IMPORTANT – If you are in any doubt about the contents of this Prospectus, you should seek independent professional financial advice.

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

HAITONG ETF SERIES

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

Haitong CSI300 Index ETF

Stock Code: 02811 – HKD Counter
Stock Code: 82811 – RMB Counter

Haitong MSCI China A ESG ETF

Stock Code: 03031 – HKD Counter
Stock Code: 09031 – USD Counter
Stock Code: 83031 – RMB Counter

Manager

Haitong International Asset Management (HK) Limited

Listing Agent

Haitong International Capital Limited

PROSPECTUS

DATED April 2023

IMPORTANT INFORMATION FOR INVESTORS

Investors should note that an investment in a sub-fund ("Sub-Fund") is not the same as an investment in the constituent securities of the underlying index ("Underlying Index"). The returns of a Sub-Fund may deviate from the relevant Underlying Index due to factors such as the fees and expenses of the Sub-Fund, and the investment strategy adopted by the Manager.

This Prospectus relates to the offer in Hong Kong of Units in the Sub-Fund(s), each of which is an exchange traded fund managed by the Manager and authorised as a collective investment scheme pursuant to section 104 of the Securities and Futures Ordinance by the SFC. Each Sub-Fund is a passively managed index-tracking exchange traded fund under Chapter 8.6 of the Code on Unit Trusts and Mutual Funds ("**Code**"). Authorisation by the SFC is not a recommendation or endorsement of the Trust or the Sub-Fund(s) nor does it guarantee the commercial merits of the Trust or the Sub-Fund(s) or its/their performance. It does not mean the Trust or any Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Each Sub-Fund is a sub-fund of the Haitong ETF Series ("**Trust**"), an umbrella unit trust established under Hong Kong law. The Trust may offer different classes of Units in different sub-funds to investors.

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. The Manager confirms that this Prospectus includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**SEHK**"), the Code and the "Overarching Principles" of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the Units in each Sub-Fund.

Dealings in the Units of Haitong CSI300 Index ETF have commenced on the SEHK. The Units of Haitong CSI300 Index ETF have been accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearing and settlement in the Central Clearing and Settlement System ("CCASS").

Application has been made to the SEHK for the listing of, and permission to deal in, the Units of Haitong MSCI China A ESG ETF. Subject to the approval for granting of listing of, and permission to deal in the Units of Haitong MSCI China A ESG ETF on the SEHK and compliance with the relevant admission requirements of HKSCC, Units in Haitong MSCI China A ESG ETF 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 Units on the SEHK or such other date as may be determined by HKSCC.

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 CCASS Rules and CCASS Operational Procedures in effect from time to time.

Potential investors of the Sub-Fund(s) should consult their financial advisers and take legal advice as appropriate as to whether any government 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.

No action has been taken to permit an offering of Units in the Sub-Fund(s) or the distribution of this Prospectus in any jurisdiction other than Hong Kong and, accordingly, this Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Furthermore, distribution of this Prospectus (including the product key facts statement) shall not be permitted unless it is accompanied by a copy of the most recent annual report and accounts of the relevant Sub-Fund and any subsequent semi-annual report (if available).

The distribution, possession or circulation of this Prospectus and the offering of Units in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. No offer of Units can be made in any jurisdiction in which such offer is illegal. No public offer of Units is intended in any jurisdiction (other than Hong Kong) which distinguishes between public offers and private placings of securities.

The Trust and the Sub-Fund(s) are not registered as an investment company with the U.S. Securities and Exchange Commission. Units in the Sub-Fund(s) have not been registered under the U.S. Securities Act of 1933 or any other U.S. federal or state law, and Units in the Sub-Fund(s) are not offered or sold to, and may not be transferred to or acquired within the United States or by, U.S. persons (including, without limitation, U.S. citizens and residents, as well as business entities organised under U.S. law). By accessing or accepting this Prospectus, you are deemed to have represented to the Manager and the Trustee that you and, if applicable, any customers you represent are neither U.S. persons nor persons located in the United States.

Investors should note that any amendment or addendum to this Prospectus will be posted on the relevant Sub-Fund section of the Trust's website, which is presently at www.haitongetf.com.hk, unless otherwise requested by the SFC. The contents of the websites referred to in this Prospectus, including the product key facts statement, have not been reviewed by the SFC.

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Definitions

Auditor	means the accountant or accountants appointed as auditor or auditors of the Trust or in respect of a Sub-Fund (as applicable) from time to time by the Manager with the prior approval of the Trustee.
AFRC	means the Accounting and Financial Reporting Council or its successors.
Base Currency	of each Sub-Fund means RMB or such other currency as the Manager may determine from time to time and as specified in Part II of this Prospectus.
Business Day	in respect of a Sub-Fund means, unless the Manager and the Trustee otherwise agree, any day on which: (a) the SEHK is open for normal trading; and (i) the relevant securities market on which Index Securities are traded is open for normal trading; or (ii) if there are more than one (1) such securities markets, the securities 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 and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant securities market is open for normal trading is reduced as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager and the Trustee otherwise agree.
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 Rules	means the General Rules of CCASS as amended or modified from time to time.
CCASS Service Agreement	means the agreement between the Trustee, the Manager, the Registrar, HKSCC, HKCAS and a Participating Dealer designated by the Manager, and (where applicable) the Participating Dealer's agent or delegate.

CCASS Settlement Day	means the term "Settlement Day" as defined in the CCASS Rules.
China or PRC	means the People's Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this Prospectus.
China A-Shares	means shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in Renminbi and available for investment by domestic PRC investors, holders of the QFI (as defined below) status, foreign investors through the Stock Connect and foreign strategic investors approved by the CSRC.
Code	means the Code on Unit Trusts and Mutual Funds as may be amended and supplemented by the SFC from time to time.
Connected Person	has the meaning as set out in the Code.
Collective Investment Scheme	has the meaning as set out in the Code.
Creation Unit	in relation to each Sub-Fund, means such number of Units or whole multiples thereof (if any) as specified in Part II 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 the Participating Dealers, either generally or for a particular class or classes or for a particular period of time for creation purpose.
CSDCC	means the China Securities Depository and Clearing Co., Ltd.
CSRC	means the China Securities Regulatory Commission.
Custodian	means The Hongkong and Shanghai Banking Corporation Limited appointed as custodian of the Trust and each Sub-Fund, or such other custodian(s) as agreed between the Trustee and the Manager.
Dealing Day	means, in respect of each Sub-Fund, each Business Day during the continuance of the relevant Sub-Fund, and/ or such other day or days as the Manager may from time to time determine in consultation with the Trustee either generally or for a particular class or classes of Units.
Dealing Deadline	means, in relation to any Dealing Day, such time as the Manager (in consultation with the Trustee) may determine for the relevant Sub-Fund and notify the Trustee, each Participating Dealer and investors and as specified in Part II of this Prospectus for submission of application(s) for creation or redemption of Units.
Deposited Property	means, in respect of each Sub-Fund, all the assets (including cash), received or receivable by the Trustee, for the time being held or deemed to be held upon the trusts and subject to the terms of the Trust Deed for the account of the relevant Sub-Fund, but excluding:

(a) the Income Property; and

(b) any other amount for the time being in each case standing to the credit of the Distribution Account of the relevant Sub-Fund.

Distribution Account means, in respect of each Sub-Fund, the bank account or accounts (if any) opened by the Trustee for the purposes of making distributions to Unitholders of the relevant Sub-Fund.

Dual Counter means a Multi-Counter facility under which Units of a Sub-Fund are traded in two eligible currencies (HKD, RMB and/or USD, as the case may be) as described in the relevant section in Part II of this Prospectus relating to the Sub-Fund.

Duties and Charges means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing and including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager or the Trustee to be made for the purpose of compensating or reimbursing the Trust for the difference between:

(a) the prices used when valuing the Securities in the Fund Assets for the purpose of such issue or redemption of Units; and

(b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Trust with the amount of cash received by the Trust upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Fund Assets upon such redemption of Units.

Extension Fee means the fee payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participating Dealer an extended settlement in respect of an application for creation or redemption of Units.

Feeder Fund means any Sub-Fund which invests 90% or more of its total Net Asset Value in a single Collective Investment Scheme provided that the Manager may at any time determine that such Sub-Fund shall cease to be a Feeder Fund.

Fund Assets	means, with respect to each Sub-Fund, all the property for the time being held or deemed to be held by the Trustee upon the trusts hereof, including the Deposited Property and Income Property attributable to the relevant Sub-Fund and subject to the terms and provisions of the Trust Deed and where such term is used generically, Fund Assets means the Fund Assets attributable to all Sub-Funds taken together.
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, or such other meaning as set out in the Code from time to time.
Haitong Group	means Haitong International Securities Group Ltd. and its subsidiaries.
HKCAS	means HK Conversion Agency Services Limited or its successors.
HKD	means Hong Kong dollars, the lawful currency of Hong Kong.
HKSCC	means Hong Kong Securities Clearing Company Limited or its successors.
HKSCC Nominees	means HKSCC Nominees Limited or its successors.
Hong Kong	means the Hong Kong Special Administrative Region of the People's Republic of China.
IFRS	means International Financial Reporting Standards that are developed and published from time to time by the International Accounting Standards Board.
Income Property	means, in respect of each Sub-Fund:

(a) all interest, dividends and other sums deemed by the Manager (after consulting the Auditor either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the relevant Sub-Fund (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale or transfer of any Income Property received in a form other than cash);

(b) all interest and other sums received or receivable by the Trustee in respect of (a), (c) or (d) of this definition;

(c) all cash payments received or receivable by the Trustee for the account of the relevant Sub-Fund in respect of an application for creation or redemption of Units (as applicable);

(d) all cancellation compensation received by the Trustee for the account of the relevant Sub-Fund; and

(e) any payments to be received or are receivable by the Trustee under any contractual agreements in the nature of investments for the benefit of the relevant Sub-Fund but excluding:

(i) the Deposited Property;

(ii) any amount for the time being standing to the credit of the Distribution Account for the account of the relevant Sub-Fund or previously distributed to Unitholders;

(iii) gains for the account of the relevant Sub-Fund arising from the realisation of Securities; and

(iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the relevant Sub-Fund.

Index Fund means any Sub-Fund the principal objective of which is to track, replicate or correspond to an 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 Provider means, in respect of each Sub-Fund, such person as specified in Part II of this Prospectus, who is responsible for compiling and publishing the Underlying Index.

Index Securities means, in respect of each Sub-Fund, Securities of those companies which are at the relevant time the constituent stocks of the Underlying Index of the relevant Sub-Fund, any Securities used to track the performance of such Securities constituting the Underlying Index at the relevant time or such other Securities designated by the Manager.

Initial Issue Date means, in respect of each Sub-Fund (or class), the date of the first issue of Units of that Sub-Fund (or class).

Initial Offer Period means, in respect of each Sub-Fund (or class), such time period as specified in Part II of this Prospectus or such other time period as may be determined by the Manager in consultation with the Trustee for the purposes of the initial creation of Units.

Insolvency Event occurs in relation to a person where:

(a) an order has been made or an effective resolution passed for the liquidation or bankruptcy of the person;

(b) 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;

(c) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts;

(d) 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

(e) the Manager in good faith believes that any of the above is likely to occur.

Issue Price means, in respect of each Sub-Fund (or class), the price at which Units in that Sub-Fund (or class) may be issued, determined in accordance with the Trust Deed.

Investment Delegate means an entity that has been delegated the investment management function of all or part of the assets of the Trust and/or any a Sub-Fund as specified in Part II of this Prospectus.

Licence Agreement means the licence agreement entered into between the Index Provider and the Manager in respect of the Underlying Index, or if the Licence Agreement is for any reason terminated, any subsequent licence agreement entered into by the Manager with the Index Provider.

Listing Agent means Haitong International Capital Limited.

Management Fee means the fee payable to the Manager and as set out in section 9.1.1 of Part I of this Prospectus.

Manager means Haitong International Asset Management (HK) Limited or such other person or persons as may be appointed, with the prior approval of the SFC, to provide management services in respect of the Trust and each Sub-Fund.

Market means in any part of the world:

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

(b) in relation to any futures contracts, any futures exchange.

