.00%
Day 3	-7.00%	97.19	-2.82%	-14.00%	92.88	-7.12%	-5.63%	-1.49%
Day 4	12.00%	108.85	8.85%	24.00%	115.17	15.17%	17.69%	-2.52%

* Figures in the above table are rounded to two decimal places.

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the cumulative Underlying Index return and (iii) the cumulative Underlying Index return in a volatile upward market trend over a period greater than 1 Business Day.



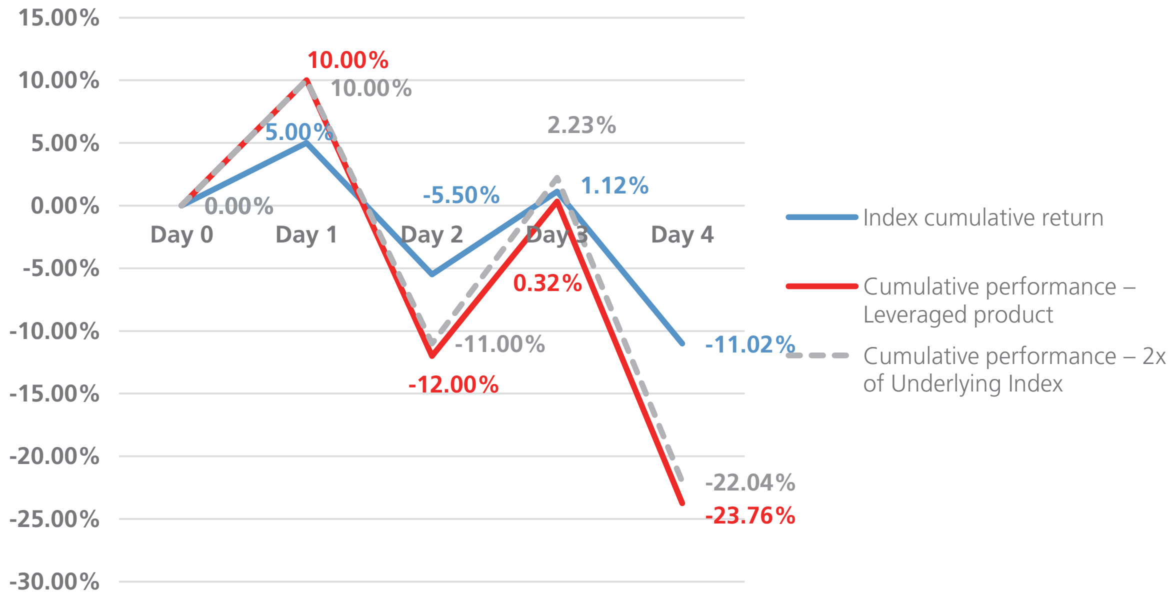
Scenario IV: Volatile downward trend

In a volatile downward trend, where the Underlying Index generally moves downward over a period longer than 1 Business Day but with intraday volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the cumulative Underlying Index return. As illustrated in the scenario below, where the Underlying Index falls by 11.02% over 5 Business Days but with intraday volatility, the Product would have an accumulated loss of 23.76%, compared with a 22.04% loss which is twice the cumulative Underlying Index return.

	Index daily return	Index level	Index cumulative return	Leveraged product daily return	Leveraged product NAV	Cumulative performance – Leveraged product*	Cumulative performance – 2x of Underlying Index*	Difference
Day 0		100.00	0.00%		100.00	0.00%	0.00%	0.00%
Day 1	5.00%	105.00	5.00%	10.00%	110.00	10.00%	10.00%	0.00%
Day 2	-10.00%	94.50	-5.50%	-20.00%	88.00	-12.00%	-11.00%	-1.00%
Day 3	7.00%	101.12	1.12%	14.00%	100.32	0.32%	2.23%	-1.91%
Day 4	-12.00%	88.98	-11.02%	-24.00%	76.24	-23.76%	-22.04%	-1.72%

* Figures in the above table are rounded to two decimal places.

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the cumulative Underlying Index return and (iii) the cumulative Underlying Index return in a volatile downward market trend over a period greater than 1 Business Day.



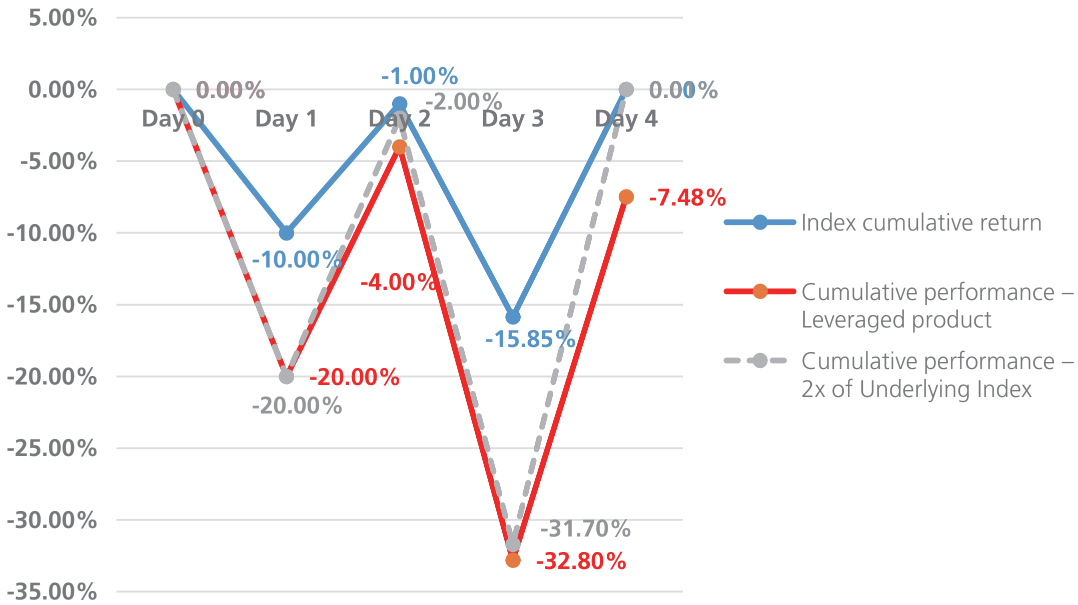
Scenario V: Volatile market with flat index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Underlying Index has returned to its previous level, the Product may lose value.

	Index daily return	Index level	Index cumulative return	Leveraged product daily return	Leveraged product NAV	Cumulative performance – Leveraged product	Cumulative performance – 2x of Underlying Index	Difference
Day 0		100.00	0.00%		100.00	0.00%	0.00%	0.00%
Day 1	-10.00%	90.00	-10.00%	-20.00%	80.00	-20.00%	-20.00%	0.00%
Day 2	10.00%	99.00	-1.00%	20.00%	96.00	-4.00%	-2.00%	-2.00%
Day 3	-15.00%	84.15	-15.85%	-30.00%	67.20	-32.80%	-31.70%	-1.10%
Day 4	18.84%	100.00	0.00%	37.68%	92.52	-7.48%	0.00%	-7.48%

* Figures in the above table are rounded to two decimal places.

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the cumulative Underlying Index return and (iii) the cumulative Underlying Index return in a volatile market with flat index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables above, the cumulative performance of the Product is not equal to twice the cumulative performance of the Underlying Index over a period longer than 1 Business Day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Underlying Index, the performance of the Underlying Index multiplied by two (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the cumulative return of the Product, may not be twice the return of the Underlying Index and may be completely uncorrelated to the extent of change of the Underlying Index over the same period.

For further illustration of the Product's performance under different market conditions, investors may access the "performance simulator" on the Product's website at www.fubonetf.com.hk (which has not been reviewed by the Commission), which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on Path Dependency

As explained above, the Product aims to track two times the performance of the Underlying Index on a Daily basis. However, due to path dependency of the Underlying Index and twice the Daily performance of the Underlying Index, when comparing the Underlying Index and two times the performance of the Underlying Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical two times performance of the Underlying Index will not be equal to the simple two times performance of the Underlying Index over the same period of time.

Below is an example which illustrates the "path dependency" of the Underlying Index and two times the performance of the Underlying Index. **Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved**.

	Underlying Index		Product (Underlying Index with a leverage factor of two)	
	Daily movement (in %)	**Closing level**	**Daily movement (in %)**	**Closing NAV**
Day 1		100.00		100.00
Day 2	+10.00%	110.00	+20.00%	120.00
Day 3	-9.09%	100.00	-18.18%	98.18

Assuming the Product tracks twice the performance of the Underlying Index perfectly on a Daily basis, the absolute percentage change in the Daily movement of the Product will be twice of the Underlying Index. That is, the Net Asset Value of the Product will rise by 20.00% if the Underlying Index rises by 10.00%, and the Net Asset Value of the Product will fall by 18.18% if the Underlying Index falls by 9.09%. On the basis of such Daily movements, the respective closing levels of the Underlying Index and closing Net Asset Values of the Product are as set out in the example above.

On day 3, the closing level of the Underlying Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Underlying Index and the performance of the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple performance of the Underlying Index multiplied by two.

9. COLLATERAL VALUATION AND MANAGEMENT POLICY

Notwithstanding that the Manager does not currently intend to enter into securities financing transactions and other similar over-the-counter transactions, the Manager adopts a collateral management policy in relation to collateral which it may receive in the future in respect of securities financing transactions. The Manager will not enter into any over-the-counter financial derivative transactions for the Product.

The Product may receive collateral from a counterparty to a securities financing transaction in order to reduce its counterparty risk exposure, subject to the investment restrictions and requirements applicable to collateral under Part 1, Schedule 1.

Nature and quality of the collateral

The Product may receive both cash and non-cash collateral from a counterparty. Cash collateral may include cash, cash equivalents and money market instruments. Non-cash collateral may comprise of government or corporate bonds whether investment grade / non-investment grade, long/short term bonds, listed or traded in any regulated markets.

Criteria for selecting counterparties

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

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

The counterparty to a securities financing transaction must have a minimum credit rating of A-2 or equivalent, or must be deemed by the Manager to have an implied rating of A-2 or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor's or Moody's). Alternatively, an unrated counterparty will be acceptable where the Manager is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A-2 or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor's or Moody's).

Valuation of collateral

The collateral received is valued daily by independent pricing source on a mark-to market basis.

Enforcement of collateral

Collateral (subject to any net-off or set-off, if applicable) is capable of being fully enforced by the Manager / the Product at any time without further recourse to the counterparty.

Haircut policy

A documented haircut policy is in place for detailing the policy in respect of each class of assets received by a Product in order to reduce exposure to counterparties. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received. Haircuts will 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. The haircut policy takes account of the price volatility of the asset used as collateral and other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions.

Further details of the applicable haircut arrangement for each asset class can be available from the Manager upon request.

Diversification and correlation of collateral

Collateral must be sufficiently diversified. The exposures of the Product to the collateral issuers are monitored in accordance with the relevant restrictions on exposure to a single entity and/or entities within the same group as set out in Part I, Schedule 1.

Collateral received must be issued by an entity that is independent from the relevant counterparty.

Cash collateral reinvestment policy

The Product shall not sell, pledge or re-invest any non-cash collateral received by it.

Subject to the applicable restrictions in respect of collateral in Part I, Schedule 1, cash collateral received may be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the Code or regulated in a manner generally comparable with the requirements of the Commission and acceptable to the Commission.

Up to 100% of the cash collateral received by the Product may be reinvested.

Safe-keeping of collateral

Any non-cash assets received from a counterparty on a title transfer basis in respect of a securities financing transaction should be held by the Trustee or a Correspondent. This is not applicable in the event that there is no title transfer in which case the collateral will be held by a third party custodian which is unrelated to the provider of the collateral.

A description of collateral holdings will be disclosed in its interim and annual financial reports as required under Appendix E of the Code.

Assets provided by the Product on a title transfer basis shall no longer belong to it. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Trustee or a Correspondent.

10. BORROWING RESTRICTIONS

The Manager may borrow up to 10% of the total Net Asset Value of the Product to acquire investments, to redeem Units or to pay expenses relating to the Product.

11. DISTRIBUTION POLICY

The Manager does not intend to pay or make any distributions or dividends.

12. RISK FACTORS RELATING TO THE PRODUCT

Investors should take note of all of the risks set out in section ***"4. General Risk Factors"*** in Part 1 of this Prospectus, in particular: ***"Securities and/or Futures Contracts risk"***, ***"Derivative instrument risk"***, ***"Passive investments risk"***, ***"Risk of early termination"*** and ***"Emerging market risks"*** under ***"4.1 Investment risks"***; ***"Futures Contracts market risk"***, ***"Rolling of Futures Contracts risk"***, ***"Contango and backwardation risk"***, ***"Margin risk"***, ***"Clearing house's failure risk"*** and ***"Regulatory change risk"*** under ***"4.2 Risks associated with investment in Futures Contracts"***; and ***"Trading risk"***, ***"Reliance on market maker(s)"*** and ***"Trading time differences risk"*** under ***"4.3 Market trading risks"***.