Market Maker	means a broker or dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK.
MOF	means the Ministry of Finance of the PRC.
Money Market Fund	means a Sub-Fund which invests in short-term and high quality money markets investments and seeks to offer returns in line with money market rates.
Multi Counter	means the facility by which the Units of a Sub-Fund traded in more than one currency (HKD, RMB and/or USD) are each assigned separate stock codes on the SEHK and are accepted for deposit, clearance and settlement in CCASS in more than one eligible currency (HKD, RMB and/or USD) as described in the relevant section in Part II of this Prospectus relating to the Sub-Fund. Where the Units of a Sub-Fund are traded in two eligible currencies, the facility is referred to as a "Dual Counter".
Net Asset Value	means the net asset value of the relevant Sub-Fund or, as the context may require, the net asset value of a Unit.
Operating Guidelines	means, in respect of a Sub-Fund, the guidelines for the creation and redemption of Units of a class as set out in the schedule to each Participation Agreement as may be amended from time to time by the Manager with the approval of the Trustee and in accordance with the terms of the relevant Participation Agreement. Unless otherwise specified, references to the Operating Guidelines shall mean the Operating Guidelines for the relevant class applicable at the time of the relevant application for creation or redemption of Units.
Participant	means a person admitted for the time being by HKSCC as a CCASS participant.
Participating Dealer	means (i) a licensed broker or dealer who is a Participant or (ii) is not a Participant but has appointed an agent or delegate who is a Participant in each case having entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee. Any reference in this Prospectus to "Participating Dealer" shall be construed to mean the licensed broker or dealer or the agent or delegate taking actions on behalf of the licensed broker or dealer, as the context may require.
Participation Agreement	means the agreement (as amended from time to time) entered into between, amongst others, the Trustee, the Manager and a Participating Dealer (and its agent or delegate, if applicable), setting out, *inter alia*, the arrangement in respect of the creation, issue, redemption and cancellation of Units.

References to the Participation Agreement shall, where appropriate, mean the Participation Agreement read together with the Operating Guidelines.

PBOC	means the People's Bank of China.
PRC Broker	means a broker in the PRC appointed by the QFI Holder (in conjunction with the Manager) for the execution and settlement of transactions or the transfer of any funds or securities in respect of the relevant Sub-Fund.
PRC Custodian	means HSBC Bank (China) Company Limited or the person or persons for the time being appointed pursuant to the PRC Custodian Agreement.
PRC Custodian Agreement	means the custodian agreement entered into between the Trustee, the Manager, the QFI Holder, the Custodian and the PRC Custodian, as amended from time to time.
PRC Participation Agreement	means the participation agreement entered into between the Trustee, the Manager, the QFI Holder, the Custodian and the PRC Custodian, in respect of the Haitong CSI300 Index ETF, as amended from time to time.
Prospectus	means this prospectus issued by the Manager in relation to the relevant Sub-Fund in connection with the initial issue of Units of the relevant Sub-Fund, as amended, supplemented and updated from time to time in connection with the continuous offering of such Units.
QFI	means qualified foreign investors approved pursuant to the relevant PRC regulations (as amended from time to time), including qualified foreign institutional investors ("**QFII**") and Renminbi qualified foreign institutional investors ("**RQFII**").
QFI Holder	means Haitong International Holdings Limited, the holding company of the Manager.
QFI Regulations	means the PRC regulations governing the QFI regime as described in sections 1.8.1 and 2.8.1 of Part II of this Prospectus.
Qualified Exchange Traded Funds	means an exchange traded funds that are: (a) authorized by the SFC under 8.6 or 8.10 of the Code; or (b) listed and regularly traded on internationally recognized 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.

Recognised Stock Exchange	means any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which securities are regularly traded.
Redemption Price	means, in respect of a Unit of a Sub-Fund, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.
Redemption Unit	means, such number of Units or whole multiples thereof (if any) as specified in Part II 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 the Participating Dealers.
Register	means the register of Unitholders of each Sub-Fund.
Registrar	means such person as may from time to time be appointed as registrar in respect of the relevant Sub-Fund to keep the Register and in default of such appointment, the Trustee.
REITs	means real estate investment trusts.
reverse repurchase transactions	means transactions whereby a Sub-Fund purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an agreed price in the future.
RMB or Renminbi	means renminbi or Chinese Yuan, the lawful currency of the PRC.
SAFE	means the State Administration of Foreign Exchange of the PRC.
sale and repurchase transactions	transactions whereby a Sub-Fund sells its securities to a counterparty of reverse repurchase transactions and agrees to buy such securities back at an agreed price with a financing cost in the future.
STA	means the State Taxation Administration of the PRC.
Securities	has the meaning ascribed to it under the Securities and Futures Ordinance.
Securities and Futures Ordinance	means the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong) as amended or supplemented from time to time.
securities financing transactions	means collectively securities lending transactions, sale and repurchase transactions and reverse repurchase transactions.
SEHK	means The Stock Exchange of Hong Kong Limited or its successors.

Service Agent	means HKCAS or such other person as may from time to time be appointed to act as service agent in relation to the relevant Sub-Fund.
Settlement Day	means, with respect to creations and redemptions of Units, the Business Day which is two Business Days after the relevant Dealing Day (or such other Business Day as is permitted in relation to such Dealing Day (including the Dealing Day itself) pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers (either generally or for a particular class or classes of Units).
SFC	means the Securities and Futures Commission of Hong Kong or its successors.
SSE	means the Shanghai Stock Exchange.
Stock Connect	"Stock Connect" means the securities trading and clearing linked programme with an aim to achieve mutual stock market access between mainland China and Hong Kong, comprising the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.
Sub-Fund	means each separate trust created, established and maintained pursuant to the Trust Deed, specific details of which are set out in Part II of this Prospectus.
substantial financial institution	means an authorised institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of Laws of Hong Kong) or a financial institution which is on an ongoing basis subject to prudential regulation and supervision, with a minimum net asset value of HK$2 billion or its equivalent in foreign currency.
SZSE	means the Shenzhen Stock Exchange.
Transaction Fee	means the fee which may at the discretion of the Trustee be charged to a Participating Dealer for the benefit of the Trustee, the Registrar and/or the Service Agent: (a) on each application for creation of any Units (in addition to the Issue Price of the Units); and (b) on each request to redeem any Units.
Trust	means Haitong ETF Series, as constituted by the Trust Deed.
Trust Deed	means the trust deed constituting the Trust dated 13 December 2013 and signed between the Manager and the Trustee, as amended from time to time.

Trustee	means HSBC Institutional Trust Services (Asia) Limited, or such other person or persons for the time being duly appointed to act as the trustee or trustees hereof in its succession.
Underlying Index	means the index or benchmark, against which a Sub-Fund tracks, replicates or corresponds, as specified in Part II of this Prospectus.
Unit	means one undivided share in a Sub-Fund.
Unitholder	means a person for the time being recorded in the Register as the holder of Units including, where the context so admits as applicable, persons jointly so registered.
US dollar or US$ or USD	means the lawful currency for the time being of the United States of America.
Valuation Point	means, in respect of each Sub-Fund, the official close of trading on the market on which the Index Securities are listed on each Dealing Day and if more than one, the official close of trading on the last relevant market to close or such other time or times as determined by the Manager in consultation with the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

PART I: GENERAL INFORMATION RELATING TO THE TRUST

1 Key Information about the Trust

1.1 Trust Details

Haitong ETF Series is an umbrella unit trust established under the terms of the Trust Deed dated 13 December 2013 between Hai Tong Asset Management (HK) Limited (now renamed as Haitong International Asset Management (HK) Limited) as the Manager and HSBC Institutional Trust Services (Asia) Limited as the Trustee. The Trust Deed is governed by Hong Kong law.

The Trust has been established initially with only one sub-fund called "Haitong CSI300 Index ETF", and subsequently a second sub-fund called "Haitong MSCI China A ESG ETF". Each sub-fund under the Trust is authorised by the SFC. Further details about each Sub-Fund established under the Trust are set out in Part II of this Prospectus.

The Manager reserves the right to issue further classes of Units for any Sub-Fund and to establish further sub-funds of the Trust in the future in accordance with the provisions of the Trust Deed. Each Sub-Fund will be invested and administered separately from the other assets of the Trust and other Sub-Funds. All Sub-Funds will be exchange traded funds listed on the SEHK. Units in a Sub-Fund may be available for trading on the SEHK using a Dual Counter or a Multi Counter.

1.2 Methods of Investment in a Sub-Fund

The table below sets out the methods of making an investment in a Sub-Fund and of disposing of Units to realise an investment in the relevant Sub-Fund for investors:

	Dealing on the SEHK	**Creation and Redemption of Units via Participating Dealers**
Channel	Purchase and sale of Units in cash through brokers on the SEHK (secondary market)	Cash applications to Participating Dealers for creation or redemption of Units (primary market)
Consideration, Fees and Charges	Market price of Units on the SEHK Brokerage fees, Duties and Charges	Cash Transaction Fee Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the agreed currency) Duties and Charges

1.3 Investment Objective

The investment objective of each Sub-Fund is to provide investment results, before the deduction of fees and expenses, that closely correspond to the performance of an Underlying Index.

Each Underlying Index is a diversified index consisting of constituent stocks or other assets. Please see Part II of this Prospectus for further information about the relevant Underlying Index for each Sub-Fund.

1.4 Investment Strategy

Each Sub-Fund will adopt either a full replication strategy or a representative sampling strategy, as specified in the relevant Appendix to Part II of this Prospectus.

2 Investment and Borrowing Restrictions

2.1 Investment Restrictions

2.1.1 Each Sub-Fund is subject to certain investment restrictions set out under the Code and Trust Deed, as amended from time to time. Any additional investment restrictions specific to a particular Sub-Fund are detailed in Part II of this Prospectus.

In respect of a Sub-Fund, no holding of any Securities may be acquired or added for the Sub-Fund which are not consistent with the investment objective of the Sub-Fund or would result in:

(a) the aggregate value of the Sub-Fund's investments in, or exposure to any single entity (other than Government and Other Public Securities) through the following exceeding 10% of the latest available Net Asset Value of the Sub-Fund:

(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 2.1.1(a), 2.1.1(c) and 2.1.4(d)(iii) 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 2.1.1(a) will also apply in the case of sub-paragraphs 2.1.6(e) and 2.1.6(j).

(b) notwithstanding paragraph 2.1.1(a), where the relevant Sub-Fund is an Index Fund, more than 10% of the latest available Net Asset Value of the relevant Index Fund may be invested in Index Securities issued by a single entity provided that:

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

(ii) the Sub-Fund's holding of any such Index 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.

Provided that the restrictions in this sub-paragraph 2.1.1(b)(i) and 2.1.1(b)(ii) shall not apply if:

(A) the relevant Index Fund adopts a representative sampling strategy which does not involve the full replication of the Index Securities of the Underlying

Index in the exacting weightings of such Underlying Index;

(B) the strategy is clearly disclosed in the Prospectus of the relevant Index Fund;

(C) the excess of the weightings of the Index Securities held by the relevant Index Fund over the weightings of the Underlying Index is caused by the implementation of the representative sampling strategy;

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

(E) limits laid down for the relevant Index Fund pursuant to sub-paragraph 2.1.1(b)(D) must be disclosed in its Prospectus; and

(F) disclosure must be made in the relevant Index Fund's interim and annual reports as to whether the limits imposed for the relevant Index Fund itself pursuant to subparagraph 2.1.1(b)(D) have been complied with in full.

(c) subject to sub-paragraphs 2.1.1(a) and 2.1.4(d)(iii), the aggregate Value of the Sub-Fund's investments in, or exposure to, entities within the same group through the following exceeding 20% of the latest available Net Asset Value of the relevant Sub-Fund:

(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 2.1.1(c) and 2.1.1(d), "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 recognized accounting standards.

The requirements under this sub-paragraph 2.1.1(c) will also apply in the case of sub-paragraphs 2.1.6(e) and 2.1.6(j).

(d) the value of the Sub-Fund's cash deposits made with the same entity or entities within the same group exceeding 20% of the latest available Net Asset Value of the relevant Sub-Fund provided that the 20% limit may be exceeded in the following circumstances:

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

(ii) cash proceeds from liquidation of investments prior to the merger or termination of the Sub-Fund, 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 2.1.1(d), "cash deposits" generally refer to those that are repayable on demand or have the right to be withdrawn by the Sub-Fund and not referable to provision of property or services.

(e) Where the relevant Sub-Fund is an Index Fund, the investment restrictions in sub-paragraphs 2.1.1(c) and 2.1.1(d) above may be modified subject to the approval by the SFC on a case-by-case basis.

(f) the Sub-Fund's holding of any ordinary shares (when aggregated with all other Sub-Funds' holdings of such ordinary shares) exceeding 10% of any ordinary shares issued by any single entity;

(g) the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Recognised Stock Exchange, exceeding 15% of the latest available Net Asset Value of such Sub-Fund;

(h) the Value of the Sub-Fund's total holding of Government and other Public Securities of the same issue exceeding 30% of the latest available Net Asset Value of such Sub-Fund, save that the Sub-Fund may invest all of its assets in Government and other Public Securities in at least six different issues. 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;

(i) Where the Sub-Fund is an Index Fund and subject to the approval by the SFC, the 30% limit in sub-paragraph 2.1.1(h) may be exceeded, and an Index Fund may invest all of its assets in Government and other Public Securities in any number of different issues despite sub-paragraph 2.1.1(h).

(j) (i) the Value of the Sub-Fund'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 SFC from time to time) and not authorised by the SFC in aggregate exceeding 10% of its latest available Net Asset Value; and

(ii) the Value of the Sub-Fund'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 SFC from time to time) or a scheme authorized by the SFC exceeding 30% of its latest available Net Asset Value unless the underlying scheme is authorized by the SFC, and the name and key investment information of the underlying scheme are disclosed in the Prospectus of that Sub-Fund,

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, an Sub-Fund may invest in underlying scheme(s) authorized by the SFC under Chapter 8 of the Code (except for hedge funds under 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 2.1.1(j)(i) and 2.1.1(j)(ii);

(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 Sub-Fund 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 2.1.1(a), 2.1.1(c), 2.1.1(f) and 2.1.1(g) do not apply to investments in other Collective Investment Schemes by a Sub-Fund;

(bb) unless otherwise disclosed in Part II of this Prospectus, the investment by a Sub-Fund 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 2.1.1(a), 2.1.1 (c) and 2.1.1(f). Notwithstanding the aforesaid, the investments by a Sub-Fund in Qualified Exchange Traded Funds shall be subject to sub-paragraph 2.1.1(g) and the relevant investment limits in Qualified Exchange Traded Funds by a Sub-Fund shall be consistently applied;

(cc) where investments are made in listed REITs, the requirements under sub-paragraphs 2.1.1(a), 2.1.1(c) and 2.1.1(f) apply and where investments are made in unlisted REITs, which are either companies or Collective Investment Schemes, then the requirements under sub-paragraphs 2.1.1(g) and 2.1.1(j)(i) apply respectively; and

(dd) where a Sub-Fund 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 2.1.1(a), 2.1.1(c), 2.1.1(d) and 2.1.1(h) provided that the index is in compliance with the requirements under 8.6(e) of the Code."

2.1.2 In addition, the Trust is subject to the following investment restrictions, which prohibits the Manager, for the account of any Sub-Fund, from:

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

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

(c) making short sales unless (i) the Sub-Fund's liability to deliver securities does not exceed 10% of its latest available Net Asset Value; (ii) the security which is to be sold short is actively traded on a 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 2.1.1(g) above, 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-paragraph 2.1.5 are not subject to the limitations in this sub-paragraph 2.1.2(e);

(f) acquisition of any asset or engaging in any transaction which involves the assumption of any liability by the Sub-Fund which is unlimited. For the avoidance of doubt, the liability of Unitholders of a Sub-Fund is limited to their investments in that Sub-Fund;

(g) investment 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% of the total nominal amount of all those issued securities of that class or such directors and officers collectively own more than 5% of those securities; and

(h) acquisition of any security where a call is to be made for any sum unpaid on that security unless that call can be met in full out of cash or near cash by the Fund Assets, 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 2.1.4(e) and 2.1.4 (f).

2.1.3 Feeder Funds

A Sub-Fund which is a Feeder Fund may invest 90% or more of its 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 authorized by the SFC;

(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; and

(c) notwithstanding proviso (C) to sub-paragraph 2.1.1(j), the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in sub-paragraphs 2.1.1(j)(i) and 2.1.1(j)(ii) and provisos (A), (B) and (C) to sub-paragraph 2.1.1(j).

2.1.4 Use of financial derivative instruments

(a) A Sub-Fund may acquire financial derivative instruments for hedging purposes. For the purposes of this sub-paragraph 2.1.4, financial derivative instruments are generally considered as being acquired for hedging purposes if they meet all the following criteria:

(i) they are not aimed at generating any investment return;

(ii) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;

(iii) 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

(iv) 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 Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

(b) A Sub-Fund may also acquire financial derivative instruments for non-hedging purposes ("**investment purposes**") subject to the limit that such Sub-Fund's net exposure relating to these financial derivative instruments ("**net derivative exposure**") does not exceed 50% of its latest available Net Asset Value provided that such limit may be exceeded in such circumstances as permitted under the Code, handbook, code and/or guidance issued by the SFC from time to time or permitted by the SFC from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes under sub-paragraph 2.1.4(a) will not be counted towards the 50% limit referred to in this sub-paragraph 2.1.4(b) 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 SFC which may be updated from time to time.

(c) Subject to sub-paragraphs 2.1.4(b) and 2.1.4(d), a Sub-Fund 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 Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in sub-paragraphs 2.1.1(a), (c), (d), (h), (j)(i) and (j)(ii), proviso (A) to (C) to sub-paragraph 2.1.1(j) and sub-paragraph 2.1.2(b).

(d) The financial derivative instruments invested by a Sub-Fund shall be either listed/quoted on a stock exchange or dealt in over-the-counter market and comply with the following provisions:

(i) 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 SFC, in which the Sub-Fund may invest according to its investment objectives and policies;

(ii) 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 SFC;

(iii) subject to sub-paragraphs 2.1.1(a) and 2.1.1(c), a Sub-Fund's net counterparty exposure to a single entity arising from transactions of over-the-counter financial derivative instruments may not exceed 10% of its latest available Net Asset Value provided that the exposure of the Sub-Fund to a counterparty of over-the-counter financial derivative instruments may be lowered by the collateral received (if applicable) by the Sub-Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter financial derivative instruments with that counterparty, if applicable; and

(iv) the valuation of the financial derivative instruments is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Managers or the Trustee or their nominee(s), agent(s) or delegate(s) ("**Valuation Agent**") independent of the issuer of the financial derivative instruments through such measures as may be established from time to time. The financial derivative instruments can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Sub-Fund'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.

(e) A Sub-Fund 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 Sub-Fund are adequately covered on an ongoing basis. For the purposes of this sub-paragraph 2.1.4(e), assets that are used to cover the Sub-Fund'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.

(f) Subject to sub-paragraph 2.1.4(e), a transaction in financial derivative instruments which gives rise to a future commitment or contingent commitment of a Sub-Fund shall be covered as follows:

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

(ii) 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 Sub-Fund 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 Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation provided further that the Sub-Fund shall apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

(g) The requirements under sub-paragraphs 2.1.4(a) to 2.1.4(f) shall apply to embedded financial derivative. For the purposes of this Deed, an "**embedded financial derivative**" is a financial derivative instrument that is embedded in another security.

2.1.5 Restrictions applicable to securities financing transactions

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

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

(c) All the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions shall be returned to the Sub-Fund.

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

2.1.6 Collateral

In order to limit the exposure to each counterparty as set out in sub-paragraphs 2.1.4(d)(iii) and 2.1.5(b), a Sub-Fund may receive collateral from such counterparty, provided that the collateral complies with the requirements set out below:

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

(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 Sub-Fund's exposure to the issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in sub-paragraphs 2.1.1 (a), (c), (d), (h), (j)(i) and (j)(ii) and provisos (A) to (C) of sub-paragraph 2.1.1(j) and sub-paragraph 2.1.2(b);

(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 Managers 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;

(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 Sub-Fund shall be subject to the following requirements:

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

(ii) 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 sub-paragraph 2.1.7(b) and 2.1.7(j);

(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.

2.1.7 Money Market Funds

In the exercise of its investment powers in relation to a Sub-Fund which is a Money Market Fund, the Managers shall ensure that the core requirements as set out in sub-paragraphs 2.1.1, 2.1.2, 2.1.4, 2.1.5, 2.1.6, 2.1.8 and 2.2.1 shall apply with the following modifications, exemptions or additional requirements:-

(a) subject to the provisions set out below, a Money Market Fund may only invest in short-term deposits and high quality money market instruments (i.e. securities normally dealt in on the money markets, for example government bills, certificates of deposit, commercial papers, short-term notes, bankers' acceptances, asset-backed securities such as asset-backed commercial papers), and money market funds that are authorised by the SFC under the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC;

(b) a Money Market Fund shall maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days (or two years in the case of Government and other Public Securities). For the purposes herein;

(i) "**weighted average maturity**" is a measure of the average length of time to maturity of all the underlying securities in a Money Market Fund weighted to reflect the relative holdings in each instrument; and is used to measure the sensitivity of the Money Market Fund to changing money market interest rates; and

(ii) "**weighted average life**" is the weighted average of the remaining life of each security held in a Money Market Fund; and is used to measure the credit risk, as well as the liquidity risk,

provided that the use of interest rate resets in variable-notes or variable-rate notes generally should not be permitted to shorten the maturity of a security for the purpose of calculating weighted average life, but may be permitted for the purpose of calculating weighted average maturity;

(c) notwithstanding sub-paragraphs 2.1.1(a) and 2.1.1(d), the aggregate value of a Money Market Fund's holding of instruments issued by a single entity, together with any deposits held with that same issuer may not exceed 10% of the latest available Net Asset Value of such Money Market Fund except:-

(i) the value of a Money Market Fund's holding of instruments and deposits issued by a single entity may be increased to 25% of the latest available Net Asset Value of such Money Market Fund if the entity is a substantial financial institution, provided that the total value of such holding does not exceed 10% of the entity's share capital and non-distributable capital reserves; or

(ii) up to 30% of a Money Market Fund's latest available Net Asset Value may be invested in Government and other Public Securities of the same issue; or

(iii) in respect of any deposit of less than US$1,000,000 or its equivalent in the Base Currency of the relevant Money Market Fund where such Money Market Fund cannot otherwise diversify as a result of its size;

(d) notwithstanding sub-paragraphs 2.1.1(c) and 2.1.1 (d), the aggregate value of a Money Market Fund's investments in entities within the same group through instruments and deposits may not exceed 20% of its latest available Net Asset Value provided that:

(i) the aforesaid limit will not apply in respect of cash deposit of less than US$ 1,000,000 or its equivalent in the Base Currency of such Money Market Fund, where it cannot otherwise diversify as a result of its size;

(ii) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%;

(e) the value of a Money Market Fund's holding of money market funds that are authorised under the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC may not in aggregate exceed 10% of its latest available Net Asset Value;

(f) the value of a Money Market Fund's holding of investments in the form of asset-backed securities may not exceed 15% of its latest available Net Asset Value;

(g) subject to sub-paragraphs 2.1.5 and 2.1.6, a Money Market Fund may engage in sale and repurchase transactions, and reverse repurchase transactions in compliance with the following additional requirements:

(i) the amount of cash received by the Money Market Fund under sale and repurchase transactions may not in aggregate exceed 10% of its latest available Net Asset Value;

(ii) the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the latest available Net Asset Value of the Money Market Fund;

(iii) collateral received may only be cash, high quality money market instruments and may also include, in the case of reverse repurchase transactions, government securities receiving a favourable assessment on credit quality; and

(iv) the holding of collateral, together with other investments of the Money Market Fund, must not contravene the investment limitations and requirements set out in the other provisions of sub-paragraph 2.1.7;

(h) a Money Market Fund may use financial derivative instruments for hedging purposes only;

(i) the currency risk of a Money Market Fund shall be appropriately managed and any material currency risk that arises from investments of the Money Market Fund that are not denominated in its Base Currency shall be appropriately hedged;

(j) a Money Market Fund must hold at least 7.5% of its latest available Net Asset Value in daily liquid assets and at least 15% of its latest available Net Asset Value in weekly liquid assets. For the purposes herein:

(i) daily liquid assets refers to (i) cash; (ii) instruments or securities convertible into cash (whether by maturity or through exercise of a demand feature) within one Business Day; and (iii) amount receivable and due unconditionally within one Business Day on pending sales of portfolio securities; and

(ii) weekly liquid assets refers to (i) cash; (ii) instruments or securities convertible into cash (whether by maturity or through exercise of a demand feature) within five working days; and (iii) amount receivable and due unconditionally within five Business Days on pending sales of portfolio securities.

2.1.8 Name of Sub-Fund

(a) If the name of a Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund 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 Sub-Fund represents.

(b) The name of a Money Market Fund must not appear to draw a parallel between the Money Market Fund and the placement of cash on deposit.

(c) The name of an Index Fund must reflect the nature of an index fund.

2.1.9 If any of the investment restrictions and limitations described in this Prospectus are breached, the Manager shall take as a priority objective all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the Unitholders.