In addition, investors should also consider the specific risks associated with investing in the Product including those set out below. The following statements are intended to be summaries of some of those risks. They do not offer advice on the suitability of investing in the Product. Investors should carefully consider the risk factors described below together with the other relevant information included in this Prospectus before deciding whether to invest in Units of the Product. The Commission's 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 the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

12.1 Risks relating to the Product

General investment risk. The Product is a derivative product and not suitable for all investors. There is no guarantee of the repayment of principal. The Product's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Product may suffer substantial/total losses.

Leverage risk. The Product will utilise leverage to achieve a Daily return equivalent to twice (2x) the return of the Underlying Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bear market will be substantially more than a fund that does not employ leverage.

Long term holding risk. **The Product is not intended for holding longer than one day** as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Underlying Index over that same period (e.g. the loss may be more than twice the fall in the Underlying Index). The effect of compounding becomes more pronounced on the Product's performance as the Underlying Index experiences volatility. With higher Underlying Index volatility, the deviation of the Product's performance from the leveraged performance of the Underlying Index will increase, and the performance of the Product will generally be adversely affected. As a result of Daily rebalancing, the Underlying Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Underlying Index's performance increases or is flat.

Risk of rebalancing activities. There is no assurance that the Product can rebalance its portfolio on a Daily basis to achieve its investment objective. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

Liquidity risk. The rebalancing activities of the Product typically take place near the end of a Business Day, at or around the close of trading of the Index Futures Contracts, to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Intraday investment risk. Leverage factor of the Product may change during a trading day when market moves but it will not be rebalanced immediately. The Product is normally rebalanced near the end of a Business Day, at or around the close of trading of the Index Futures Contracts. As such, return for investors that invest for a period less than a full trading day may be greater than or less than two times (2x) leveraged investment exposure to the Underlying Index, depending upon the movement of the Underlying Index from the last rebalancing until the time of purchase.

Portfolio turnover risk. Daily rebalancing of the Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

Path dependency. The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the two times performance of the Underlying Index on a Daily basis only. Therefore the Product should not be equated with seeking a two times position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical Daily two times performance of the Underlying Index over a certain period may not be twice the point-to-point performance of the Underlying Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Underlying Index. Please refer to the section "***Explanation on Path Dependency***" above.

Volatility risk. Prices of the Product may be more volatile than conventional exchange traded funds because of using leverage and the Daily rebalancing activities.

Taiwan market risk. The Underlying Index represents the performance of large and mid capitalisation stocks in Taiwan which is an emerging market. Investments in the Product may therefore involve increased risks and special considerations not typically associated with investment in more developed markets.

The Taiwanese stock market has experienced a high degree of stock price volatility in recent years. The liquidity of Taiwanese securities is inhibited by price constraints imposed by the TWSE and smaller market capitalisation. The securities market of Taiwan is undergoing a period of growth and change which may lead to difficulties in the settlement and recording of transactions and in interpreting and applying the relevant regulations.

Accounting, auditing and financial reporting standards, practice and disclosure requirements applicable to Taiwanese companies are less rigorous than those in more developed countries. As a result, there may be less or less reliable information available publicly to investors in Taiwanese companies than to investors in comparable securities in more developed countries. There may be a lower level of government supervision and enforcement activity in the regulation of Taiwanese securities markets and the participants in those markets than in comparable markets in more developed countries.

The value of the Product's assets may be affected by political and economic uncertainties such as changes in the government in Taiwan or its policies regarding inward investment, taxation and the restrictions on currency repatriation and other developments in the laws and regulations of Taiwan. There may be more substantial government intervention in the economy, including restrictions on investing in companies or industries deemed sensitive to relevant national interests. In addition, the value of the Product's assets may be affected by other diplomatic uncertainty or developments, social instability, higher inflation and other considerations.

Trading time differences risk. The SGX, the SEHK and the TWSE have different trading hours. Investors will not be able to purchase or sell the Product's Units when the SEHK is not open for trading, even when the SGX and/or the TWSE is/are open for trading and the value of the Underlying Index and/or the Index Futures Contracts may continue to change. Difference in trading hours between the SGX, the SEHK and the TWSE may increase the level of premium/discount of the Unit price to its Net Asset Value.

As a result of the different trading hours of the SGX, the SEHK and the TWSE, the degree of imperfect correlation between the value of the Product, the Underlying Index constituents and the Index Futures Contracts may increase when any one of the exchanges is closed while the other exchange(s) is/are open, which may prevent the Product from achieving its investment objective.

Suspension of creation risk. There can be no assurance that there are sufficient Index Futures Contracts in the market available to the Product to fully satisfy subscription requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to illiquidity of the Index Futures Contracts, and delay or disruption in execution of trades or in settlement of trades.

Concentration risk. As the Underlying Index constituents concentrate in stocks in Taiwanese companies, the investment of the Product may be similarly concentrated. The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Product may be more susceptible to adverse conditions in such particular market.

Currency risk. Assets of the Product may be denominated in currencies other than USD (the Base Currency of the Product). While the Index Futures Contracts are denominated in USD, the constituents of the Underlying Index are denominated in New Taiwan Dollars. The Product is subject to transaction costs in the exchange of such other currencies to USD. The performance and the Net Asset Value of the Product may therefore be affected unfavourably by movements in the exchange rate between USD and such other currencies and changes in exchange rate control policies.

12.2 Risks relating to the Underlying Index

Risks relating to the Underlying Index.

The Product may be subject to the following risks in relation to the Underlying Index:

(i) If the Underlying Index is discontinued or the Manager's license from the Index Provider under the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) is terminated, the Manager may, in consultation with the Trustee, seek the Commission's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the Underlying Index. Please refer to section "***18. Replacement of Underlying Index***" below on the circumstances in which the Underlying Index may be replaced by the Manager. Such change shall be made in accordance with the provisions of the Trust Deed and with the prior approval of the Commission. For the avoidance of doubt, the provision of investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of an index will remain the Product's investment objective.

The Manager has been granted a licence by FTSE International Limited to use the Underlying Index as a basis for determining the composition of the Product and to use certain trade marks in the Underlying Index. The licence granted is for an initial term of 1 year commencing from the date of the agreement (i.e. 14 December 2020), and thereafter automatically renewed for successive 12-month period unless terminated pursuant to the agreement. There is no guarantee that the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) will be perpetually renewed.

The Product may be terminated if the Underlying Index is discontinued and/or the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) is terminated and the Manager is unable to identify or agree with any Index Provider terms for the use of a suitable replacement index, using, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index and which meets the acceptability criteria under Chapter 8.6(e) of the Code. Any such replacement index will be subject to the prior approval of the Commission under the Code and Unitholders will be duly notified of the same. Accordingly, investors should note that the ability of the Product to track the Underlying Index depends on the continuation in force of the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) in respect of the Underlying Index or a suitable replacement. The Product may also be terminated if the Underlying Index ceases to be compiled or published and there is no replacement index, using, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index.

The Manager and the Index Provider may by mutual agreement terminate or postpone the parties' obligations under the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) upon the occurrence of a force majeure event such that the terms of the Licence Agreement can no longer be performed. There is no guarantee or assurance of exact or identical replication at any time of the performance of the relevant Underlying Index.

For further information on the grounds for terminating the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) in respect of the Underlying Index, please refer to section "16. Index Licence Agreement" in this Appendix.

(ii) There may be changes in the constituent stocks of the Underlying Index from time to time. The Manager may rebalance the composition of a Basket. The price of the Units may rise or fall as a result of these changes. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units. Please refer to the section "***19. The Underlying Index***" of this Appendix below for more information on how the Underlying Index is compiled.

(iii) The process and the basis of computing and compiling the Underlying Index and any of its related formulae and factors may also be changed or altered by the Index Provider at any time without notice. There is also no warranty, representation or guarantee given to the investors as to the accuracy or completeness of the Underlying Index, its computation or any information related thereto.

Owning Units is not the same as directly owning the constituent stocks of the Underlying Index. The return on Units will not reflect the return investors will realise if investors actually purchased the constituent stocks included in the Underlying Index, or exchange traded or over-the-counter instruments based on the Underlying Index. A Unitholder will not have any rights that holders of such assets or instruments have.

12.3 Other risks

Price limit risk. If the price of the Index Futures Contracts included in the Product's portfolio and/or or the price of constituents of the Underlying Index hit certain price limits, depending on the time of the day and the limit being reached, the trading of the Index Futures Contracts may be limited within the set price limits, suspended for a short period of time, or suspended for the remainder of the trading day. This may affect the Product's tracking of the leveraged performance of the Underlying Index, and, if a trading halt takes place near the end of a trading day, may result in imperfect Daily rebalancing.

Difference in price limit risk. The Product's investment objective is to provide investment results that closely correspond to twice (2x) the Daily performance of the Underlying Index. Although the Underlying Index is an equity index, the Product invests in the Index Futures Contracts. The daily price limit for stocks of the Underlying Index constituents trading on the TWSE (which is ±10% the auction reference price at market opening for the given day) and the daily price limit for the Index Futures Contracts are different, as they are triggered at different price changes. Please refer to the section "***7. The Index Futures Contracts***" above for further details of the price limits for the Index Futures Contracts. As such, should the daily price movement of the Index Futures Contracts be greater than the price limit of the Underlying Index constituents, this may prevent the Product from achieving its investment objective.

Operating risk. There is no assurance that the performance of the Product will be identical to the leveraged performance of the Underlying Index. The level of fees, taxes and expenses payable by the Product will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the Product can be estimated, the growth rate of the Product, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Product or the actual level of its expenses. Under the terms of the Trust Deed and as summarised under the section headed "***14.5 Termination of the Trust or a Product***" in Part 1 of this Prospectus, the Manager may terminate the Product. On the termination of the Product, the Product will be liquidated and investors will receive distributions of cash although the Manager has the power to decide to make distributions in specie.

No market in the Units risk. Although the Units are to be listed on the SEHK and it is a requirement that the Manager ensures that there is at all times at least one market maker for Units of the Product, investors should be aware that 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 other exchange traded fund which are traded on the SEHK and which are based upon indices other than the Underlying Index.

Termination of market maker risk. A market maker may cease to act as a market maker for the Product in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one market maker for Units of the Product will be 3 months. The liquidity for the Units of the Product may be adversely affected if there is no or only one market maker for the Units or if the market making activities are not effective, which may adversely affect the trading price of the Product. The Manager intends to ensure that there is at least one market maker for the Product to facilitate efficient trading of Units of the relevant trading currency (i.e. HKD). It is possible that there is only one SEHK market maker for the Product or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

Risk relating to liquidity of secondary market trading. Units will be a new security and following listing on the SEHK, it is unlikely that the Units will initially be widely held. Accordingly, any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. To address this risk, at least one market maker has been appointed. In turn this may affect the liquidity and trading price of the Units in the secondary market. Therefore, Unitholders may not be able to sell their Units in the secondary market in as timely a manner as some other equity products denominated in Hong Kong dollars listed in Hong Kong, and the trading price may not fully reflect the intrinsic value of the Units.

Tracking error and correlation risk. Fees, expenses, transaction costs as well as costs of using financial derivatives, liquidity of the market, inability to rebalance a Product's holdings of Securities or Futures Contracts in response to high portfolio turnover, a temporary lack of liquidity in the markets for the Securities or Futures Contracts held by a Product, changes in the constituents of the relevant Underlying Index, rounding of Security or Futures Contracts prices, changes to the Underlying Indices, regulatory policies and the investment strategy adopted by the Manager may result in tracking error, and reduce the correlation between the performance of the relevant Product and the leveraged performance of the relevant Underlying Index. 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 of the leveraged performance of the relevant Underlying Index at any time, including on an intra-day basis.

13. FEES AND CHARGES

13.1 Management Fee

The Manager is entitled to receive a management fee, currently at the rate of 0.99% per annum of the Net Asset Value of the Product accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

13.2 Trustee's Fee

The Trustee is entitled to receive a trustee fee as a percentage per annum of the Net Asset Value of the Product at a rate of 0.09% per annum, accrued daily and payable monthly in arrears, subject to a monthly minimum of USD3,000.

The Trustee shall also be entitled to be reimbursed out of the assets of the Product all out-of-pocket expenses incurred.

13.3 Registrar's Fee

The Registrar charges a monthly fixed fee of HKD5,000 in respect of the establishment and maintenance of the register of Unitholders.

In addition, the Registrar is reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services. The Registrar's fees and its out-of-pocket expenses in respect of the registration and transfer of Units are paid out of the assets of the Product.

13.4 Custodian's and Administrator's Fee

The Custodian's fee and Administrator's fee are included in the Trustee's fee.

13.5 Service Agent's Fee

The Service Agent is entitled to receive a monthly reconciliation fee of HKD5,000 from the Manager. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.