2.2 Borrowing and Leverage Restrictions

The expected maximum level of leverage of each Sub-Fund is as follows:

Cash borrowing

2.2.1 Subject to the requisite consents from any competent authorities and any statutory requirements and restrictions for the time being in force and to the provisions set out in the Trust Deed, the Trustee may on the instruction of the Manager make and vary arrangements for the borrowing (including entering into overdraft facilities) for the account of any Sub-Fund in any currency, subject to the following limitations:

(a) the principal amount for the time being of all borrowings for the account of the relevant Sub-Fund shall not exceed an amount equal to 10% of the latest available Net Asset Value of the relevant Sub-Fund on any Dealing Day 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-paragraph 2.1.5 are not borrowings for the purpose of, and are not subject to the limitations in this sub-paragraph 2.2.1;

(b) the borrowing shall be made in RMB or such other currencies as the Manager may consider appropriate;

(c) each borrowing may only be related to any one or more of the following:

(i) facilitating the creation or redemption of Units or defraying operating expenses; or

(ii) enabling the Manager to acquire Securities for the account of the Sub-Fund.

2.2.2 Notwithstanding sub-paragraph 2.2.1, a Money Market Fund may borrow only on a temporary basis for the purposes of meeting redemption requests, defraying operating expenses or such other purposes as may be permitted under the Code.

2.2.3 If at any time the aggregate principal amount of all outstanding borrowings under the Trust Deed in respect of any Sub-Fund shall exceed an amount equal to 10% of the latest available Net Asset Value of the Sub-Fund calculated on the then most recent Dealing Day, the Manager shall take as a priority objective all steps as are reasonably necessary within a reasonable time to remedy the situation, taking into account the interests of Unitholders.

Leverage from the use of financial derivative instruments

2.2.4 Unless otherwise specified in Part II of this Prospectus, a Sub-Fund will not use derivatives for any purposes.

2.3 Security Financing Transactions

Unless otherwise disclosed in the Appendix of a relevant Sub-Fund, the Manager does not currently intend to engage in any securities financing transactions or other similar over-the-counter transactions in respect of any Sub-Fund. In the event of any change in respect of the Manager's intention to enter into any securities lending, repurchase transaction or other similar over-the-counter transactions, prior approval (if applicable) will be obtained from the SFC and not less than one month's prior notice will be given to the Unitholders

3 Management and Administration

3.1 Manager

The Manager of the Trust and its Sub-Fund(s) is Haitong International Asset Management (HK) Limited, a company incorporated with limited liabilities in July 2007 under the laws of Hong Kong and licensed by the SFC to carry on Type 4 (Advising on Securities), Type 5 (Advising on Futures Contracts), and Type 9 (Asset Management) regulated activities in Hong Kong under the Securities and Futures Ordinance (with CE Number ARE511). On 17 September 2010, the Manager became a wholly-owned subsidiary of Haitong International Securities Group Limited ("**HTISG**"), whose shares are listed on the SEHK (stock code: 0665). HTISG is a subsidiary of the QFI Holder. The QFI Holder, in turn, is a wholly-owned subsidiary of Haitong Securities Co., Ltd., which is a joint stock company incorporated in the PRC whose shares are listed on the SSE (stock code: 600837) and on the SEHK (stock code: 6837).

The Manager may appoint additional Investment Delegates in relation to a Sub-Fund. The Manager shall be responsible for paying the fees of any additional sub-managers or Investment Delegates appointed by the Manager.

The Manager 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.

3.2 Directors of the Manager

The directors of the Manager are as follows:

Sun Tong

Mr. Sun is Executive Director and Chief Investment Officer of HTISG, and a responsible officer of Haitong International Securities Company Limited under the Securities and Futures Ordinance. He is responsible for assisting and deputizing the Chief Executive Officer of Haitong Group to take charge of the overall operation and development of HTISG. Mr. Sun graduated with a Bachelor's Degree in Computer Science from Nanjing Normal University and finished a postgraduate program of finance at Shanghai Fudan University. He also obtained an Executive Master of Business Administration from the Chinese University of Hong Kong. He has 18 years of experience in securities industry. Mr. Sun joined Haitong Securities Co., Ltd. in 2000. He was the senior manager of the president office and the secretary to president of Haitong Securities Co., Ltd. from 2007 to April 2010. Mr. Sun has been the Deputy Chief Executive Officer of the QFI Holder since 2010 and responsible for frontline business. Since September 2017, he has been the Chief Investment Officer of HTISG and on March 2018, he was appointed to be Executive Director of the Group.

Poon Mo Yiu

Mr. Poon joined HTISG in August 2008 and was appointed as an Executive Director of HTISG on 1 July 2009 and was the Chief Operating Officer of Haitong Group as well as a member of the Executive Committee of HTISG prior to his re-designation as a Non-executive Director on 16 February 2016. Mr. Poon was re-designated as an Executive Director of HTISG and was appointed as a member of the Executive Committee of HTISG with effect from 8 February 2018. Mr. Poon was re-appointed as the Chief Operating Officer of Haitong Group on 15 August 2018 and has been re-designated as Chief Financial Officer of Haitong Group with effect from 1 May 2020. He was a board member of Haitong Bank from February 2016 to July 2020. In addition, Mr. Poon is a director of various subsidiaries of HTISG. Mr. Poon holds a

Master of Business Administration Degree from The Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants ("ACCA"), the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Institute of Chartered Accountants in England & Wales. Mr. Poon has extensive experience in financial management, management of information systems, accounting projects as well as various aspects of mergers and acquisitions. Prior to joining Haitong Group, Mr. Poon worked for Sun Hung Kai & Co. Limited as the Group Chief Operating Officer and the Group Chief Financial Officer. He was also previously the Vice President in Finance of JPMorgan Chase Bank and the Group Financial Controller of Jardine Fleming Group in Asia before its merger with JPMorgan Chase Bank.

Yan Suping

Ms. Yan Suping is responsible for HTISG's private equity investment and related business as Global Head of Private Equity Investment Team. She is also director of Haitong International Asset Management (HK) Limited and Haitong International Investment Managers Limited. She has extensive experience of over 22 years in financial industry, covering equity research, institutional sales, structured products & financing and investment.

Ms. Yan received her Master of Finance and B.A. in International Finance from Xi'An Jiaotong University. She has been licensed by SFC as Responsible Officer for Type 4 regulated activity (Advising on Securities), Type 5 regulated activity (Advising on Futures contracts) and Type 9 regulated activity (Asset Management).

Wang Shengzu

Dr. Wang Shengzu is the Managing Director, Global Head of Asset Management of HTISG and serves as a responsible officer of Haitong International Asset Management (HK) Limited and Haitong International Investment Managers Limited under the Securities and Futures Ordinance.

Dr. Wang has more than ten years of experience in the financial industry and public services. Before joining HTISG, he served as the Co-head of Investment Strategy Group Asia at Goldman Sachs, where he was responsible for China and EM Asia macro strategies and tactical asset allocation. Prior to this, he was a Senior Economist at Barclays and was responsible for the macroeconomic research covering Greater China. He also worked at the International Monetary Fund (IMF), providing financing and policy advice to member countries. Dr. Wang received his Ph.D. in Economics from McGill University, and an M.A. in Economics from the University of British Columbia.

Zhou Hongliang

Mr. Zhou Hongliang is the Group Head of Finance of Haitong International and served as the Director of Haitong International Asset Management (HK) Limited.

Mr. Zhou possesses extensive experience in accounting and finance field. Prior to joining HTI, Mr. Zhou served in various senior positions at Haitong Securities Co., Ltd. and Haitong International Holdings Limited. He worked in the Finance and Planning Department (Asset Management division) at Haitong Securities Co., Ltd. and held the position of the Head of Finance at Haitong International Holdings Limited , where he was responsible for the company's financial and capital management.

Mr. Zhou holds an M.A. in Professional Accounting from The Chinese University of Hong Kong, an M.A. in Management from Xiamen University and a B.A. in Management from Nankai University. He is a member of Certified Practising Accountants of CPA Australia (CPAA), Chartered Institute of Management Accountants (CIMA), Chinese Financial Association of Hong Kong (HCFA) and Hong Kong Business Accountants Association (HKBAA).

3.3 Investment Delegate

The Manager may appoint an Investment Delegate for any Sub-Fund. Further details about the Investment Deletage (if any) of each relevant Sub-Fund will be specified in Part II of this Prospectus.

3.4 Listing Agent

Haitong International Capital Limited has been appointed by the Manager as the Listing Agent for the Sub-Fund(s). The Listing Agent is a member of HTISG and is licensed by the SFC to carry on Type 6 (Advising on Corporate Finance) regulated activity in Hong Kong under the Securities and Futures Ordinance (with CE Number ADQ859).

3.5 Trustee and Registrar

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

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

Under the Trust Deed, the Trustee shall take into custody or under its control all the investments, cash and other assets forming part of the assets of each Sub-Fund and hold them in trust for the Unitholders of the relevant Sub-Fund in accordance with the provisions of the Trust Deed and, to the extent permitted by law, shall register all registrable assets in the name of or to the order of the Trustee and such investments, cash and other assets of the relevant Sub-Fund shall be dealt with as the Trustee may think proper for the purpose of providing for the safe keeping thereto.

The Trustee may from time to time appoint such person or persons (including, without limitation, any of its Connected Persons) to hold as custodian, nominee or agent, all or any of the investments, assets or other property comprised in any Sub-Fund and may empower any such custodian, nominee or agent to appoint, with the prior written consent of the Trustee, sub-custodians (each such custodian, nominee, agent and sub-custodian a "**Correspondent**"). The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of the Correspondents which are appointed for the custody and/or safekeeping of any of the investments, cash, assets or other property comprised in the Sub-Fund of the Trust; and (b) be satisfied that each Correspondent remains suitably qualified and competent on an ongoing basis to provide the relevant custodial services to the Sub-Fund. The Trustee shall be responsible for the acts and omissions of any Correspondent which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee, but provided that the Trustee has discharged its obligations set out in (a) and (b) in this paragraph, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent which is not a Connected Person of the Trustee. For the purpose of the foregoing, "Correspondent" shall include the Custodian and the PRC Custodian. The Custodian is The Hongkong and Shanghai

Banking Corporation Limited and the PRC Custodian is HSBC Bank (China) Company Limited, each being a Connected Person of the Trustee and appointment being effected by the Trustee (although with regard to the PRC Custodian's arrangement, such appointment is effected jointly by the Trustee, the Custodian, the Manager and the QFI Holder).

Subject to the provisions of the Trust Deed, the Trustee shall not be liable for (i) any act, omission, insolvency, liquidation or bankruptcy of or be liable for any loss or damage caused by: (A) Euro-clear Clearing System Limited or Clearstream Banking S.A. or any other recognised depositary or clearing system; or (B) any Registrar (except where the Trustee also acts as Registrar), Participating Dealers, counterparties, third party service providers and advisers.

Subject as provided in the Trust Deed, the Trustee is entitled to be indemnified from the assets of the Trust and/or the relevant Sub-Fund 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 Sub-Fund. 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 fraud, negligence or wilful default on the part of the Trustee, be liable for any losses, costs or damages to the Trust, any Sub-Fund or any Unitholder.

The Trustee in no way acts as guarantor or offeror of 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 Sub-Fund, 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 ("**OFAC**"). The OFAC administers and enforces economic sanction programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers by using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals. In enforcing economic sanctions, OFAC acts to prevent "prohibited transactions," which are described by OFAC as trade or financial transactions and other dealings in which US persons may not engage unless authorised by OFAC or expressly exempted by statute. OFAC has the authority to grant exemptions to prohibitions on such transactions, either by issuing a general license for certain categories of transactions, or by specific licenses issued on a case-by-case basis. HSBC Group 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 Sub-Fund is authorised pursuant to section 104 of the Securities and Future Ordinance, any change in the Trustee is subject to the SFC'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 by the Manager of any such changes in accordance with the requirements prescribed by the SFC.

The Trustee will be entitled to the fees described in section 9.1.2 of Part I of this Prospectus 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 Sub-Fund 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 Sub-Fund. 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 3.5 of Part I of this Prospectus.

3.6 Custodian and PRC Custodian

The QFI Holder, Manager and the Trustee have appointed The Hongkong and Shanghai Banking Corporation Limited to act as the Custodian of the QFI Holder on behalf of the Trust and its Sub-Funds.