13.6 Brokerage Rates

Brokerage fees will be charged by a broker at its institutional rates. Such institutional market rates vary with the contract and the market on which the contract is traded. The rates are comprised of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately USD2 per future contract levied by the broker.

The above rates will amount to approximately 0.20% to 0.25% per annum of the Net Asset Value of the Product and may increase to approximately 0.35% per annum of the Net Asset Value of the Product in the event of unusual circumstances such as a high level of turnover.

Since commission is only charged once for each transaction in Futures Contracts, transaction costs are considered low compared to purchasing or selling the actual constituent stocks of the Underlying Index.

13.7 Other Changes and Expenses of the Product

Please refer to section "***12.8 Other Charges and Expenses***" in Part 1 of this Prospectus on other charges and expenses payable by the Product.

13.8 Establishment Costs of the Product

Please refer to section "***12.9 Establishment Costs***" in Part 1 of this Prospectus on the establishment costs of the Product.

13.9 Fees Payable by Participating Dealers, Primary Market Investors and Secondary Market Investors

The fees payable by Participating Dealers, Primary Market Investors and Secondary Market Investors are summarised in the respective tables below:

13.9.1 Participating Dealers

Creation of Units by a Participating Dealer

Application Cancellation Fee	USD1,200 per cancellation (See Note 1)
Extension Fee	USD1,200 per extension (See Note 1)
Transaction Fee	Up to USD500 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

Redemption of Units by a Participating Dealer

Application Cancellation Fee	USD1,200 per cancellation (See Note 1)
Extension Fee	USD1,200 per extension (See Note 1)
Transaction Fee	Up to USD500 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

Participating Dealers shall also bear all transaction costs, Duties and Charges and other expenses and charges, and the market risks in constituting and liquidating the Basket(s) in relation to an Application.

13.9.2 Primary Market Investors creating or redeeming Units through a Participating Dealer or a stockbroker

Primary Market Investors submitting creation or redemption requests through the Participating Dealer or a stockbroker should note that the Participating Dealer or the stockbroker (as the case may be) may impose fees and charges in handling such requests. Such investors should check the relevant fees and charges with the Participating Dealer or the stockbroker (as the case may be).

13.9.3 Secondary Market Investors Dealing in Units on the SEHK

Brokerage	Market rates (in currency determined by the intermediaries used by the investors)
Transaction levy	0.0027% (see Note 4 and Note 8)
Trading fee	0.005% (see Note 5 and Note 8)
Stamp duty	Nil (see Note 6)
Investor compensation levy	0.002% (currently suspended) (see Note 7)

Note:

1. The Application Cancellation Fee of USD1,200 and the Extension Fee of USD1,200 are payable by the Participating Dealer, and are payable to the Trustee for its own account, on each occasion the Manager grants the request of such Participating Dealer for cancellation or extended settlement in respect of such Application as provided in this Prospectus.

2. A Transaction Fee of up to USD500 per Application is payable by each Participating Dealer for the account and benefit of the Trustee.

3. A Service Agent's Fee of HKD1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction.

4. A transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.

5. A trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.

6. Stamp duty is waived with effect from 13 February 2015 pursuant to the Stamp Duty (Amendment) Ordinance 2015.

7. The investor compensation levy of the trading price of the Units, payable by the buyer and the seller, has been suspended pursuant to the exemption notice published by the Commission on 11 November 2005.

8. The transaction levy and trading fee will be paid by intermediaries to HKEX in Hong Kong dollars and calculated based on an exchange rate as determined by the Hong Kong Monetary Authority on the date of the trade which will be published on the HKEX's website by 11:00 a.m. on each trading day.

   Investors should consult their own intermediaries as to how and in what currency the trading related fees and charges should be paid by the investors.

14. ADDITIONAL DOCUMENTS AVAILABLE FOR INSPECTION

The Product's offering document (including the product key facts statement of the Product), latest version of the interim and annual reports of the Product and all notices and public announcements (including notices for suspension and resumption of trading) issued by the Product in Hong Kong are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager. Please refer to section "***14.19 Complaints and Enquiries***" in Part 1 of this Prospectus for the address of the Manager.

Please refer to section "***14.12 Documents Available for Inspection***" in Part 1 of this Prospectus for the list of the other documents that are available for inspection.

15. PUBLICATION OF INFORMATION RELATING TO THE PRODUCT

The following information relating to the Product will be published on the Manager's website www.fubonetf.com.hk:

- a "performance simulator" of the Product, which allows investors to select a historical time period and simulate the performance of the Product vis-à-vis the Underlying Index during that period based upon historical data;

- the real time or near real-time indicative Net Asset Value per Unit of the Product (updated every 15 seconds thorough each Dealing Day in USD and HKD) during normal trading hours on the SEHK; and

- the last Net Asset Value of the Product in USD only and, the last Net Asset Value per Unit of the Product in USD and HKD (updated on a Daily basis).

Note that:

The indicative Net Asset Value per Unit means a measure of the intraday value of the Net Asset Value per Unit of the Product based on the most up-to-date information.

The near real-time indicative Net Asset Value per Unit of the Product in HKD is indicative and for reference purposes only. This is updated during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in HKD uses a real-time USD:HKD foreign exchange rate – it is calculated using the near real-time indicative Net Asset Value per Unit in USD multiplied by a real-time USD:HKD foreign exchange rate provided by Bloomberg when the SEHK is opened for trading. The near real-time indicative Net Asset Value per Unit (in HKD) is updated every 15 seconds throughout the SEHK trading hours.

The last Net Asset Value per Unit of the Product in HKD is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in USD multiplied by an assumed foreign exchange rate using the USD:HKD exchange rate quoted by Bloomberg at 4:00 p.m. (Hong Kong time) as of the same Dealing Day when the SEHK is open for trading.

Please refer to the section headed "***14.16 Publication of Information relating to the Products***" in Part 1 of this Prospectus for other information that will be published on the Manager's website www.fubonetf.com.hk.

16. INDEX LICENCE AGREEMENT

The Manager has been granted a non-exclusive, non-transferable licence pursuant to an index licence agreement dated 14 December 2020 (the "**Licence Agreement**") entered into among the Manager, FTSE International Limited, FTSE Global Debt Capital Markets Inc., Frank Russell Company and FTSE Fixed Income LLC (each a "**Licensor**") to use the Underlying Index (i.e. FTSE Taiwan RIC Capped Index) in connection with the issue, operation, marketing, promotion and distribution of the Product.

The Licence Agreement has an initial term of 1 year and thereafter automatically renewed for successive 12-month periods until terminated under the circumstances listed below:

(a) The Licensor may terminate the Licence Agreement forthwith if:

(i) the Manager breaches its warranties under the Licence Agreement;

(ii) the Manager is convicted of any offence relating to the Product or to the trading or issue of the Units of the Product;

(iii) the Manager is found to be in material breach of any applicable laws, regulations or rules; and

(iv) the Manager has failed to pay any sums due under the Licence Agreement by the due date and such sums are remained unpaid for a period of 14 days following the date of the notice from FTSE to the Manager that such sums are overdue.

(b) If the Manager acquires, is acquired by and/or merges with another entity, the Licensor shall have the option to, following such acquisition or merger, terminate the Licence Agreement if, in the Licensor's reasonable opinion, such merger or acquisition is likely to have adverse business and/or reputational consequences for the Licensor or any of the Licensor's group company.

(c) The Manager may terminate the Licence Agreement if a notice to increase charges is received from the Licensor and the increase is greater than 15% of the total amount of charges subject to increase as they applied prior to the increase taking effect.

(d) Either party may terminate the Licence Agreement if:

(i) the other party materially breaches any term of the Licence Agreement and it is not possible to remedy that breach;

(ii) the other party materially breaches any term of the Licence Agreement and fails to remedy the breach within 30 days of being requested to do so;

(iii) the other party suffers an "insolvency event" (as defined in the Licence Agreement);

(iv) the Manager is convicted of any offence relating to the Product or to the trading or issue of the Units of the Product; or

(v) at least three months' prior written notice is given to the other party.

17. MATERIAL CHANGES TO THE UNDERLYING INDEX

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

18. REPLACEMENT OF UNDERLYING INDEX

The Manager reserves the right, with the prior approval of the Commission and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Underlying Index. The circumstances under which any such replacement might occur include but are not limited to the following events:

(a) the Underlying Index ceasing to exist;

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

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

(e) investing in the Futures Contracts comprised within the Underlying 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 Underlying Index having in the opinion of the Manager, deteriorated;

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

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

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

19. THE UNDERLYING INDEX

Investors should note that the information set out below is based on publicly available documents that have not been prepared or independently verified by the Manager, the Trustee, the Listing Agent or any advisers in connection with the offering and listing of the Product, and none of them makes any representation as to or takes any responsibility for the accuracy or completeness of such information.

The Underlying Index of the Product is FTSE Taiwan RIC Capped Index. The FTSE Taiwan RIC Capped Index is a compiled and published by the FTSE International Limited. The Underlying Index is a price return index, which calculates the performance of the Underlying Index constituents without adjustments for cash dividends or warrant bonuses.

The Underlying Index was launched on 29 September 2017 and had a base level of 1,000 on 16 June 2000. The base currency of the Underlying Index is USD.

The Manager and each of its Connected Persons are independent of the Index Provider.

FTSE International Limited or its affiliates are the proprietors and absolute owners of the Underlying Index. FTSE International Limited has granted to the Manager, by way of a licence, subject to the terms of an index licence agreement between them, among other things the non-transferable and non-exclusive right to use the Underlying Index as the basis for determining the composition of the Underlying Index in respect of the Product and to sponsor, issue, establish, market, list and distribute the Product.

General Information

The Underlying Index represents the performance of Taiwan large and mid capitalization stocks. Securities are weighted based on their free float-adjusted market capitalization and reviewed semi-annually. To limit concentration in any single security, constituents are capped quarterly so that no more than 20% of the Underlying Index's weight may be allocated to a single constituent and the sum of the weights of all constituents representing more than 4.5% of the Underlying Index should not exceed 48% of the total index weight. The Underlying Index is derived from the FTSE Global Equity Index Series, which covers 99% of the world's investable market capitalisation.

As at 31 March 2021, it comprised 108 constituent stocks with net market capitalisation of approximately USD 1,167,947 million. Information on the constituents of the Underlying Index is available on www.fubonetf.com.hk and will be updated after each rebalancing on a retrospective basis and in advance of the next rebalancing.

Further Information of the Underlying Index

Bloomberg Ticker: FTCRTWRP

You can obtain the list of the constituents of the Underlying Index, their respective weightings and additional information of the Underlying Index including the index methodology from the website of the Index Provider at https://www.ftserussell.com/products/indices/taiwan-ric-capped (This website has not been reviewed by the Commission), and the closing level of the Underlying Index from the website of the Index Provider at https://www.ftserussell.com/products/indices/capped (This website has not been reviewed by the Commission).

Index Disclaimer

The Product has been developed solely by Fubon Fund Management (Hong Kong) Limited (the "**Licensee**"). The Product is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "**LSE Group**"). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the Underlying Index vest in the relevant LSE Group company which owns the Underlying Index. "FTSE®" is a trade mark(s) of the relevant LSE Group company and is/are used by any other LSE Group company under license.

The Underlying Index is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Underlying Index or (b) investment in or operation of the Product. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Product or the suitability of the Underlying Index for the purpose to which it is being put by the Licensee.

APPENDIX 2

Fubon FTSE Taiwan Daily (-1x) Inverse Product

(a sub-fund of the Fubon Leveraged & Inverse Series, a Hong Kong umbrella unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

STOCK CODE: 7332

MANAGER

Fubon Fund Management (Hong Kong) Limited

LISTING AGENT

Altus Capital Limited

25 May 2021

FUBON FTSE TAIWAN DAILY (-1X) INVERSE PRODUCT

Stock Code: 7332

1. KEY INFORMATION

1.1 General

This Appendix sets out information specific to the Fubon FTSE Taiwan Daily (-1x) Inverse Product (hereinafter referred to as the "**Product**" in this Appendix). For general information about the Trust and its Products, please refer to Part 1 of this Prospectus. Investors should read both Parts of the Prospectus before investing in Product. In particular, investors should consider the general risk factors set out in section "***4. General Risk Factors***" of Part 1 of this Prospectus and any specific risk factors set out in section "***12. Risk Factors relating to the Product***" of this Appendix, before investing in the Product.

The SEHK has granted its approval for the listing of, and permission to deal in, the Units of the Product. Units in the Product have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCASS. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

1.2 Summary of Information

The following table sets out certain key information in respect of the Product, and should be read in conjunction with the full text of this Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) Daily performance of the Underlying Index
Investment Type	Exchange traded fund ("**ETF**") authorised as a collective investment scheme by the Commission under Chapter 8.6 of the Code The Product is also a Structured Fund falling under Chapter 8.8 of the Code
Underlying Index	FTSE Taiwan RIC Capped Index Inception Date: 29 September 2017 Base Currency of Index: USD
Type of Underlying Index:	A price return index which calculates the performance of the Underlying Index constituents without adjustments for cash dividends or warrant bonuses
Index Provider	FTSE International Limited
Investment Strategy	The Manager will primarily use the futures-based replication investment strategy. Please refer to section "***3. Investment Objective and Strategy***" of this Appendix for further details.
Net Derivative Exposure	The Product's net derivative exposure may be more than 100% of its Net Asset Value.

Initial Offer Period		from 9:00 a.m. (Hong Kong time) on 25 May 2021 to 1:30 p.m. (Hong Kong time) on 27 May 2021
Issue Price per Unit during Initial Offer Period		USD 1 (or such other price as may be determined by the Manager in consultation with the Trustee)
Initial Issue Date		27 May 2021
Listing Date		28 May 2021
Dealing on SEHK Commencement Date		28 May 2021
Exchange Listing		SEHK – Main Board
Stock Code		7332
Stock Short Name		FIFBFTTAIWAN
Trading Board Lot Size		100 Units
Base Currency		US dollar (USD)
Trading Currency		Hong Kong dollar (HKD)
Dividend Policy		The Manager has sole discretion to determine the dividend and distribution policy. The Manager does not intend to pay or make any distributions or dividends.
Application Unit size for Creation/Redemption (only by or through Participating Dealers)		Minimum 100,000 Units (or multiples thereof)
Method of Creation/Redemption		In-cash only (in USD)
Dealing Deadline		12:00 noon (Hong Kong time), as may be revised by the Manager from time to time
Parties	Manager	Fubon Fund Management (Hong Kong) Limited
	Trustee	Cititrust Limited
	Registrar	Computershare Hong Kong Investor Services Limited
	Custodian and Administrator	Citibank, N.A., Hong Kong Branch
	Listing Agent	Altus Capital Limited
	Participating Dealer(s)	• China International Capital Corporation Hong Kong Securities Limited • Mirae Asset Securities (HK) Limited • Citigroup Global Markets Asia Limited • Haitong International Securities Company Limited * *please refer to the Manager's website set out below for the latest list*

	Market Maker(s)	AP Capital Management (Hong Kong) Limited Flow Traders Hong Kong Limited * *please refer to the Manager's website set out below for the latest list*
	Service Agent	HK Conversion Agency Services Limited
Financial Year		Ending 31 December each year
Management Fee		Up to 1.50% per annum of the Net Asset Value accrued daily and calculated as at each Dealing Day, with the current rate being 0.99% per annum of the Net Asset Value accrued daily and calculated as at each Dealing Day. One week's prior notice will be provided to investors if the management fee is increased up to and towards the maximum rate, and one month's prior notice will be provided to investors if the management fee is increased beyond the maximum rate.
Website		www.fubonetf.com.hk

1.3 Listing Agent of the Product

Altus Capital Limited has been appointed by the Manager as the Listing Agent for the Product. The Listing Agent is licensed by the Commission to carry on Type 6 (advising on corporate finance) regulated activity in Hong Kong under the Securities and Futures Ordinance.

1.4 Market Maker

It is a requirement that the Manager ensures that there is at all times at least one market maker for Units of the Product. If the SEHK withdraws its permit to the existing market maker(s), the Manager will ensure that there is at least one other market maker per Product to facilitate the efficient trading of Units of the Product. The Manager will ensure that at least one market maker per Product is required to give not less than 3 months' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of the Product is available on www.fubonetf.com.hk and from time to time will be displayed on www.hkex.com.hk.

2. DEALING

2.1 Exchange Listing and Trading

The SEHK has granted its approval for listing of and permission to deal in Units in the Product, in HKD.

Currently, Units are expected to be listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges subject to applicable law and requirements.

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

2.2 The Initial Offer Period

Units in the Product will initially be offered only to the Participating Dealer(s) from 9:00 a.m. (Hong Kong time) on 25 May 2021 to 1:30 p.m. (Hong Kong time) on 27 May 2021, or such other period determined by the Manager (the "**Initial Offer Period**"). The purpose of the Initial Offer Period is to enable the Participating Dealer(s) to apply for Units on their own account or on behalf of third party Primary Market Investors in accordance with the terms of the Trust Deed and the Operating Guidelines.

2.3 Extension of the Initial Offer Period

If the Initial Offer Period is extended beyond 27 May 2021, dealings in the Units on the SEHK will commence on the third Business Day following the close of the Initial Offer Period.

2.4 Buying and Selling of Units of the Product on SEHK

Dealings on the SEHK in Units of the Product issued after the Initial Offer Period are expected to begin on the trading day after the Initial Issue Date.

A Secondary Market Investor can buy and sell the Units of the Product on the SEHK through his stockbroker at any time the SEHK is open. Units of the Product may be bought and sold in the Trading Board Lot Size (or the multiples thereof). The Trading Board Lot Size is currently 100 Units.

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 the Net Asset Value per Unit of the Product 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 of the Product in the secondary market may be higher or lower than the Net Asset Value per Unit of the Product.

Please refer to section "***9. Trading of Units on the SEHK (Secondary Market)***" in Part 1 of this Prospectus for further information on buying and selling of Units on the SEHK.

2.5 Creation Applications and Redemption Applications by Participating Dealers

The general terms and procedures relating to Creation Applications and Redemption Applications by the Participating Dealers are set out in section "***7. Creation and Redemption of Application Units (Primary Market)***" of Part 1 of this Prospectus, which should be read in conjunction with the following specific terms and procedures which relate to the Product only.

The Manager currently only allows Creation Applications and Redemption Applications in cash for Units of the Product. Any cash payable by Participating Dealers in a Creation Application must be in USD.

Settlement in cash for subscribing Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

The Application Unit size for the Product is 100,000 Units. Creation Applications submitted in respect of Units other than in Application Unit size will not be accepted. The minimum subscription for the Product is one Application Unit.

Units can be redeemed by way of a Redemption Application (through a Participating Dealer). Any cash proceeds received by Participating Dealers in an In-Cash Redemption shall be paid only in USD.

2.5.1 Dealing Period

The dealing period on each Dealing Day for a Creation Application or Redemption Application in respect of the Product commences at 9:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 12:00 noon (Hong Kong time), as may be revised by the Manager from time to time. Any Creation Application or Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster (in consultation with the Trustee) after taking into account the interest of other Unitholders of the Product, exercise its discretion to accept an 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. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not exercise its discretion to accept any application.

The cleared funds in respect of Creation Applications must be received by 12:00 noon on the relevant Dealing Day or such other time as may be agreed by the Trustee, the Manager and the relevant Participating Dealer.

2.5.2 Issue Price and Redemption Price

In respect of each Creation Application during the Initial Offer Period, the Issue Price of a Unit of any class which is the subject of the Creation Application in relation to the Product shall be USD1 (or such other price as may be determined by the Manager in consultation with the Trustee). After the Initial Issue Date, the Issue Price of a Unit of any class in the Product shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point in respect of the relevant Valuation Day rounded to the nearest fourth (4^{th}) decimal place (with 0.00005 being rounded up).

The Redemption Price of Units of any class redeemed shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point of the relevant Valuation Day rounded to the nearest fourth (4^{th}) decimal place (with 0.00005 being rounded up).

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

For the avoidance of doubt, the Issue Price and Redemption Price do not take into account Duties and Charges or fees payable by the Participating Dealers.

The "**Valuation Day**" of the Product, coincides with, and shall mean, the Dealing Day of the Product or such other days as the Manager may from time to time determine in its absolute discretion (in consultation with the Trustee).

The latest Net Asset Value of the Units will be available on the Manager's website at www.fubonetf.com.hk or published in such other publications as the Manager decides.

2.5.3 Business Day and Dealing Day of the Product

In respect of the Product, "**Business Day**" means a day on which the SGX, and the SEHK and the Taiwan Stock Exchange (the "**TWSE**") are open for normal trading (each a "**Relevant Market**") are open for normal trading, 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 or higher, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager determines otherwise and notifies to the Trustee. "**Dealing Day**" means each Business Day.

3. INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) Daily performance of the Underlying Index, namely, FTSE Taiwan RIC Capped Index. There is no assurance that the Product will achieve its investment objective. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day**.

"**Daily**" in relation to the inverse performance of the Underlying Index or performance of the Product, means the inverse performance of the Underlying Index or performance of the Product (as the case may be) from the close of the relevant market of a given Business Day until the close of the relevant market on the subsequent Business Day.

Investment Strategy

In seeking to achieve the Product's investment objective, the Manager will adopt a futures-based replication investment strategy through investing directly in the spot month SGX FTSE Taiwan Index Futures traded on the Singapore Exchange (the "**SGX**") (the "**Index Futures Contracts**"), subject to the rolling strategy discussed below, to obtain the required exposure to the Underlying Index.

In entering the spot month Index Futures Contracts, the Manager anticipates that not more than 20% of the Net Asset Value of the Product from time to time will be used as margin to acquire the Index Futures Contracts. Under exceptional circumstances (e.g. increased margin requirement by the exchange and/or futures brokers in extreme market turbulence), the margin requirement may increase substantially.

Not less than 80% of the Net Asset Value of the Product (this percentage may be reduced proportionally under exceptional circumstances when there is a higher margin requirement, as described above) will be invested in cash (USD or HKD) and cash equivalents (e.g. short-term deposits) denominated in USD or HKD.

Prior approval of the Commission will be sought and not less than one month's prior notice will be given to the Unitholders in the event the Manager wishes to change the investment strategy of the Product unless such changes satisfy the overriding principles and requirements prescribed by the Commission from to time and be considered as immaterial changes.

The investment strategy of the Product is subject to the investment and borrowing restrictions set out in Part 1, Schedule 1.

4. USE OF DERIVATIVES

The Product's net derivative exposure may be more than 100% of the Product's Net Asset Value.

5. SECURITIES FINANCING TRANSACTIONS

The Manager does not currently intend to enter into securities financing transactions and other similar over-the-counter transactions on behalf of the Product. Should this intention change in the future, the Commission's prior approval will be sought and at least one month's prior notice will be given to Unitholders and this Prospectus will be updated accordingly.

6. DAILY REBALANCING OF THE PRODUCT

The Product as an inverse product will rebalance its position on a Business Day. On each Business Day the Product will seek to rebalance its position at or around the close of trading of the Index Futures Contracts, by decreasing exposure in response to the Underlying Index's Daily gains or increasing exposure in response to the Underlying Index's Daily losses, so that its Daily inverse exposure ratio to the Underlying Index is consistent with the Product's investment objective.

The table below illustrates how the Product as an inverse product will rebalance its position following the movement of the Underlying Index by the end of the day.* Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have a futures exposure of -100 to meet the objective of the Product. If the Underlying Index decreases by 10% during the day, the Net Asset Value of the Product would have increased to 110, making the futures exposure of the Product -90. As the Product needs a futures exposure of -110, which is -1x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional -20. Day 1 illustrates the rebalancing requirements if the Underlying Index increases by 5% on the subsequent day.

	Calculation	Day 0	Day 1	Day 2
(a) Initial Product NAV		100	110	104.5
(b) Initial futures exposure	(b) = (a) x -1	-100	-110	-104.5
(c) Daily Underlying Index change (%)		-10%	5%	-5%
(d) Profit / loss on futures	(d) = (b) x (c)	10	-5.5	5.225
(e) Closing Product NAV	(e) = (a) + (d)	110	104.5	109.725
(f) Futures exposure	(f) = (b) x (1 + (c))	-90	-115.5	-99.275
(g) Target futures exposure to maintain inverse ratio	(g) = (e) x -1	-110	-104.5	-109.73
(h) Required rebalancing amounts	**(h) = (g) – (f)**	**-20**	**11**	**-10.45**

* The above figures are calculated before fees and expenses.

7. THE INDEX FUTURES CONTRACTS

Introduction

SGX FTSE Taiwan Index Futures are equity index products which provide global investors with an efficient tool to access and manage Taiwan market exposure. The Index Futures Contract was launched on 20 July 2020 and is a quanto USD-denominated futures available for trading during Taiwan and Singapore holidays.