In respect of any Sub-Fund which invests directly in China A-Shares, the Custodian, acting through the PRC Custodian appointed by the Custodian, and who is qualified to act as custodian for QFIs in accordance with the applicable QFI Regulations, will be responsible for the safe custody of that Sub-Fund's Securities acquired through the QFI status of the QFI Holder in accordance with the PRC Custodian Agreement. According to the PRC Custodian Agreement, the Custodian is entitled to utilise its local subsidiaries or its associates within the HSBC group of companies, which as of the date of the PRC Custodian Agreement is the PRC Custodian (i.e. HSBC Bank (China) Company Limited), as its delegate for the performance of services under the PRC Custodian Agreement. The Custodian will act through its delegate (i.e. HSBC Bank (China) Company Limited), the PRC Custodian, and remains responsible for any acts and omission of the PRC Custodian.

Please refer to the section 3.5 of Part I of this Prospectus with regard to the extent of the Trustee's responsibility for the acts or omissions of the Custodian and the PRC Custodian.

Neither the Custodian nor the PRC Custodian is responsible for the preparation of this Prospectus and they accept no responsibility or liability for the information contained in this Prospectus other than the description under this section 3.6 of Part I of this Prospectus.

3.7 Service Agent

HKCAS will act as the Service Agent of each Sub-Fund to perform, by itself or through its affiliates or HKSCC, the services to facilitate the deposit of the Units into CCASS and the withdrawal of such Units from CCASS for the Manager under the CCASS Service Agreement. HKCAS, as the Service Agent, performs, through HKSCC, certain of its services in connection with the creation and redemption of Units for the Manager.

3.8 Auditor

The Manager has appointed Ernst & Young to act as the auditor of the Trust and each Sub-Fund. All accounts of each Sub-Fund including the annual report thereof shall be audited by the Auditor and shall be accompanied by a certificate of the Auditor. The Auditor shall further be required to report whether the accounts have been properly prepared in accordance with the provisions of the Trust Deed, the Code and IFRS.

3.9 Participating Dealers

The Participating Dealers will effect applications for creation and redemption of Units. A Participating Dealer shall (i) be licensed or registered for Type 1 (Dealing in Securities) regulated activity under the Securities and Futures Ordinance; (ii) be (or have appointed an agent or delegate who is) a Participant; and (iii) have executed a Participation Agreement with the Manager and the Trustee (and its agent, if applicable). Information on the updated list of Participating Dealers appointed for each Sub-Fund is available on the relevant Sub-Fund section of the Trust's website at www.haitongetf.com.hk (this website has not been reviewed by the SFC).

3.10 Market Maker

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. Subject to applicable regulatory requirements, the Manager will use its best endeavours to put in place arrangements so that there is at least one Market Maker for each Sub-Fund for each counter to facilitate efficient trading. Where a Multi Counter is adopted for a Sub-Fund, the Manager must use its best endeavours to put in place arrangements so that there is at least one Market Maker for the Units traded in each counter of such Sub-Fund, although these Market Makers may be the same entity. 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. At least one Market Maker for each counter will be required to provide three months' notice of termination of its appointment as a Market Maker for the relevant Sub-Fund. The list of Market Makers in respect of each Sub-Fund is available on the SEHK's website at www.hkex.com.hk and the relevant Sub-Fund section of the Trust's website at www.haitongetf.com.hk (these websites have not been reviewed by the SFC).

4 Risk Factors

Investment in a Sub-Fund involves risks. Investors can lose money by investing in Units. Prospective investors should carefully consider the risks of investing in a Sub-Fund, including the risk factors described below together with all of the other information included in this Prospectus, before deciding whether to invest in Units.

The market price of Units and the Net Asset Value of a Sub-Fund may rise or fall. There is no assurance that an investor will achieve a return on his investment in the Sub-Fund or a return of his original investment amount. In the worst case scenario, a Unitholder may lose all its investment in the Sub-Fund.

Each Sub-Fund is subject to the principal risks, risks associated with the Underlying Index and risks associated with the listing of the Units on the SEHK, as described below. Specific risks relating to each Sub-Fund is set out in Part II of this Prospectus. Some or all of these risks may adversely affect the Net Asset Value of the Sub-Fund or the unit price of Units.

4.1 Risks relating to Investment in a Sub-Fund

4.1.1 Dual Counter / Multi Counter Risks

As compared to single counter exchange traded funds, the Dual Counter / Multi Counter model carries additional risks for investment in such Units. For example, inter-counter transfers may fail for various reasons.

Furthermore, inter-counter transfers may not always be available. As a result, Unitholders of a Sub-Fund traded on the Dual Counter / Multi Counter will only be able to trade their Units in the currency of the relevant counter when inter-counter transfers of Units between the counters are suspended.

Investors without RMB or USD accounts may only trade and settle HKD traded Units. These investors will not be able to trade or sell RMB or USD traded Units on the relevant counter, and should note that all Units (regardless of the trading currency) will receive distributions in the Base Currency of the Sub-Fund only. As a result, these investors may suffer foreign exchange losses and may incur fees and charges associated with the conversion of such distributions received under the Sub-Fund from the Base Currency to another currency.

There are risks that the market price of the SEHK Units traded in one counter may substantially deviate from the market price of the SEHK Units traded in another counter due to market liquidity, supply and demand in each counter and the exchange rate between the two relevant trading currencies. As the trading price of Units traded in a counter is determined by market forces, it may not be the same as the trading price of Units of the same class traded in another counter multiplied by the prevailing rate of foreign exchange. Accordingly, there is no assurance that the price of Units will be the same at each counter. As a result, an investor may receive less or pay more than the equivalent amount in the currency of another counter if the trade of the relevant Units took place on another counter.

It is possible that not all brokers and CCASS Participants may be familiar with and able to buy Units in one counter and sell Units in another counter or to carry out inter-counter transfers of Units or to trade each available counter at the same time. In such a case another broker or CCASS Participant may need to be used. This may inhibit or delay an investor dealing in Units on each counter and may mean an investor can only trade in one currency. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter / Multi Counter trading and inter-counter transfer.

4.1.2 Market Risk

Investors in the Sub-Fund(s) are exposed to similar risks that investors who invest directly in the Index Securities would face. These risks includes interest rate risk (risk of falling portfolio values in a rising interest rate market), income risk (risk of falling incomes from a portfolio in a falling interest rate market), concentration risk (risk of price volatility due to concentration of investments in a particular group of stocks), geographical concentration risk (risk of falling portfolio values due to adverse conditions in the particular region) and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Underlying Index) etc. which may have significant impact on the value of the investments. The investments of the Sub-Fund(s) are also subject to risks inherent in all securities (including settlement and counterparty risks). The Net Asset Value of the relevant Sub-Fund will change with fluctuation in the market value of the Securities it holds. The value of holdings may fall as well as rise. Market movements may therefore result in substantial fluctuation in the Net Asset Value of the Units.

4.1.3 Equity Risk

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

4.1.4 Liquidity Risk

The price at which Securities may be purchased or sold by the relevant Sub-Fund upon any rebalancing activities or otherwise and the value of the Units will be adversely affected if trading markets for the Sub-Fund's portfolio securities are limited or absent or if bid-offer spreads are wide.

4.1.5 No Right to Control the Sub-Fund's Operation

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

4.1.6 Effect of Redemption

If significant redemptions of Units are requested, it may not be possible to liquidate the relevant Sub-Fund's investments at the time such redemptions are requested or the Sub-Fund may be able to do so only at prices which the Sub-Fund believes does not reflect the true value of such investments, resulting in an adverse effect on the return to the investors. Where significant redemptions of Units are requested, the Sub-Fund may limit the amount of redemption requests that are redeemed on any Dealing Day, suspend the right of Unitholders to request redemption, or may extend the period for the payment of redemption moneys. Please see section 8 of Part I of this Prospectus for further details.

4.1.7 Passive Investments

Unlike many unit trusts and mutual funds, the Sub-Fund(s) are not "actively managed". Therefore, the Manager will not have the discretion to adjust the composition of a Sub-Fund's portfolio except in order to seek to correspond to the return of the relevant Underlying Index. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets. Accordingly, a fall in the Underlying Index will likely result in a corresponding fall in the Net Asset Value in the relevant Sub-Fund.

4.1.8 Trading Risk

Generally, retail investors can only buy or sell Units on the SEHK. Investors pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK. The trading prices of the Units on the SEHK are driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. Retail investors may pay more than the Net Asset Value per Unit when buying a Unit on the SEHK, and may receive less than the Net Asset Value per Unit when selling a Unit on the SEHK.

4.1.9 Legal and Regulatory Risk

The Sub-Fund(s) must comply with regulatory constraints or changes in laws affecting it or its investment restrictions which might require a change in investment policy and objectives followed by the relevant Sub-Fund. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the Underlying Index and as a result the performance of the relevant Sub-Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Sub-Fund.

4.1.10 Tracking Error Risk

Changes in the Net Asset Value of the relevant Sub-Fund are unlikely to replicate exactly changes in the Underlying Index. Factors such as fees and expenses of the relevant Sub-Fund, liquidity of the market, imperfect correlation of returns between the relevant Sub-Fund's securities and those in the Underlying Index, rounding of share prices, timing differences for changes to the relevant Sub-Fund's portfolio in response to changes to the Underlying Index and regulatory policies may affect the Manager's ability to achieve full correlation with the Underlying Index of the relevant Sub-Fund. In addition, the Fund Assets may not be fully invested at all times. The relevant Sub-Fund's returns may therefore deviate from those of the

Underlying Index and there is no guarantee or assurance of exact replication of the Underlying Index. However, a fall in the Underlying Index will likely result in a corresponding fall in the Net Asset Value of the relevant Sub-Fund. The Manager regularly monitors the Sub-Fund(s) to reduce the tracking error of the Sub-Fund(s). However, there can be no assurance that the Sub-Fund(s) will achieve any particular level of tracking error relative to the performance of its Underlying Index.

4.1.11 Asset Class Risk

The returns generated from the securities in which the relevant Sub-Fund invests may not correspond to that of other classes of securities or different asset classes. The securities in which the Sub-Fund invests may be subject to cycles of underperformance relative to that of other classes of securities.

4.1.12 Lack of Operational History

Each Sub-Fund has a minimal operating history by which investors can evaluate its previous performance. There can be no assurance that the Sub-Funds' investment objectives will be met. The level of fees and expenses payable by the Sub-Funds may fluctuate. Although the amounts of certain ordinary expenses of the Sub-Funds can be estimated, the returns of the Sub-Funds, and hence their Net Asset Value, cannot be anticipated. Accordingly, no assurances can be given as to the performance of the Sub-Funds or the actual level of its expenses.

4.1.13 Distributions are Contingent on Dividends Paid on Index Securities

The ability of the Sub-Funds to pay distributions on the Units is subject to the Manager's distribution policy and also depends on dividends declared and paid by the issuers of the constituent securities of the Underlying Index and the level of fees and expenses payable by the Sub-Fund. Dividend payment rates for the constituent securities are based on numerous factors, including their current financial conditions, general economic conditions and their dividend policies. There can be no assurance that dividends or other distributions will be made for such constituent securities. In addition, changes to the composition of the Underlying Index (for example, the substitution of one constituent security with another constituent security paying higher or lower dividends) will affect the level of dividends received by the Sub-Fund. Investors may not therefore receive any distributions. Investors will not receive any dividends or other distributions directly from any constituent securities in which the Sub-Fund invests.

4.1.14 The Trust and the Sub-Fund(s) may Cease to be Authorised

The SFC reserves the right to withdraw the authorisation of the Trust and/or the Sub-Fund(s) (e.g. if the Underlying Index of the relevant Sub-Fund is no longer considered by the SFC to be an eligible index) or impose such conditions as it considers appropriate. The Trust and/or the Sub-Fund(s) may be terminated if the SFC is to withdraw its authorisation for the Trust and/or any Sub-Fund. Any authorisation granted by the SFC may also be subject to certain waivers which may be withdrawn or varied by the SFC.

4.1.15 Early Termination of the Trust or a Sub-Fund

The Trust and/or a Sub-Fund may be terminated early by the Trustee or the Manager under certain circumstances, as further set out in section 12.3 of Part I of this Prospectus. Upon the Trust or any Sub-Fund being terminated, the Trustee will distribute the net cash proceeds (if any) from the realisation of the investments comprised in the relevant Sub-Fund to the Unitholders of the Sub-Fund in accordance with the Trust Deed. Any such amount may be more or less than the capital invested by the Unitholders.

4.1.16 Counterparty Risk

This is the risk that the party trading with the relevant Sub-Fund will be unable to meet its obligations to make payments or to settle a trade due to factors such as deterioration in the financial situation of the counterparty. The Sub-Fund also bears the risk of settlement failures. These risks may have a material adverse effect on the Trust and/or the relevant Sub-Fund.