The Index Futures Contracts have the following key specifications:–

Underlying index	FTSE Taiwan RIC Capped Index
Exchange	Singapore Exchange
Contract size	US$40 x SGX FTSE Taiwan Index Futures price
Minimum price fluctuation	0.25 index points (US$10)
Contract months	2 nearest serial months and 12 nearest quarterly months on the March, June, September and December cycle
Trading hours (Singapore time)	T Session: Pre – Opening: 8.30 am – 8.43 am Non – Cancel: 8.43 am – 8.45 am Opening: 8.45 am – 1.45 pm Pre – Closing: 1.45 pm – 1.49 pm Non – Cancel: 1.49 pm – 1.50 pm T+1 Session: Pre – Opening: 2.05 pm – 2.13 pm Non – Cancel: 2.13 pm – 2.15 pm Opening: 2.15 pm – 5.15 am
Last trading day	Second last business day of the contract month

Daily price limits	<u>**For the Index Futures Contracts**</u> Whenever the initial price limits are reached (i.e. the price moves by 10% in either direction from the previous day's Daily Settlement Price ("**DSP**")) (the "**Initial Price Limits**"), a cooling off period is triggered where trading within the Initial Price Limit shall continue for a period of ten minutes. After the cooling off period is over, the final price limits (i.e. the price moves by 15% in either direction from the previous day's DSP) (the "**Final Price Limits**"), come into effect and shall apply for the rest of the trading day. No trades are allowed to take place at prices beyond the Final Price Limits. There shall be no price limits on the last trading date for the expiring contract. <u>**For stocks of the Underlying Index constituents trading on the TWSE**</u> The daily price fluctuation during the general trading period on the TWSE is limited to ±10% the auction reference price at market opening for the given day.
Settlement basis	Cash settlement
Final settlement price	The average of the Underlying Index values on the last trading day taken at 1-minute intervals during the last 25 minutes of trading on the Underlying Index preceding the commencement of the closing auction session, and the closing index value. The final settlement price shall be rounded to 2 decimal places.
Position accountability / position limit	Position limit is not applicable to this contract. However, a person owning or controlling more than 10,000 contracts net long or net short in all contract months combined, or such position as the SGX may prescribe from time to time with prior notification, shall provide, in a timely fashion, upon request by the SGX, information regarding the nature of the position, trading strategy, and hedging information if applicable.

For more information, please refer to "FTSE Taiwan Index Futures" under "Derivatives > Products" on the SGX's website at https://www.sgx.com/derivatives/products/twnfc?cc=TWN (the contents of which have not been reviewed by the Commission).

Futures Liquidity

The daily average volume and open interest of the spot month Index Futures Contracts for February 2021 and March 2021 are as follows:

Month	Daily average volume (number of contracts)	Open interest (number of contracts)
February 2021	71,441.89	113,160
March 2021	73,033.26	111,448

Taking into account the target fund size of the Product and the estimated liquidity and open interest take-up by the Product, the Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as an inverse product tracking the Underlying Index.

Futures Roll

As the Underlying Index is not a futures index, the Product does not follow any predetermined roll-over schedule. The Manager will use its discretion to carry out the roll-over of the spot month Index Futures Contracts into next month Index Futures Contracts with the goal that, by one Business Day before the last trading day of the spot month Index Futures Contracts, all roll-over activities would have occurred. The rolling of the Index Futures Contracts start three Business Days before the last trading day of the spot month Index Futures Contracts, and be completed no later than one Business Day before the last trading day of the spot month Index Futures Contracts.

8. COMPARISON BETWEEN THE UNDERLYING INDEX AND THE INVERSE PERFORMANCE OF THE UNDERLYING INDEX FOR A PERIOD LONGER THAN A DAY (I.E. COMPARISON OF THE POINT-TO-POINT PERFORMANCE)

The Product's objective is to provide return which is of a predetermined inverse factor (-1x) of the Daily performance of the Underlying Index. As such, the Product's performance may not track -1x the cumulative Underlying Index return over a period greater than 1 Business Day. This means that the return of the Underlying Index over a period of time greater than a single day multiplied by -100% generally will not equal the Product's performance over that same period. The Product may underperform the return of -100% of the Underlying Index in a trendless or flat market. This is caused by compounding, which is the cumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. The following scenarios illustrate how the Product's performance may deviate from that of -1x the cumulative Underlying Index return over a longer period of time in various market conditions. All the scenarios are based on a hypothetical USD100 investment in the Product.

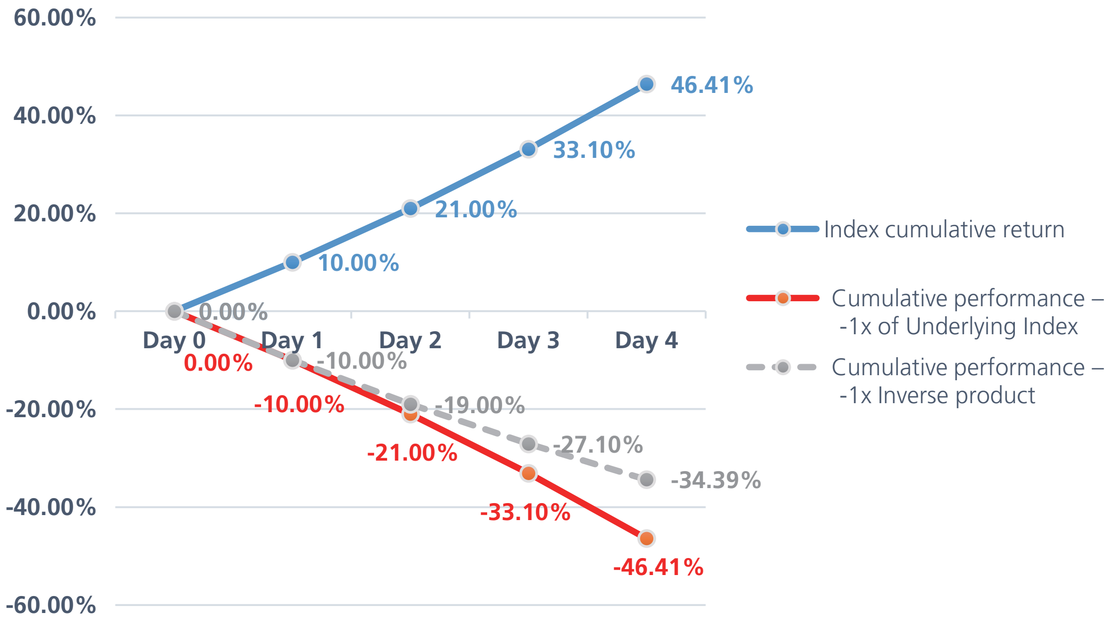
Scenario I: Continuous upward trend

In a continuous upward trend, where the Underlying Index rises steadily for more than 1 Business Day, the Product's accumulated loss will be less than one time inverse the cumulative Underlying Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Underlying Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 34.39%, compared with a 46.41% loss which is -1x the cumulative Underlying Index return.

	Index daily return	Index level	Index cumulative return	Inverse product daily return	Inverse product NAV (USD)	Cumulative performance – Inverse product	Cumulative performance – -1x of Underlying Index	Difference
Day 0		100.00	0.00%		100.00	0.00%	0.00%	0.00%
Day 1	10.00%	110.00	10.00%	-10%	90.00	-10.00%	-10.00%	0.00%
Day 2	10.00%	121.00	21.00%	-10%	81.00	-19.00%	-21.00%	2.00%
Day 3	10.00%	133.10	33.10%	-10%	72.90	-27.10%	-33.10%	6.00%
Day 4	10.00%	146.41	46.41%	-10%	65.61	-34.39%	-46.41%	12.02%

* Figures in the above table are rounded to two decimal places.

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the cumulative Underlying Index return and (iii) the cumulative Underlying Index return in a continuous upward market trend over a period greater than 1 Business Day.



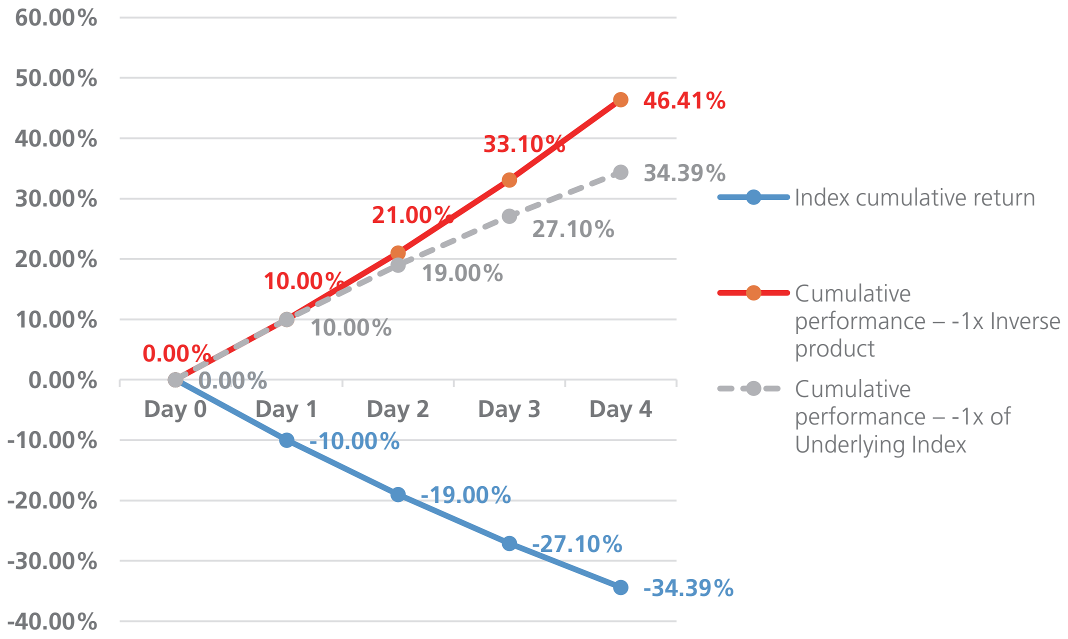
Scenario II: Continuous downward trend

In a continuous downward trend, where the Underlying Index falls steadily for more than 1 Business Day, the Product's accumulated gains will be greater than -1x the cumulative Underlying Index loss. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Underlying Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 46.41%, compared with a 34.39% gain which is -1x the cumulative Underlying Index return.

	Index daily return	Index level	Index cumulative return	Inverse product daily return	Inverse product NAV (USD)	Cumulative performance – -1x product	Cumulative performance – -1x of Underlying Index	Difference
Day 0		100.00	0.00%		100.00	0.00%	0.00%	0.00%
Day 1	-10.00%	90.00	-10.00%	10.00%	110.00	10.00%	10.00%	0.00%
Day 2	-10.00%	81.00	-19.00%	10.00%	121.00	21.00%	19.00%	2.00%
Day 3	-10.00%	72.90	-27.10%	10.00%	133.10	33.10%	27.10%	6.00%
Day 4	-10.00%	65.61	-34.39%	10.00%	146.41	46.41%	34.39%	12.02%

* Figures in the above table are rounded to two decimal places.

The chart below further illustrates the difference between (i) the Product's performance: (ii) -1x the cumulative Underlying Index return and (iii) the cumulative Underlying Index return in a continuous downward market trend over a period greater than 1 Business Day.



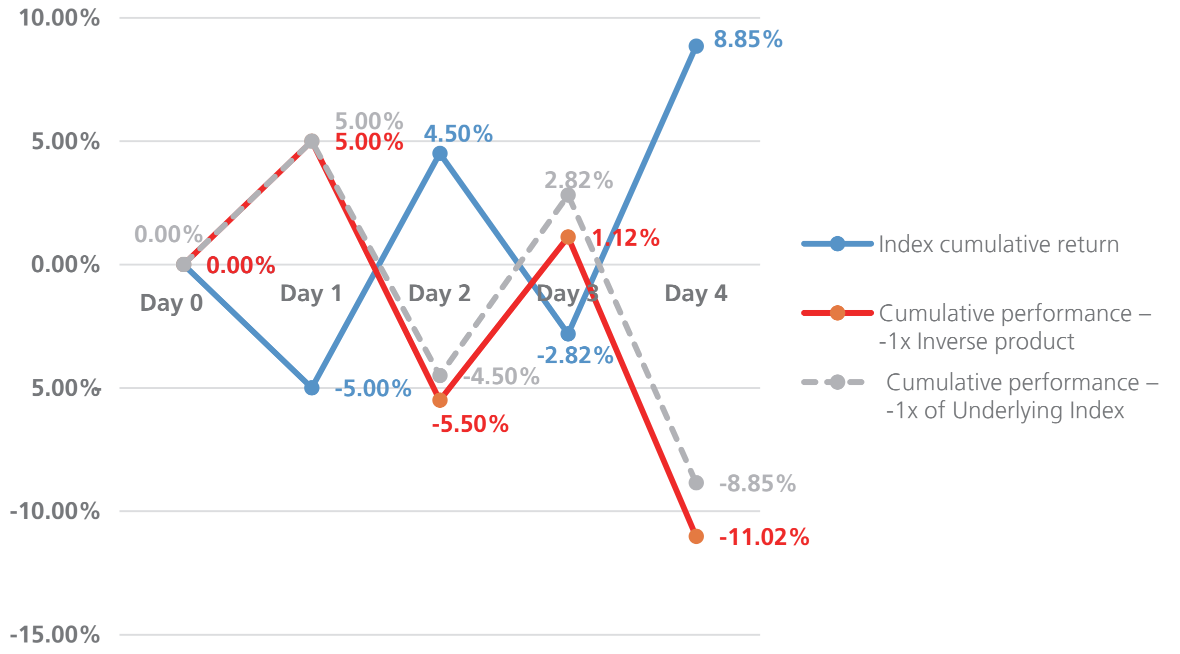
Scenario III: Volatile upward trend

In a volatile upward trend, where the Underlying Index generally moves upward over a period longer than 1 Business Day but with intraday volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the cumulative Underlying Index return. As illustrated in the scenario below, where the Underlying Index grows by 8.85% over 5 Business Days but with intraday volatility, the Product would have an accumulated loss of 11.02%, compared with a 8.85% loss which is -1x the cumulative Underlying Index return.

	Index daily return	Index level	Index cumulative return	Inverse product daily return	Inverse product NAV (USD)	Cumulative performance – -1x Inverse product	Cumulative performance – -1x of Underlying Index	Difference
Day 0		100.00	0.00%		100.00	0.00%	0.00%	0.00%
Day 1	-5.00%	95.00	-5.00%	5.00%	105.00	5.00%	5.00%	0.00%
Day 2	10.00%	104.50	4.50%	-10.00%	94.50	-5.50%	-4.50%	-1.00%
Day 3	-7.00%	97.19	-2.82%	7.00%	101.12	1.12%	2.82%	-1.70%
Day 4	12.00%	108.85	8.85%	-12.00%	88.98	-11.02%	-8.85%	-2.17%

* Figures in the above table are rounded to two decimal places.

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the cumulative Underlying Index return and (iii) the cumulative Underlying Index return in a volatile upward market trend over a period greater than 1 Business Day.



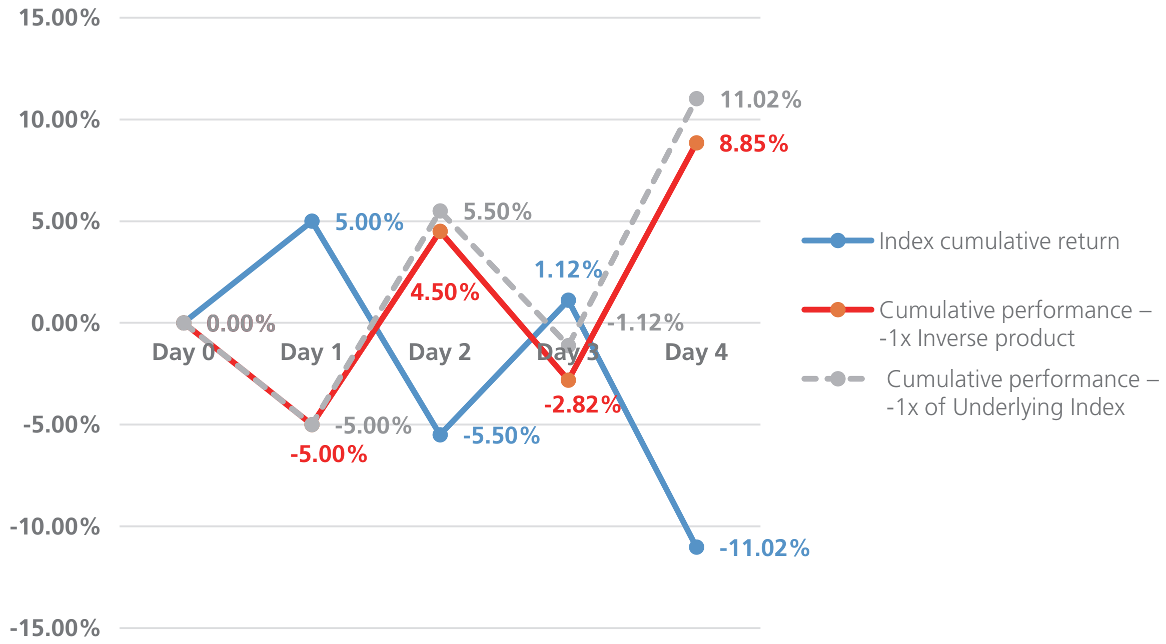
Scenario IV: Volatile downward trend

In a volatile downward trend, where the Underlying Index generally moves downward over a period longer than 1 Business Day but with intraday volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the cumulative Underlying Index return. As illustrated in the scenario below, where the Underlying Index falls by 11.02% over 5 Business Days but with intraday volatility, the Product would have an accumulated gain of 8.85%, compared with a 11.02% gain which is -1x the cumulative Underlying Index return.

	Index daily return	Index level	Index cumulative return	Inverse product daily return	Inverse product NAV (USD)	Cumulative performance – -1x Inverse product	Cumulative performance – -1x of Underlying Index	Performance
Day 0		100.00	0.00%		100.00	0.00%	0.00%	0.00%
Day 1	5.00%	105.00	5.00%	-5.00%	95.00	-5.00%	-5.00%	0.00%
Day 2	-10.00%	94.50	-5.50%	10.00%	104.50	4.50%	5.50%	-1.00%
Day 3	7.00%	101.12	1.12%	-7.00%	97.19	-2.82%	-1.12%	-1.70%
Day 4	-12.00%	88.98	-11.02%	12.00%	108.85	8.85%	11.02%	-2.17%

* Figures in the above table are rounded to two decimal places.

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the cumulative Underlying Index return and (iii) the cumulative Underlying Index return in a volatile downward market trend over a period greater than 1 Business Day.



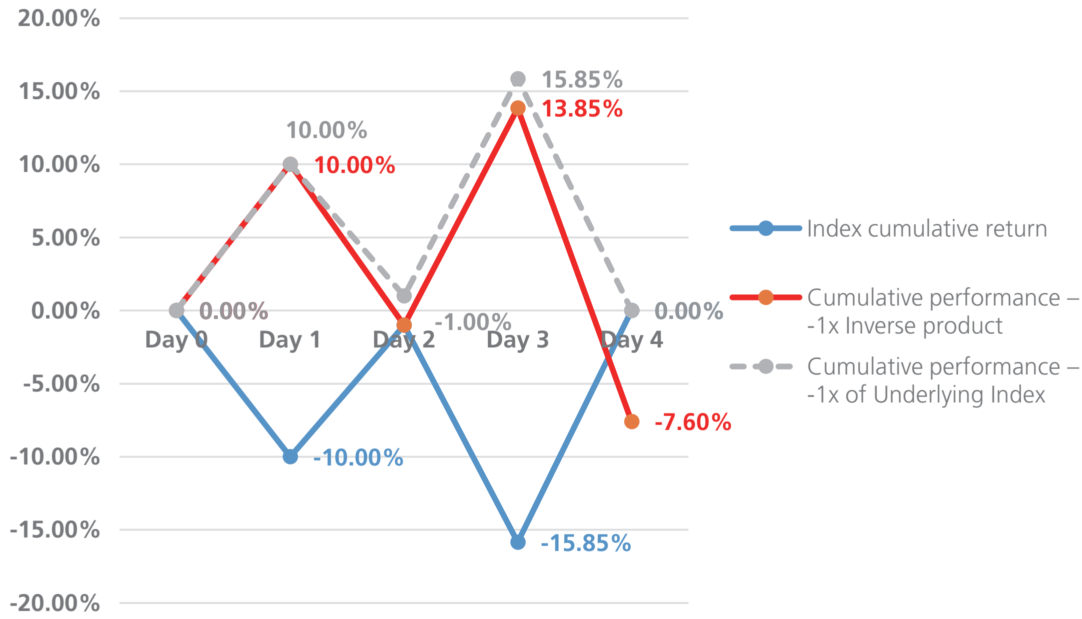
Scenario V: Volatile market with flat index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Underlying Index has returned to its previous level, the Product may lose value.

	Index daily return	Index level	Index cumulative return	Inverse product daily return	Inverse product NAV (USD)	Cumulative performance – -1x Inverse product	Cumulative performance – -1x of Underlying Index	Difference
Day 0		100.00	0.00%		100.00	0.00%	0.00%	0.00%
Day 1	-10.00%	90.00	-10.00%	10.00%	110.00	10.00%	10.00%	0.00%
Day 2	10.00%	99.00	-1.00%	-10.00%	99.00	-1.00%	1.00%	-2.00%
Day 3	-15.00%	84.15	-15.85%	15.00%	113.85	13.85%	15.85%	-2.00%
Day 4	18.84%	100.00	0.00%	-18.84%	92.40	-7.60%	0.00%	-7.60%

* Figures in the above table are rounded to two decimal places.

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the cumulative Underlying Index return and (iii) the cumulative Underlying Index return in a volatile market with flat index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables above, the cumulative performance of the Product may not equal to -1x the cumulative performance of the Underlying Index over a period longer than 1 Business Day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Underlying Index, the inverse performance of the Underlying Index (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the cumulative return of the Product, may be completely uncorrelated to the extent of change of the Underlying Index over the same period.

For further illustration of the Product's performance under different market conditions, investors may access the "performance simulator" on the Product's website at www.fubonetf.com.hk (which has not been reviewed by the Commission), which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on Path Dependency

As explained above, the Product aims to track the inverse performance of the Underlying Index on a Daily basis. However, due to path dependency of the Underlying Index and the Daily inverse performance of the Underlying Index, when comparing the Underlying Index and the inverse performance of the Underlying Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical inverse performance of the Underlying Index will not be equal to the simple inverse performance of the Underlying Index over the same period of time.

Below is an example which illustrates the "path dependency" of the Underlying Index and the inverse performance of the Underlying Index. **Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved**.

	Underlying Index		Product (Underlying Index with an inverse factor of one)	
	Daily movement (in %)	**Closing level**	**Daily movement (in %)**	**Closing NAV**
Day 1		100.00		100.00
Day 2	+10.00%	110.00	-10.00%	90.00
Day 3	-9.09%	100.00	+9.09%	98.18

Assuming the Product tracks the inverse performance of the Underlying Index perfectly on a Daily basis, the absolute percentage change in the Daily movement of both the Product and the Underlying Index will be the same. That is, the Net Asset Value of the Product will fall by 10.00% if the Underlying Index rises by 10.00%, and the Net Asset Value of the Product will rise by 9.09% if the Underlying Index falls by 9.09%. On the basis of such Daily movements, the respective closing levels of the Underlying Index and closing Net Asset Values of the Product are as set out in the example above.

On day 3, the closing level of the Underlying Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Underlying Index and the performance of the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple inverse performance of the Underlying Index.

9. COLLATERAL VALUATION AND MANAGEMENT POLICY

Notwithstanding that the Manager does not currently intend to enter into securities financing transactions and other similar over-the-counter transactions, the Manager adopts a collateral management policy in relation to collateral which it may receive in the future in respect of securities financing transactions. The Manager will not enter into any over-the-counter financial derivative transactions for the Product.

The Product may receive collateral from a counterparty to a securities financing transaction in order to reduce its counterparty risk exposure, subject to the investment restrictions and requirements applicable to collateral under Part 1, Schedule 1.

Nature and quality of the collateral

The Product may receive both cash and non-cash collateral from a counterparty. Cash collateral may include cash, cash equivalents and money market instruments. Non-cash collateral may comprise of government or corporate bonds whether investment grade / non-investment grade, long/short term bonds, listed or traded in any regulated markets.

Criteria for selecting counterparties

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

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

The counterparty to a securities financing transaction must have a minimum credit rating of A-2 or equivalent, or must be deemed by the Manager to have an implied rating of A-2 or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor's or Moody's). Alternatively, an unrated counterparty will be acceptable where the Manager is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A-2 or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor's or Moody's).

Valuation of collateral

The collateral received is valued daily by independent pricing source on a mark-to market basis.

Enforcement of collateral

Collateral (subject to any net-off or set-off, if applicable) is capable of being fully enforced by the Manager / the Product at any time without further recourse to the counterparty.

Haircut policy

A documented haircut policy is in place for detailing the policy in respect of each class of assets received by a Product in order to reduce exposure to counterparties. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received. Haircuts will 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. The haircut policy takes account of the price volatility of the asset used as collateral and other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions.

Further details of the applicable haircut arrangement for each asset class can be available from the Manager upon request.

Diversification and correlation of collateral

Collateral must be sufficiently diversified. The exposures of the Product to the collateral issuers are monitored in accordance with the relevant restrictions on exposure to a single entity and/or entities within the same group as set out in Part I, Schedule 1.

Collateral received must be issued by an entity that is independent from the relevant counterparty.

Cash collateral reinvestment policy

The Product shall not sell, pledge or re-invest any non-cash collateral received by it.

Subject to the applicable restrictions in respect of collateral in Part I, Schedule 1, cash collateral received may be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the Code or regulated in a manner generally comparable with the requirements of the Commission and acceptable to the Commission.

Up to 100% of the cash collateral received by the Product may be reinvested.

Safe-keeping of collateral

Any non-cash assets received from a counterparty on a title transfer basis in respect of a securities financing transaction should be held by the Trustee or a Correspondent. This is not applicable in the event that there is no title transfer in which case the collateral will be held by a third party custodian which is unrelated to the provider of the collateral.

A description of collateral holdings will be disclosed in its interim and annual financial reports as required under Appendix E of the Code.