4.1.17 Investment Risk

The Sub-Fund(s) are not principally guaranteed and the purchase of its Units is not the same as investing directly in the securities comprised in the Underlying Index.

4.1.18 Operating Cost

The level of fees and expenses payable by each Sub-Fund will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of each Sub-Fund can be estimated, the growth rate of the Sub-Fund, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the relevant Sub-Fund or the actual level of its expenses.

4.1.19 Borrowing Risk

The Trustee is permitted to borrow, on the instruction of the Manager, for the account of the Trust (e.g. for settlement purposes) in order to carry out its functions under the Trust Deed, such as facilitating the creation or redemption of Units or to meet the expenses and liabilities of the relevant Sub-Fund. Borrowing involves an increased degree of financial risk and may increase the exposure of the relevant Sub-Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that the borrowing will be effected on favourable terms, or that the Trust's indebtedness will be accessible or be able to be refinanced by the relevant Sub-Fund at any time.

4.1.20 Risk of Indemnity

According to the Trust Deed, the Trustee and the Manager have the right to be indemnified for any liability or expense incurred by them in performing their respective duties except to the extent of any breach of trust, fraud, negligence or wilful default on its (or their) part. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the relevant Sub-Fund and the value of the Units.

4.1.21 Secondary Market Trading Risk

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

4.1.22 Potential Conflicts of Interest

The Manager and the Trustee or their respective Connected Persons may, from time to time, act as manager, Investment Delegate, trustee or as 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 relevant Sub-Fund. It is possible that any of the Manager and the Trustee or their respective Connected Persons may, in the course of business, have potential conflicts of interest with the relevant Sub-Fund. Each of the Manager and the Trustee or their respective Connected Persons will, at all times, have regard in such event to its obligations to the relevant Sub-Fund and the investors and will endeavour to ensure that such conflicts are resolved fairly. Please refer to the section 11 of Part I this Prospectus for further details.

4.1.23 Regulatory and Market Intervention

Regulators (such as the SFC and the SEHK) may impose additional conditions or requirements on the Sub-Fund(s) from time to time. If any Sub-Fund is unable to fully comply with the regulatory conditions or requirements, or if there is any market intervention by the regulators, trading of Units on the SEHK may be suspended or interrupted. Investors or potential investors may not be able to buy or sell Units on the SEHK until resumption of trading is permitted by the regulators. This may have an adverse impact on the relevant Sub-Fund, for example, on its operation, unit pricing, liquidity, valuation, overall performance and return etc. As a result, the relevant Sub-Fund may not be able to achieve its investment objective. In the worst scenario, there is a risk that the value of the Units in the relevant Sub-Fund may fall significantly.

4.1.24 Restricted Markets Risk

A Sub-Fund may invest in securities in jurisdictions (including the PRC) which impose limitations or restrictions on foreign ownership or holdings. In such circumstances, the relevant Sub-Fund 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 custodians and service providers. This may lead to an increased tracking error for the relevant Sub-Fund.

4.1.25 Management Risk

A Sub-Fund may be subject to management risk arising from certain constraints which may affect the results as intended by the Manager's strategy. There is no guarantee that the Manager's investment objective may be achieved. In addition, in the interest of a Sub-Fund, the Manager has absolute discretion to exercise shareholders' rights with respect to Index Securities comprising the relevant Sub-Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of the relevant Sub-Fund being achieved. Investors should also note that in certain cases, none of the Manager, the relevant Sub-Fund or the Unitholders has any voting rights with respect to Index Securities comprising the relevant Sub-Fund.

4.1.26 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 Sub-Fund's value will be affected by such price movements and could be volatile, especially in the short-term.

4.1.27 Cross-Liability Risk

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

4.1.28 Risk relating to Foreign Account Tax Compliance Act

Although the Trustee, the Manager, the Trust and/or each Sub-Fund will endeavour to satisfy any obligations imposed by FATCA and to avoid the imposition of any FATCA withholding, no assurance can be given that the Trustee, the Manager, the Trust and/or any Sub-Fund will be able to achieve this and/or satisfy such FATCA obligations. If a Sub-Fund becomes subject to a 30% FATCA penalty withholding on most types of income from US investments (further described under the section headed "FATCA") as a result of the FATCA regime, the value of the Units held by Unitholders in the relevant Sub-Fund may suffer material losses.

Please refer to sub-section "FATCA" under the section headed "Taxation" for details of FATCA, FATCA registration status of each Sub-Fund and FATCA's impact to each Sub-Fund and the Unitholders.

All prospective investors and Unitholders should consult with their own tax advisors regarding the possible implications of FATCA and the tax consequences on their investments in a Sub-Fund. Unitholders who hold their Units through intermediaries should also confirm the FATCA compliance status of those intermediaries.

4.1.29 Custody Risks

Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where a Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by Sub-Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

4.2 Risks relating to an Underlying Index

4.2.1 Licence Agreement in relation to Underlying Index may be Terminated

In respect of each Underlying Index, the Manager is licensed by the relevant Index Provider to use and reference the relevant Underlying Index to create the relevant Sub-Fund. The Sub-Fund may not be able to fulfil its objective and may be terminated if the Licence Agreement between the Manager and the Index Provider is terminated. The Sub-Fund may be terminated if the Underlying Index ceases to be compiled and published, and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index. However, the Manager may, subject to the prior approval of the SFC and provided that in its reasonable opinion the interests of the Unitholders would not be adversely affected, replace the Underlying Index with another appropriate replacement index in accordance with the provisions of the constitutive documents of the relevant Sub-Fund.

4.2.2 Geographical Concentration of the Underlying Index

An Underlying Index and the investments of each Sub-Fund may be concentrated in a single geographical region. Such Sub-Fund is likely to suffer greater volatility compared to funds that follow a more diversified policy, and to be more volatile than a broadly-based fund such as global or regional equity fund as it is more susceptible to fluctuation in value resulting from adverse conditions in that single region. Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect an issuer, industry, jurisdiction or market, and changes in general economic or political conditions can also adversely affect the value of securities and result in price volatility. Such changes may have a negative impact on the securities held by a Sub-Fund.

4.2.3 Compilation of the Underlying Index

The constituent securities of an Underlying Index are determined and composed by the Index Provider without regard to the performance of the relevant Sub-Fund. The Sub-Fund(s) are not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider makes no representation or warranty, express or implied, to investors in the Sub-Fund(s) or other persons regarding the advisability of investing in securities generally or in the Sub-Fund(s). The Index Provider is not obliged to consider the needs of the Trustee, the Manager or any Unitholder in determining, composing or calculating the Underlying Index. Accordingly, there is no guarantee that the actions of the Index Provider will not prejudice the interests of the Sub-Fund, the Manager or Unitholders. In addition, the accuracy and completeness of the calculation of the Underlying Index may be affected by, without limitation, the availability and accuracy of prices for its constituent securities, market factors and/or any errors in its compilation of the Underlying Index.

4.2.4 Composition and Weighting of an Underlying Index may Change

The composition and weighting of an Underlying Index may change as the Index Securities are removed or as new securities are included in the Underlying Index, or if any Index Securities are delisted. Upon the occurrence of any such event, the weighting or composition of the securities owned by the Trust, for the account of the relevant Sub-Fund, would be changed as considered appropriate by the Manager in order to achieve the investment objective of the relevant Sub-Fund. Thus an investment in Units will generally reflect the Underlying Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units.

4.2.5 An Underlying Index Level may Fluctuate

The index levels of the Underlying Index of a Sub-Fund may fluctuate from time to time. The performance of the Units of a Sub-Fund tracking an Underlying Index should, before fees and expenses, correspond closely with the performance of the Underlying Index. If the Underlying Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

4.3 Risks relating to the Listing of Units on the SEHK

4.3.1 Absence of Active Market and Liquidity Risks

Although Units are listed for trading on the SEHK, there can be no assurance that an active trading market for such Units will develop or be maintained. In addition, if the underlying Securities which comprise the Units 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 a Unitholder needs to sell its Units at a time when no active market for them exists, the price it receives for its Units – assuming it is able to sell them – is likely to be lower than the price received if an active market did exist.

4.3.2 Suspension of Trading

Investors and potential investors will not be able to buy, nor will investors be able to sell, Units on the SEHK during any period in which trading of such Units are suspended. 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 creation and redemption of Units may also be suspended if the trading of such Units is suspended.

4.3.3 Units may Trade at Prices other than Net Asset Value

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

4.3.4 No Assurance on Continued Listing Status

There is no assurance that the Units of a Sub-Fund will continue to meet the listing requirements of the SEHK. If the Units of a Sub-Fund are delisted, the Manager may seek the SFC's approval to operate the relevant Sub-Fund as an unlisted index fund or terminate the relevant Sub-Fund.

4.3.5 Cost of Trading Units

Buying or selling Units involves 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. In addition, investors on the secondary market, will also incur the cost of the trading spread, which is the difference between what investors are willing to pay for the Units (bid price) and the price they are willing to sell such 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.

4.3.6 Reliance on Participating Dealers

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

4.3.7 Reliance on Market Maker(s)

Although it is the Manager's intention that there will always be at least one Market Maker for each counter in respect of the Units in the relevant Sub-Fund, investors should note that liquidity in the secondary trading of the Units may be adversely affected if there is no Market Maker for such Units in the relevant Sub-Fund. A market maker may cease to act as a market maker for any counter of the Sub-Fund in accordance with the terms of its agreement including upon giving 3 months' prior written notice.

Where there is only one market maker to each counter, it may not be practicable for the Sub-Fund to remove the only market maker even if it is not effective. It is possible that the relevant Sub-Fund will have only one Market Maker for each counter of the Sub-Fund or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker. The liquidity for Units traded in a counter of the Sub-Fund may be affected if there is no market maker for the Units trading in the relevant counter.

Where a Sub-Fund has Units traded and settled in RMB, it should be noted that there may be less interest by potential market makers making a market in Units traded in RMB. Furthermore, any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the Units.

The price of Units and the Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any particular return, or any return at all, on his investment in the Units or receive his capital invested.

5 Creation of Units

5.1 Investment in a Sub-Fund

There are two methods of making an investment in a Sub-Fund and of disposing of Units to redeem an investment in a Sub-Fund.

The first method is to create or to redeem Units at the Net Asset Value directly with the relevant Sub-Fund in the primary market. Dealing in the primary market could be carried out by an investor through a Participating Dealer. A Participating Dealer may, subject to the Dual Counter / Multi Counter arrangements with the Manager, elect to CCASS to have Units it creates deposited in, or Units which it redeems withdrawn from, the RMB counter, HKD counter or USD counter (as the case may be). All creations and redemptions for Units must be made in the Base Currency of the Sub-Fund. Only a Participating Dealer may apply to create or redeem Units directly from the Sub-Fund either on their own account or for the account of their clients in accordance with the Participation Agreement, the Operating Guidelines and Trust Deed.

The second method is to buy or sell Units in the secondary market on the SEHK, as described in section 6.2 of Part I of this Prospectus. The secondary market price of Units may trade at a premium or discount to the Net Asset Value of the Sub-Fund.

This section of this Prospectus describes the first method of investment and should be read in conjunction with the Participation Agreement and the Operating Guidelines for the creation and redemption of Units set out in the Participation Agreement and the Trust Deed.

5.2 Initial Offer Period

Units in a Sub-Fund will initially be offered to Participating Dealers during the Initial Offer Period as specified in Part II of this Prospectus. The purpose of the Initial Offer Period is to enable Participating Dealers to apply for Units on their own account or on behalf of their investors.

The offer and issue of Units of each Sub-Fund during the Initial Offer Period is subject to and conditional upon the Units to be accepted as eligible securities in CCASS and the SEHK granting a listing of, and permission to deal in, Units in the relevant Sub-Fund on or before the end of the Initial Offer Period. If the above condition is not fulfilled, any cash amount paid by the relevant Participating Dealer in respect of any applications for creation of Units submitted during the Initial Offer Period will be returned without interests.

On the Trustee's receipt of an application for creation of Units by a Participating Dealer and Manager's acceptance for creation of Units in a Sub-Fund during the Initial Offer Period, the Manager shall effect the issue of Units in that Sub-Fund on the Initial Issue Date (being two Business Days following the close of the Initial Offer Period), if the Participating Dealer complies with its obligations as set out in section 5.6 of Part I of this Prospectus.

5.3 Extension of the Initial Offer Period

If the Initial Offer Period of a Sub-Fund is extended, dealings in the Units of such Sub-Fund on the SEHK will commence 3 Business Days following the close of the extended Initial Offer Period.