Assets provided by the Product on a title transfer basis shall no longer belong to it. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Trustee or a Correspondent.

10. BORROWING RESTRICTIONS

The Manager may borrow up to 10% of the total Net Asset Value of the Product to acquire investments, to redeem Units or to pay expenses relating to the Product.

11. DISTRIBUTION POLICY

The Manager does not intend to pay or make any distributions or dividends.

12. RISK FACTORS RELATING TO THE PRODUCT

Investors should take note of all of the risks set out in section ***"4. General Risk Factors"*** in Part 1 of this Prospectus, in particular: ***"Securities and/or Futures Contracts risk"***, ***"Derivative instrument risk"***, ***"Passive investments risk"***, ***"Risk of early termination"*** and ***"Emerging market risks"*** under ***"4.1 Investment risks"***; ***"Futures Contracts market risk"***, ***"Rolling of Futures Contracts risk"***, ***"Contango and backwardation risk"***, ***"Margin risk"***, ***"Clearing house's failure risk"*** and ***"Regulatory change risk"*** under ***"4.2 Risks associated with investment in Futures Contracts"***; and ***"Trading risk"***, ***"Reliance on market maker(s)"*** and ***"Trading time differences risk"*** under ***"4.3 Market trading risks"***.

In addition, investors should also consider the specific risks associated with investing in the Product including those set out below. The following statements are intended to be summaries of some of those risks. They do not offer advice on the suitability of investing in the Product. Investors should carefully consider the risk factors described below together with the other relevant information included in this Prospectus before deciding whether to invest in Units of the Product. The Commission's 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 the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

12.1 Risks relating to the Product

General investment risk. The Product is a derivative product and not suitable for all investors. There is no guarantee of the repayment of principal. The Product's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Product may suffer substantial/total losses.

Inverse performance risk. Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than the inverse performance of an index. Should the value of the underlying Securities of the Underlying Index increase, it could have a negative effect on the performance of the Product. As such, Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking Daily inverse results and the associated risks constantly monitor the performance of their holding on a daily basis.

Long term holding risk. **The Product is not intended for holding longer than one day** as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the inverse performance of the Underlying Index over that same period (e.g. the loss may be more than -1 times the increase in the Underlying Index). The effect of compounding becomes more pronounced on the Product's performance as the Underlying Index experiences volatility. With higher Underlying Index volatility, the deviation of the Product's performance from the inverse of the Underlying Index will increase, and the performance of the Product will generally be adversely affected. As a result of Daily rebalancing, the Underlying Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Underlying Index's performance falls or is flat.

Inverse Product vs. short selling risk. Investing in the Product is different from taking a short position. Because of rebalancing the return profile of the Product is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Product may deviate from a short position.

Unconventional return pattern risk. Inverse products aim to deliver the opposite of the Daily return of the Underlying Index. If the value of the Underlying Index increases for extended periods, the Product will likely to lose most or all of its value.

Risk of rebalancing activities. There is no assurance that the Product can rebalance its portfolio on a Daily basis to achieve its investment objective. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

Liquidity risk. The rebalancing activities of the Product typically take place near the end of a Business Day, at or around the close of trading of the Index Futures Contracts, to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Intraday investment risk. Inverse exposure ratio of the Product may change during a trading day when market moves but it will not be rebalanced immediately. The Product is normally rebalanced near the end of a Business Day, at or around the close of trading of the Index Futures Contracts. As such, return for investors that invest for a period less than a full trading day may be greater than or less than the inverse investment exposure to the Underlying Index, depending upon the movement of the Underlying Index from the last rebalancing until the time of purchase.

Portfolio turnover risk. Daily rebalancing of the Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

Path dependency. The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse performance of the Underlying Index on a Daily basis only. Therefore the Product should not be equated with seeking an inverse position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical Daily inverse performance of the Underlying Index over a certain period may not be the same as the simple inverse point-to-point performance of the Underlying Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Underlying Index. Please refer to the section "***Explanation on Path Dependency***" above.

Volatility risk. Prices of the Product may be more volatile than conventional exchange traded funds because of the Daily rebalancing activities.

Taiwan market risk. The Underlying Index represents the performance of large and mid capitalisation stocks in Taiwan which is an emerging market. Investments in the Product may therefore involve increased risks and special considerations not typically associated with investment in more developed markets.

The Taiwanese stock market has experienced a high degree of stock price volatility in recent years. The liquidity of Taiwanese securities is inhibited by price constraints imposed by the TWSE and smaller market capitalisation. The securities market of Taiwan is undergoing a period of growth and change which may lead to difficulties in the settlement and recording of transactions and in interpreting and applying the relevant regulations.

Accounting, auditing and financial reporting standards, practice and disclosure requirements applicable to Taiwanese companies are less rigorous than those in more developed countries. As a result, there may be less or less reliable information available publicly to investors in Taiwanese companies than to investors in comparable securities in more developed countries. There may be a lower level of government supervision and enforcement activity in the regulation of Taiwanese securities markets and the participants in those markets than in comparable markets in more developed countries.

The value of the Product's assets may be affected by political and economic uncertainties such as changes in the government in Taiwan or its policies regarding inward investment, taxation and the restrictions on currency repatriation and other developments in the laws and regulations of Taiwan. There may be more substantial government intervention in the economy, including restrictions on investing in companies or industries deemed sensitive to relevant national interests. In addition, the value of the Product's assets may be affected by other diplomatic uncertainty or developments, social instability, higher inflation and other considerations.

Trading time differences risk. The SGX, the SEHK and the TWSE have different trading hours. Investors will not be able to purchase or sell the Product's Units when the SEHK is not open for trading, even when the SGX and/or the TWSE is/are open for trading and the value of the Underlying Index and/or the Index Futures Contracts may continue to change. Difference in trading hours between the SGX, the SEHK and the TWSE may increase the level of premium/discount of the Unit price to its Net Asset Value.

As a result of the different trading hours of the SGX, the SEHK and the TWSE, the degree of imperfect correlation between the value of the Product, the Underlying Index constituents and the Index Futures Contracts may increase when any one of the exchanges is closed while the other exchange(s) is/are open, which may prevent the Product from achieving its investment objective.

Suspension of creation risk. There can be no assurance that there are sufficient Index Futures Contracts in the market available to the Product to fully satisfy subscription requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to illiquidity of the Index Futures Contracts, and delay or disruption in execution of trades or in settlement of trades.

Concentration risk. As the Underlying Index constituents concentrate in stocks in Taiwanese companies, the investment of the Product may be similarly concentrated. The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Product may be more susceptible to adverse conditions in such particular market.

Currency risk. Assets of the Product may be denominated in currencies other than USD (the Base Currency of the Product). While the Index Futures Contracts are denominated in USD, the constituents of the Underlying Index are denominated in New Taiwan Dollars. The Product is subject to transaction costs in the exchange of such other currencies to USD. The performance and the Net Asset Value of the Product may therefore be affected unfavourably by movements in the exchange rate between USD and such other currencies and changes in exchange rate control policies.

12.2 Risks relating to the Underlying Index

Risks relating to the Underlying Index. The Product may be subject to the following risks in relation to the Underlying Index:

(i) If the Underlying Index is discontinued or the Manager's license from the Index Provider under the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) is terminated, the Manager may, in consultation with the Trustee, seek the Commission's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the Underlying Index. Please refer to section "***18. Replacement of Underlying Index***" below on the circumstances in which the Underlying Index may be replaced by the Manager. Such change shall be made in accordance with the provisions of the Trust Deed and with the prior approval of the Commission. For the avoidance of doubt, the provision of investment results that, before fees and expenses, closely correspond to the inverse Daily performance of an index will remain the Product's investment objective.

The Manager has been granted a licence by FTSE International Limited to use the Underlying Index as a basis for determining the composition of the Product and to use certain trade marks in the Underlying Index. The licence granted is for an initial term of 1 year commencing from the date of the agreement (i.e. 14 December 2020), and thereafter automatically renewed for successive 12-month period unless terminated pursuant to the agreement. There is no guarantee that the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) will be perpetually renewed.

The Product may be terminated if the Underlying Index is discontinued and/or the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) is terminated and the Manager is unable to identify or agree with any Index Provider terms for the use of a suitable replacement index, using, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index and which meets the acceptability criteria under Chapter 8.6(e) of the Code. Any such replacement index will be subject to the prior approval of the Commission under the Code and Unitholders will be duly notified of the same. Accordingly, investors should note that the ability of the Product to track the Underlying Index depends on the continuation in force of the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) in respect of the Underlying Index or a suitable replacement. The Product may also be terminated if the Underlying Index ceases to be compiled or published and there is no replacement index, using, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index.

The Manager and the Index Provider may by mutual agreement terminate or postpone the parties' obligations under the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) upon the occurrence of a force majeure event such that the terms of the Licence Agreement can no longer be performed. There is no guarantee or assurance of exact or identical replication at any time of the performance of the relevant Underlying Index.

For further information on the grounds for terminating the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) in respect of the Underlying Index, please refer to section "***16. Index Licence Agreement***" in this Appendix.

(ii) There may be changes in the constituent stocks of the Underlying Index from time to time. The Manager may rebalance the composition of a Basket. The price of the Units may rise or fall as a result of these changes. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units. Please refer to the section "***19. The Underlying Index***" of this Appendix below for more information on how the Underlying Index is compiled.

(iii) The process and the basis of computing and compiling the Underlying Index and any of its related formulae and factors may also be changed or altered by the Index Provider at any time without notice. There is also no warranty, representation or guarantee given to the investors as to the accuracy or completeness of the Underlying Index, its computation or any information related thereto.

Owning Units is not the same as directly owning the constituent stocks of the Underlying Index. The return on Units will not reflect the return investors will realise if investors actually purchased the constituent stocks included in the Underlying Index, or exchange traded or over-the-counter instruments based on the Underlying Index. A Unitholder will not have any rights that holders of such assets or instruments have.

12.3 Other risks

Price limit risk. If the price of the Index Futures Contracts included in the Product's portfolio and/or or the price of constituents of the Underlying Index hit certain price limits, depending on the time of the day and the limit being reached, the trading of the Index Futures Contracts may be limited within the set price limits, suspended for a short period of time, or suspended for the remainder of the trading day. This may affect the Product's tracking of the inverse performance of the Underlying Index, and, if a trading halt takes place near the end of a trading day, may result in imperfect Daily rebalancing.

Difference in price limit risk. The Product's investment objective is to provide investment results that closely correspond to the inverse Daily performance of the Underlying Index. Although the Underlying Index is an equity index, the Product invests in the Index Futures Contracts. The daily price limit for stocks of the Underlying Index constituents trading on the TWSE (which is ±10% the auction reference price at market opening for the given day) and the daily price limit for the Index Futures Contracts are different, as they are triggered at different price changes. Please refer to the section "***7. The Index Futures Contracts***" above for further details of the price limits for the Index Futures Contracts. As such, should the daily price movement of the Index Futures Contracts be greater than the price limit of the Underlying Index constituents, this may prevent the Product from achieving its investment objective.

Operating risk. There is no assurance that the performance of the Product will be identical to the inverse performance of the Underlying Index. The level of fees, taxes and expenses payable by the Product will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the Product can be estimated, the growth rate of the Product, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Product or the actual level of its expenses. Under the terms of the Trust Deed and as summarised under the section headed "***14.5 Termination of the Trust or a Product***" in Part 1 of this Prospectus, the Manager may terminate the Product. On the termination of the Product, the Product will be liquidated and investors will receive distributions of cash although the Manager has the power to decide to make distributions in specie.

No market in the Units risk. Although the Units are to be listed on the SEHK and it is a requirement that the Manager ensures that there is at all times at least one market maker for Units of the Product, investors should be aware that 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 other exchange traded fund which are traded on the SEHK and which are based upon indices other than the Underlying Index.

Termination of market maker risk. A market maker may cease to act as a market maker for the Product in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one market maker for Units of the Product will be 3 months. The liquidity for the Units of the Product may be adversely affected if there is no or only one market maker for the Units or if the market making activities are not effective, which may adversely affect the trading price of the Product. The Manager intends to ensure that there is at least one market maker for the Product to facilitate efficient trading of Units of the relevant trading currency (i.e. HKD). It is possible that there is only one SEHK market maker for the Product or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

Risk relating to liquidity of secondary market trading. Units will be a new security and following listing on the SEHK, it is unlikely that the Units will initially be widely held. Accordingly, any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. To address this risk, at least one market maker has been appointed. In turn this may affect the liquidity and trading price of the Units in the secondary market. Therefore, Unitholders may not be able to sell their Units in the secondary market in as timely a manner as some other equity products denominated in Hong Kong dollars listed in Hong Kong, and the trading price may not fully reflect the intrinsic value of the Units.

Tracking error and correlation risk. Fees, expenses, transaction costs as well as costs of using financial derivatives, liquidity of the market, inability to rebalance a Product's holdings of Securities or Futures Contracts in response to high portfolio turnover, a temporary lack of liquidity in the markets for the Securities or Futures Contracts held by a Product, changes in the constituents of the relevant Underlying Index, rounding of Security or Futures Contracts prices, changes to the Underlying Indices, regulatory policies and the investment strategy adopted by the Manager may result in tracking error, and reduce the correlation between the performance of the relevant Product and the inverse performance of the relevant Underlying Index. 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 of the inverse performance of the relevant Underlying Index at any time, including on an intra-day basis.

13. FEES AND CHARGES

13.1 Management Fee

The Manager is entitled to receive a management fee, currently at the rate of 0.99% per annum of the Net Asset Value of the Product accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

13.2 Trustee's Fee

The Trustee is entitled to receive a trustee fee as a percentage per annum of the Net Asset Value of the Product at a rate of 0.09% per annum, accrued daily and payable monthly in arrears, subject to a monthly minimum of USD3,000.

The Trustee shall also be entitled to be reimbursed out of the assets of the Product all out-of-pocket expenses incurred.

13.3 Registrar's Fee

The Registrar charges a monthly fixed fee of HKD5,000 in respect of the establishment and maintenance of the register of Unitholders.

In addition, the Registrar is reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services. The Registrar's fees and its out-of-pocket expenses in respect of the registration and transfer of Units are paid out of the assets of the Product.

13.4 Custodian's and Administrator's Fee

The Custodian's fee and Administrator's fee are included in the Trustee's fee.

13.5 Service Agent's Fee

The Service Agent is entitled to receive a monthly reconciliation fee of HKD5,000 from the Manager. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.

13.6 Brokerage Rates

Brokerage fees will be charged by a broker at its institutional rates. Such institutional market rates vary with the contract and the market on which the contract is traded. The rates are comprised of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately USD2 per future contract levied by the broker.

The above rates will amount to approximately 0.10% to 0.15% per annum of the Net Asset Value of the Product and may increase to approximately 0.25% per annum of the Net Asset Value of the Product in the event of unusual circumstances such as a high level of turnover.

Since commission is only charged once for each transaction in Futures Contracts, transaction costs are considered low compared to purchasing or selling the actual constituent stocks of the Underlying Index.

13.7 Other Changes and Expenses of the Product

Please refer to section "***12.8 Other Charges and Expenses***" in Part 1 of this Prospectus on other charges and expenses payable by the Product.

13.8 Establishment Costs of the Product

Please refer to section "***12.9 Establishment Costs***" in Part 1 of this Prospectus on the establishment costs of the Product.

13.9 Fees Payable by Participating Dealers, Primary Market Investors and Secondary Market Investors

The fees payable by Participating Dealers, Primary Market Investors and Secondary Market Investors are summarised in the respective tables below:

13.9.1 Participating Dealers

Creation of Units by a Participating Dealer

Application Cancellation Fee	USD1,200 per cancellation (See Note 1)
Extension Fee	USD1,200 per extension (See Note 1)
Transaction Fee	Up to USD500 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

Redemption of Units by a Participating Dealer

Application Cancellation Fee	USD1,200 per cancellation (See Note 1)
Extension Fee	USD1,200 per extension (See Note 1)
Transaction Fee	Up to USD500 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

Participating Dealers shall also bear all transaction costs, Duties and Charges and other expenses and charges, and the market risks in constituting and liquidating the Basket(s) in relation to an Application.

13.9.2 Primary Market Investors creating or redeeming Units through a Participating Dealer or a stockbroker

Primary Market Investors submitting creation or redemption requests through the Participating Dealer or a stockbroker should note that the Participating Dealer or the stockbroker (as the case may be) may impose fees and charges in handling such requests. Such investors should check the relevant fees and charges with the Participating Dealer or the stockbroker (as the case may be).

13.9.3 Secondary Market Investors Dealing in Units on the SEHK

Brokerage	Market rates (in currency determined by the intermediaries used by the investors)
Transaction levy	0.0027% (see Note 4 and Note 8)
Trading fee	0.005% (see Note 5 and Note 8)
Stamp duty	Nil (see Note 6)
Investor compensation levy	0.002% (currently suspended) (see Note 7)

Note:

1. The Application Cancellation Fee of USD1,200 and the Extension Fee of USD1,200 are payable by the Participating Dealer, and are payable to the Trustee for its own account, on each occasion the Manager grants the request of such Participating Dealer for cancellation or extended settlement in respect of such Application as provided in this Prospectus.

2. A Transaction Fee of up to USD500 per Application is payable by each Participating Dealer for the account and benefit of the Trustee.

3. A Service Agent's Fee of HKD1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction.

4. A transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.

5. A trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.

6. Stamp duty is waived with effect from 13 February 2015 pursuant to the Stamp Duty (Amendment) Ordinance 2015.

7. The investor compensation levy of the trading price of the Units, payable by the buyer and the seller, has been suspended pursuant to the exemption notice published by the Commission on 11 November 2005.

8. The transaction levy and trading fee will be paid by intermediaries to HKEX in Hong Kong dollars and calculated based on an exchange rate as determined by the Hong Kong Monetary Authority on the date of the trade which will be published on the HKEX's website by 11:00 a.m. on each trading day.

   Investors should consult their own intermediaries as to how and in what currency the trading related fees and charges should be paid by the investors.

14. ADDITIONAL DOCUMENTS AVAILABLE FOR INSPECTION

The Product's offering document (including the product key facts statement of the Product), latest version of the interim and annual reports of the Product and all notices and public announcements (including notices for suspension and resumption of trading) issued by the Product in Hong Kong are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager. Please refer to section "***14.19 Complaints and Enquiries***" in Part 1 of this Prospectus for the address of the Manager.

Please refer to section "***14.12 Documents Available for Inspection***" in Part 1 of this Prospectus for the list of the other documents that are available for inspection.

15. PUBLICATION OF INFORMATION RELATING TO THE PRODUCT

The following information relating to the Product will be published on the Manager's website www.fubonetf.com.hk:

- a "performance simulator" of the Product, which allows investors to select a historical time period and simulate the performance of the Product vis-à-vis the the Underlying Index during that period based upon historical data;

- the real time or near real-time indicative Net Asset Value per Unit of the Product (updated every 15 seconds thorough each Dealing Day in USD and HKD) during normal trading hours on the SEHK); and
- the last Net Asset Value of the Product in USD only and, the last Net Asset Value per Unit of the Product in USD and HKD (updated on a Daily basis).

Note that:

The indicative Net Asset Value per Unit means a measure of the intraday value of the Net Asset Value per Unit of the Product based on the most up-to-date information.

The near real-time indicative Net Asset Value per Unit of the Product in HKD is indicative and for reference purposes only. This is updated during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in HKD uses a real-time USD:HKD foreign exchange rate – it is calculated using the near real-time indicative Net Asset Value per Unit in USD multiplied by a real-time USD:HKD foreign exchange rate provided by Bloomberg when the SEHK is opened for trading. The near real-time indicative Net Asset Value per Unit (in HKD) is updated every 15 seconds throughout the SEHK trading hours.

The last Net Asset Value per Unit of the Product in HKD is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in USD multiplied by an assumed foreign exchange rate using the USD:HKD exchange rate quoted by Bloomberg at 4:00 p.m. (Hong Kong time) as of the same Dealing Day when the SEHK is open for trading.

Please refer to the section headed "***14.16 Publication of Information relating to the Products***" in Part 1 of this Prospectus for other information that will be published on the Manager's website www.fubonetf.com.hk.

16. INDEX LICENCE AGREEMENT

The Manager has been granted a non-exclusive, non-transferable licence pursuant to an index licence agreement dated 14 December 2020 (the "**Licence Agreement**") entered into among the Manager, FTSE International Limited, FTSE Global Debt Capital Markets Inc., Frank Russell Company and FTSE Fixed Income LLC (each a "**Licensor**"), to use the Underlying Index (i.e. FTSE Taiwan RIC Capped Index) in connection with the issue, operation, marketing, promotion and distribution of the Product.

The Licence Agreement has an initial term of 1 year and thereafter automatically renewed for successive 12-month periods until terminated under the circumstances listed below:

(a) The Licensor may terminate the Licence Agreement forthwith if:

  (i) the Manager breaches its warranties under the Licence Agreement;

  (ii) the Manager is convicted of any offence relating to the Product or to the trading or issue of the Units of the Product;

  (iii) the Manager is found to be in material breach of any applicable laws, regulations or rules; and

  (iv) the Manager has failed to pay any sums due under the Licence Agreement by the due date and such sums are remained unpaid for a period of 14 days following the date of the notice from FTSE to the Manager that such sums are overdue.

(b) If the Manager acquires, is acquired by and/or merges with another entity, the Licensor shall have the option to, following such acquisition or merger, terminate the Licence Agreement if, in the Licensor's reasonable opinion, such merger or acquisition is likely to have adverse business and/or reputational consequences for the Licensor or any of the Licensor's group company.

(c) The Manager may terminate the Licence Agreement if a notice to increase charges is received from the Licensor and the increase is greater than 15% of the total amount of charges subject to increase as they applied prior to the increase taking effect.

(d) Either party may terminate the Licence Agreement if:

(i) the other party materially breaches any term of the Licence Agreement and it is not possible to remedy that breach;

(ii) the other party materially breaches any term of the Licence Agreement and fails to remedy the breach within 30 days of being requested to do so;

(iii) the other party suffers an "insolvency event" (as defined in the Licence Agreement);

(iv) the Manager is convicted of any offence relating to the Product or to the trading or issue of the Units of the Product; or

(v) at least three months' prior written notice is given to the other party.

17. MATERIAL CHANGES TO THE UNDERLYING INDEX

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

18. REPLACEMENT OF UNDERLYING INDEX

The Manager reserves the right, with the prior approval of the Commission and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Underlying Index. The circumstances under which any such replacement might occur include but are not limited to the following events:

(a) the Underlying Index ceasing to exist;

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

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

(e) investing in the Futures Contracts comprised within the Underlying 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 Underlying Index having in the opinion of the Manager, deteriorated;

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

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

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

19. THE UNDERLYING INDEX

Investors should note that the information set out below is based on publicly available documents that have not been prepared or independently verified by the Manager, the Trustee, the Listing Agent or any advisers in connection with the offering and listing of the Product, and none of them makes any representation as to or takes any responsibility for the accuracy or completeness of such information.

The Underlying Index of the Product is FTSE Taiwan RIC Capped Index. The FTSE Taiwan RIC Capped Index is a compiled and published by the FTSE International Limited. The Underlying Index is a price return index, which calculates the performance of the Underlying Index constituents without adjustments for cash dividends or warrant bonuses.

The Underlying Index was launched on 29 September 2017 and had a base level of 1,000 on 16 June 2000. The base currency of the Underlying Index is USD.

The Manager and each of its Connected Persons are independent of the Index Provider.

FTSE International Limited or its affiliates are the proprietors and absolute owners of the Underlying Index. FTSE International Limited has granted to the Manager, by way of a licence, subject to the terms of an index licence agreement between them, among other things the non-transferable and non-exclusive right to use the Underlying Index as the basis for determining the composition of the Underlying Index in respect of the Product and to sponsor, issue, establish, market, list and distribute the Product.

General Information

The Underlying Index represents the performance of Taiwan large and mid capitalization stocks. Securities are weighted based on their free float-adjusted market capitalization and reviewed semi-annually. To limit concentration in any single security, constituents are capped quarterly so that no more than 20% of the Underlying Index's weight may be allocated to a single constituent and the sum of the weights of all constituents representing more than 4.5% of the Underlying Index should not exceed 48% of the total index weight. The Underlying Index is derived from the FTSE Global Equity Index Series, which covers 99% of the world's investable market capitalisation.

As at 31 March 2021, it comprised 108 constituent stocks with net market capitalisation of approximately USD 1,167,947 million. Information on the constituents of the Underlying Index is available on www.fubonetf.com.hk and will be updated after each rebalancing on a retrospective basis and in advance of the next rebalancing.

Further Information of the Underlying Index

Bloomberg Ticker: FTCRTWRP

You can obtain the list of the constituents of the Underlying Index, their respective weightings and additional information of the Underlying Index including the index methodology from the website of the Index Provider at https://www.ftserussell.com/products/indices/taiwan-ric-capped (This website has not been reviewed by the Commission), and the closing level of the Underlying Index from the website of the Index Provider at https://www.ftserussell.com/products/indices/capped (This website has not been reviewed by the Commission).

Index Disclaimer

The Product has been developed solely by Fubon Fund Management (Hong Kong) Limited (the "**Licensee**"). The Product is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "**LSE Group**"). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the Underlying Index vest in the relevant LSE Group company which owns the Underlying Index. "FTSE®" is a trade mark(s) of the relevant LSE Group company and is/are used by any other LSE Group company under license.

The Underlying Index is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Underlying Index or (b) investment in or operation of the Product. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Product or the suitability of the Underlying Index for the purpose to which it is being put by the Licensee.