5.4 Subsequent Creation of Units

Dealings in the Units of each Sub-Fund on the SEHK will commence on the listing date as specified in Part II of this Prospectus. All investors may buy and sell Units in the secondary market on the SEHK as described in section 6.2 of Part I of this Prospectus. Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market.

Any application to the Trustee for the creation of Units of a Sub-Fund shall only be made by a Participating Dealer in accordance with the terms of the Trust Deed, the Operating Guidelines and the relevant Participation Agreement applicable to such Sub-Fund on a Dealing Day in respect of Units constituting a Creation Unit.

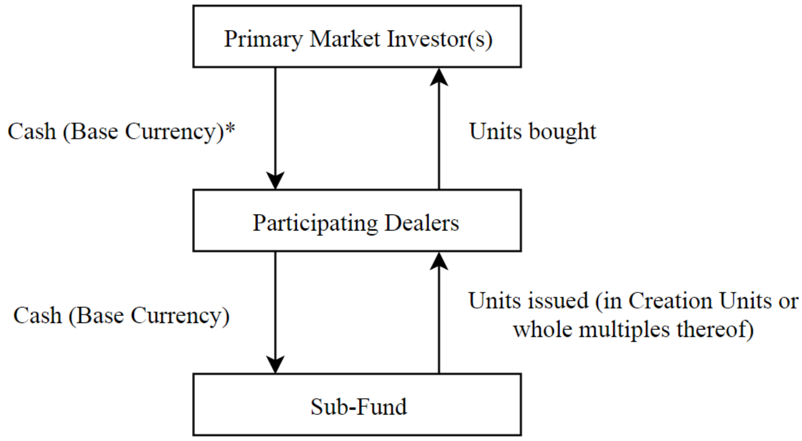
The Dealing Deadline in respect of each Dealing Day is as specified in Part II of this Prospectus. An application for the creation of Units once given cannot be revoked or withdrawn without the consent of the Manager.

5.5 Creation of Units

Only Participating Dealers appointed for a Sub-Fund may apply for the creation of Units. Investors who are not a Participating Dealer may request a Participating Dealer to apply for the creation of new Units on any Dealing Day. Units may only be created in Creation Units.

Once the Units are created, the Manager shall instruct the Trustee to effect, for the account of the Trust, the delivery of Units to the relevant Participating Dealer.

The diagram below illustrates the creation process for Participating Dealers:



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

Units of a Sub-Fund will be denominated in its Base Currency as specified in Part II of this Prospectus and no fractions of a Unit shall be created or issued. Any creation requests which, by virtue of the powers conferred on the Manager, are not completed in respect of a particular Dealing Day, shall be carried forward for creation to the next Dealing Day. However, the Manager may, subject at all times to the satisfaction of the Trustee's operational requirements and upon prior consultation with the Trustee, exercise its discretion to accept an application in respect of any Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to the relevant Dealing Day, provided that, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not exercise the discretion to accept any such application.

The Trustee, the Registrar, the conversion agent and/or the Service Agent may charge, for its own account and benefit, a Transaction Fee (the rate of which may be varied by the Trustee, the Registrar, the conversion agent and/or the Service Agent from time to time) in respect of an application for creation of Units. Also, the Trustee may charge, for its own account and benefit, an application cancellation fee in connection with the cancellation of each accepted application for creation of Units and, where applicable, an Extension Fee in connection with any requests for extended settlement. Please see section 9 of Part I of this Prospectus for further details on fees and charges.

5.6 Procedures for Creation of Units

Applications for creation of Units may be submitted on a continuous basis up to the Dealing Deadline on any relevant Dealing Day. If an application for creation of Units is received by the Trustee and accepted by the Manager on a day which is not a Dealing Day, that application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that application. If an application for creation of Units is received by the Trustee and accepted by the Manager after the Dealing Deadline on a Dealing Day, that application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that application, provided that the Manager may, subject at all times to the satisfaction of the Trustee's operational requirements and upon prior consultation with the Trustee, exercise its discretion to accept an application in respect of any Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to the relevant Dealing Day, provided further that, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not exercise the discretion mentioned in this paragraph.

A Participating Dealer wishing to create Units is required to submit an application for creation of Units in accordance with the Trust Deed, the relevant Participation Agreement and Operating Guidelines and make a cash payment in the Base Currency to the Trustee equivalent to the Issue Price, plus such additional sum representing the appropriate provision for Duties and Charges, the Transaction Fee and any incidental costs associated with the creation of Units.

The Issue Price per Unit for creation of Units will be the Net Asset Value per Unit rounded to the nearest fourth decimal place in the Base Currency.

The cash amount must be paid to the Trustee for the account of the Sub-Fund on or before such time and in such manner as prescribed in the relevant Participation Agreement and Operating Guidelines. If the cash amounts are received on a day which is not a Dealing Day or after the Dealing Deadline on any Dealing Day, it will be deemed to have been received on the next Dealing Day unless the Manager otherwise determines. Units will be issued and delivered on or after the Settlement Day only after the cash creation amount has been paid to or to the order of the Trustee. The Unit creation process will in the normal course be completed by the Settlement Day.

An application for the creation of Units, once given cannot be revoked or withdrawn without the consent of the Manager. No Units will be issued and no applications will be accepted during any period when the creation of Units is suspended. For further details, please refer to section 6 of Part I of this Prospectus.

For further details on fees for creation of Units, please refer to section 9.3 of Part I of this Prospectus.

5.7 Rejection of Creation of Units

The Manager reserves the right to reject an application for creation of Units and the Participating Dealers reserve the right to reject a request from any third party to submit an application for creation of Units provided that the Manager and the Participating Dealer must act reasonably and in good faith.

The Manager shall have the right to reject an application for creation of Units under exceptional circumstances, including without limitation the following circumstances where:

(a) the application for creation of Units is not submitted in the form and manner set out in the provisions of the relevant Participation Agreement;

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

(c) in the reasonable opinion of the Manager, acceptance of the application for creation of Units would have an adverse effect on the relevant Sub-Fund;

(d) in the reasonable opinion of the Manager, acceptance of the application for creation of Units would have a material impact on the A-Share relevant market;

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

(f) acceptance of the application for creation of Units would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager which are for the purpose of ensuring compliance with laws or regulations;

(g) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the application for creation of Units; or

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

In the event of such rejection, the Manager shall notify the relevant Participating Dealer and the Trustee of its decision to reject such application for creation of Units in accordance with the relevant Participation Agreement and Operating Guidelines.

Participating Dealers will generally accept creation requests received from third parties, but shall, acting in good faith, have the right to reject an application for creation of Units from third parties under exceptional circumstances, including (i) any period during which (a) the creation or issue of Units of the Sub-Fund, (b) the redemption of Units of the Sub-Fund, and/or (c) the determination of Net Asset Value of the Sub-Fund is suspended; (ii) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Underlying Index; (iii) where acceptance of the creation request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer which are for the purpose of ensuring compliance with laws or regulations; or (iv) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the creation request.

Participating Dealers may impose fees and charges in handling any creation request which would increase the cost of investment and investors are advised to check with the Participating Dealers as to relevant fees and charges.

5.8 Cancellation of Applications for Creation Units

The Trustee shall, on the instruction of the Manager, cancel Units created and issued in respect of an application for creation of Units if the full cash amount in the Base Currency in respect of the application for creation of Units (including Transaction Fee, Duties and Charges and any incidental costs associated with the creation of Units) have not been received in cleared funds by or on behalf of the Trustee, by such time and in such manner as prescribed in the Operating Guidelines of the relevant Sub-Fund, provided that the Manager may in its discretion extend the settlement period on such terms and conditions as the Manager, in consultation with the Trustee, may determine (including the payment of any fees or collateral to the Manager and/or Extension Fee to the Trustee or their respective Connected Persons or otherwise as it may determine). In addition to the preceding circumstances, the Trustee may also, on the instructions of the Manager, cancel any application for creation of Units and any Units deemed created and issued in respect of such application for creation of Units if the Manager determines by such time specified in the Operating Guidelines that the Manager is unable to invest the cash proceeds of any application for creation of Units.

Upon the cancellation of any Units created pursuant to an application for the creation of Units as mentioned above or if a Participating Dealer withdraws an application for the creation of Units 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 Participating Dealer shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

(a) the Manager and/or the Trustee may retain or charge (as the case may be) the Participating Dealer the applicable Transaction Fee, any Duties and Charges, any incidental costs associated with the creation of Units and an application cancellation fee;

(b) the Manager may require the Participating Dealer to pay to the Trustee, for the account of the relevant Sub-Fund, any charges, expenses and losses incurred by the Sub-Fund as a result of any such cancellation;

(c) the Manager may require the Participating Dealer to pay to the Trustee, for the account of the relevant Sub-Fund, in respect of each Unit so cancelled the cancellation compensation, being the amount (if any) by which the Issue Price per Unit at the relevant Dealing Day of the application for creation of Units exceeds the Redemption Price per Unit which would have applied in relation to each such Unit if the Participating Dealer had, on the date on which such Units are cancelled, made an application for redemption of Units; and

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

5.9 No Certificates

No certificates will be issued in respect of the Units. All Units will be registered in the name of the HKSCC Nominees by the Registrar on the Register, which is the evidence of ownership of Units. Beneficial interest of investors in the Units who are not Participating Dealers will be established through an account with the relevant Participating Dealer.

After listing of the Units, all Units will be registered in the name of HKSCC Nominees by the Registrar. The Register is the evidence of ownership. Any beneficial interest of an investor in the Units will be established through the records of CCASS or the statements such investor receives from his broker.

5.10 Redemption of Units

5.10.1 Redemption of Units

Only Participating Dealers may redeem Units. Investors who are not a Participating Dealer may apply to a Participating Dealer for the redemption of Units on any Dealing Day. The Manager generally expects Participating Dealers, in the normal course of business, to process requests from investors to redeem Units. Participating Dealers are required to submit a duly completed redemption request through the Trustee (with a copy to the Manager). Units may only be redeemed in Redemption Units (or multiples thereof).

The value at which a Unit may be redeemed, the Redemption Price per Unit, is the value of that Unit on the Dealing Day on which the redemption application is received (provided it is received on or before the Dealing Deadline on the relevant Dealing Day). The cash payment on redemption, calculated as at the Valuation Point on the relevant Dealing Day, represents an amount equal to the value of the Units redeemed minus such sum (if any) which represents the appropriate provision for Duties and Charges, the Transaction Fee, the Extension Fee (where applicable) and any incidental costs associated with the redemption of Units.

Notwithstanding any Dual Counter / Multi Counter arrangement, any cash proceeds received by a Participating Dealer in a redemption request shall be paid only in cash in the Base Currency.

To be effective, an application for redemption of Units must be given by a Participating Dealer in accordance with the Trust Deed, Operating Guidelines and the relevant Participation Agreement. If the redemption application is received from a Participating Dealer on a day which is not a Dealing Day or after the Dealing Deadline on any Dealing Day, it is deemed to have been received on the next Dealing Day, provided that the Manager may, subject to the satisfaction of the Trustee's operational requirements and upon prior consultation with the Trustee, agree to accept an application in respect of any Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to the relevant Dealing Day, provided further that, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not agree to accept any such application. The Unit redemption process will, in the normal course, be completed on the Settlement Day, subject to any suspension of redemption. The Manager may, upon giving prior notice to the Trustee, extend the settlement period at its discretion under certain circumstances.

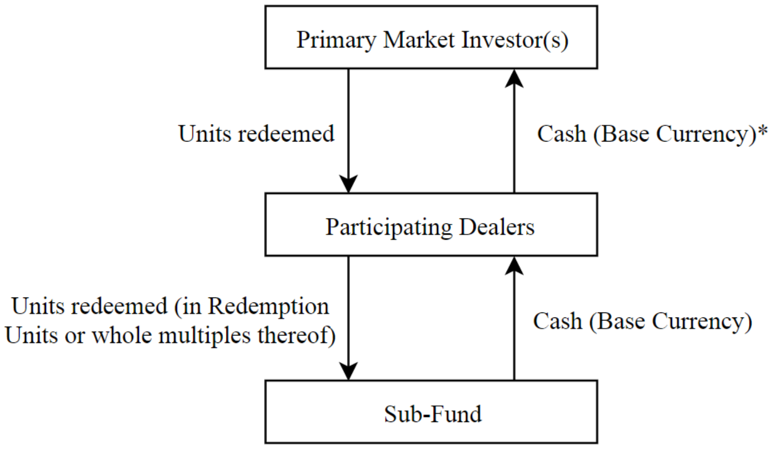
Upon redemption of Units pursuant to a valid application for redemption of Units,

(a) the Units, which are the subject of the application for redemption of Units, shall be redeemed and cancelled;

(b) the Fund Assets shall be reduced by the cancellation of those Units but, for valuation purposes only, such Units shall be deemed to have been redeemed and cancelled after the Valuation Point as at the Dealing Day on which the application for redemption of Units was received; and

(c) the name of the Unitholder of such Units shall be removed from the Register in respect of such Units after the end of the relevant Dealing Day.

The diagram below illustrates the redemption process for Participating Dealers:



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

Subject to the Trust Deed, the maximum interval between the receipt of an effective application for redemption of Units and the payment of redemption proceeds to the Unitholder may not exceed one calendar month unless such longer period is permitted under the Code.

An application for the redemption of Units, once given cannot be revoked or withdrawn without the consent of the Manager. The Trustee, the Registrar, the conversion agent and/or the Service Agent may charge, for its own account and benefit, a Transaction Fee (the rate of which may be varied by the Trustee, the Registrar, the conversion agent and/or the Service Agent from time to time) in respect of any accepted application for redemption of Units. Also, the Trustee may charge, for its own account and benefit, an application cancellation fee in connection with the cancellation of each accepted application for redemption of Units. The Trustee may charge, where applicable, an Extension Fee in connection with any requests for extended settlement. Please see section 9 of Part I this Prospectus for further details on fees and charges.

However, applications for redemption of Units may not be accepted during any period when the redemption of Units is suspended. For further details, please refer to section 8 of Part I of this Prospectus.

The Redemption Price per Unit for redemption of Units will be the Net Asset Value per Unit rounded to the nearest fourth decimal place in the Base Currency.

5.10.2 General Procedures for Creation and Redemption

If the Manager, subject to the satisfaction of the Trustee's operational requirements and upon prior consultation with the Trustee, extends the settlement period for any creation or redemption request, the Trustee may charge, for its own account and benefit, an Extension Fee to cover the administrative costs of extending settlement. The Transaction Fee payable in respect of each application for creation or redemption of Units shall continue to be payable notwithstanding the cancellation of such application.

Neither the Trustee, the Registrar nor the Manager shall be liable for any delay or loss to any Participating Dealer or any investor caused by:

(a) CCASS being closed or the settlement and clearance of securities in CCASS being disrupted in any way whatsoever;

(b) the creation or redemption of Units being suspended pursuant to the Trust Deed; or

(c) any circumstances beyond the Trustee's, the Registrar's or the Manager's reasonable control.

5.11 Rejection of Redemption of Units

Under exceptional circumstances, the Manager reserves the right to reject a redemption request and the Participating Dealers reserve the right to reject a request from any third party to submit a redemption request provided that the Manager and the Participating Dealer must act reasonably and in good faith. In rejecting a redemption request, the Manager will take into account the interests of all Unitholders to ensure that the interest of all Unitholders will not be materially adversely affected.

The Manager shall have the right to reject a redemption request under exceptional circumstances, including without limitation the following circumstances where:

(a) the application for redemption of Units is not submitted in the form and manner set out in the provisions of the relevant Participation Agreement;

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

(c) in the reasonable opinion of the Manager, acceptance of the application for redemption of Units would have an adverse effect on the relevant Sub-Fund;

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

(e) acceptance of the application for redemption of Units would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager which are for the purpose of ensuring compliance with laws or regulations; or

(f) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the application for redemption of Units.

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

Participating Dealers will generally accept redemption requests received from third parties, but shall, acting in good faith, have the right to reject an application for redemption of Units from third parties under exceptional circumstances, including (i) any period during which (a) the creation or issue of Units of the Sub-Fund, (b) the redemption of Units of the Sub-Fund, and/or (c) the determination of Net Asset Value of the Sub-Fund is suspended; (ii) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Underlying Index; (iii) where acceptance of the redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer which are for the purpose of ensuring compliance with laws or regulations; or (iv) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the redemption request.

Participating Dealers may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the redemption proceeds and investors are advised to check with the Participating Dealers as to relevant fees and charges.

5.12 Deferred Redemption

With a view to protecting the interests of Unitholders, the Manager, after consultation with the Trustee, may, but shall not be obliged to, defer any or all redemption requests of Units on any Dealing Day which exceed 10% of the total Net Asset Value of the relevant Sub-Fund. In this event, the limitation will apply pro-rata (to the nearest Redemption Unit, where applicable) so that all Unitholders wishing to redeem Units on that Dealing Day will redeem in approximately the same proportion by value of such Units (subject to the Manager's discretion to give priority to redemption requests from Participating Dealers who are Market Makers in certain exceptional circumstances including, but not limited to, if such priority to Market Makers is required to maintain the liquidity of the Sub-Fund), and Units not redeemed (but which would otherwise have been redeemed) will be carried forward and given priority for redemption, subject to the same limitation, on the next Dealing Day.

5.13 Cancellation of Redemption Requests

A redemption application once given cannot be revoked or withdrawn without the Manager's consent.

Where Participating Dealers submit a redemption request but fail to deliver Units for redemption to the Manager within such time and in such manner as prescribed in the Operating Guidelines of the relevant Sub-Fund (except where the Manager, upon giving prior notice to the Trustee, has extended the settlement period), that redemption request shall be deemed never to have been made and the Participating Dealer shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

(a) the Manager and/or the Trustee may retain or charge (as the case may be) the Participating Dealer who fails to deliver Units the applicable Transaction Fee (if any), any Duties and Charges, any incidental costs associated with the redemption of Units and an application cancellation fee;

(b) the Manager may require the Participating Dealer to pay the Trustee, for the account of the relevant Sub-Fund, any charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;

(c) the Manager may require the Participating Dealer to pay to the Trustee, for the account of the relevant Sub-Fund, in respect of each Unit so cancelled the cancellation compensation, being the amount (if any) by which the Redemption Price per Unit (at the relevant Dealing Day on which the redemption request was made) is less than the Issue Price per Unit which would have applied if the Participating Dealer had, on the actual date when the Manager is able to repurchase any replacement Securities, received an application for the creation of the relevant Units; and

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

5.14 Restrictions on Unitholders

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

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

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

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

5.15 Transfer of Units

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

5.16 Liquidity Risk Management

The Manager has procedures in place to identify, monitor and manage the liquidity risks of the Sub-Fund and to ensure that the liquidity profile of the investments of the Sub-Fund will facilitate compliance with the Sub-Fund's obligation to meet redemption requests. The

Manager's liquidity management tools also seek to achieve fair treatment of Unitholders and safeguard the interests of the remaining Unitholders in case of sizeable redemptions. The overall procedure involves appropriate oversight by management, measurement processes, regular assessment, on-going monitoring and internal control procedures.

The Manager's liquidity management procedures 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 Sub-Fund. These measures seek to ensure fair treatment and transparency for all investors.

As liquidity risk management tools, the Manager may (i) limit and defer redemption requests which exceed 10% of the total Net Asset Value of a Sub-Fund on a Dealing Day as further detailed in sub-section 5.12 headed "**Deferred Redemption**"; (ii) suspend the calculation of Net Asset Value subject to the conditions set out in sub-section 7.2 headed "**Suspension of Determination of Net Asset Value**", which in turn allows the Manager to reject or suspend a redemption request, or delay the payment of any monies in respect to a redemption of Units; and (iii) borrow up to 10% of the latest available Net Asset Value of the Sub-Fund to redeem Units, as further detailed in the sub-section 2.2 headed "**Borrowing and Leverage Restrictions**".

6 Exchange Listing and Trading of Units

6.1 Listing of Units on the SEHK

Dealings in the Units of Haitong CSI300 Index ETF have commenced on the SEHK. The Units of Haitong CSI300 Index ETF have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in CCASS.

Application has been made to the SEHK for the listing of, and permission to deal in, the Units of Haitong MSCI China A ESG ETF. Subject to the approval for granting of listing of, and permission to deal in the Units of Haitong MSCI China A ESG ETF on the SEHK and compliance with the relevant admission requirements of HKSCC, Units in Haitong MSCI China A ESG ETF 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 Units on the SEHK or such other date as may be determined by HKSCC. Upon listing, the Units will be and are traded on the SEHK in board lots as specified in Part II of this Prospectus.

Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second settlement day (as defined in the CCASS Rules) after any trading day. All activities under CCASS are subject to the CCASS Rules and CCASS Operational Procedures in effect from time to time.

Units of each Sub-Fund are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. The Manager may, in the future, in consultation with the Trustee, apply for listing of Units on one or more other stock exchanges.

Investors will not be able to purchase or sell Units on the SEHK if the Units are no longer listed. There is no assurance that the Units of the Sub-Fund will continue to meet the listing requirements of the SEHK. If the Units of any Sub-Fund are delisted, the Manager may seek the SFC's prior approval to operate the relevant Sub-Fund as an unlisted index fund or terminate the Sub-Fund in accordance with the Code, Trust Deed and/or all relevant laws.

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

6.2 Dealing of Units on the SEHK (Secondary Market)

Investors can invest in the Units by placing an order to buy Units during the trading day through a broker on the SEHK, as one would in the case of a security listed on the SEHK, at any time after the Units are listed on the SEHK. The trading price of the Units may differ from the Net Asset Value per Unit and there can be no assurance that a liquid secondary market will exist for the Units.

Investors may place an order with a broker to sell their Units in the applicable trading board lots on the SEHK at any time during the trading day. To sell Units (or to buy new Units) an 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. There are also exchange participants that will make a market for Units by providing liquidity in the secondary market when it is required, in accordance with the market making requirements of the SEHK. Please refer to section 3.10 of Part I of this Prospectus for further details on the role of a Market Maker.

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

Brokerage, stamp duty and other fees may be payable when purchasing and selling Units on the SEHK. Please see section 9.2 of Part I of this Prospectus for further details.

6.3 Renminbi Equity Trading Support Facility

In relation to investors who wish to purchase RMB traded Units of a Sub-Fund traded in the RMB counter on the SEHK but do not have sufficient RMB or have difficulty in obtaining RMB from other channels, the Renminbi Equity Trading Support Facility (the "**TSF**") is currently available to provide a facility to source RMB for such investors. Investors should consult their financial advisers if they have any questions concerning the TSF. More information with regard to the TSF is available on the SEHK's website at: https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/RMB-Equity-Trading-Support-Facility?sc_lang=en (this website has not been reviewed by the SFC).

7 Valuation

7.1 Determination of Net Asset Value of a Sub-Fund

The Net Asset Value of each Sub-Fund is calculated by the Trustee in the Base Currency at the Valuation Point on each Dealing Day (or such other time as determined by the Manager in consultation with the Trustee) by valuing the assets of the Sub-Fund and deducting the liabilities of the Sub-Fund in accordance with the terms of the Trust Deed.

The Net Asset Value of a Sub-Fund shall be calculated by valuing the assets of such Sub-Fund in accordance with the provisions of the Trust Deed and deducting the liabilities attributable to such Sub-Fund in accordance with the provisions of the Trust Deed. Set out below is a summary of the key provisions of the Trust Deed of how various assets of the Sub-Fund are valued:

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

(b) the value of each interest in any unquoted or unlisted mutual fund corporation or unit trust shall be the latest available Net Asset Value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the average of the last available bid and offer price for such unit, share or other interest, unless in any case the Manager considers that the latest available bid price is a more appropriate method of valuation;

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

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

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

(f) notwithstanding the foregoing, the Manager may, in consultation with the Trustee, adjust the value of any investment if, having regard to relevant circumstances, the Manager considers that such adjustment is required to fairly reflect the value of the investment; and

(g) where a third party is engaged in the valuation of the assets of a Sub-Fund, the Manager shall exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of such third party in ensuring such entity possesses the appropriate level of knowledge, experience and resources commensurate with the valuation policies and procedures for each Sub-Fund. The valuation activities of such third party shall be subject to ongoing supervision and periodic review by the Manager.

The Trustee will perform any currency conversion at rates as the Manager may determine from time to time.

The Trustee and the Manager may:

(a) rely without verification on price data and/or other information provided through electronic price feeds, mechanised and/or electronic systems of price/valuation dissemination for the purposes of valuing any assets of the relevant Sub-Fund and the prices provided by any such system shall be deemed to be the last traded prices;

(b) accept as sufficient and conclusive evidence of the value of any asset of a Sub-Fund or the cost price or sale price thereof, any market quotation or certification by a calculation agent, administrator, broker, any professional person, firm or association qualified (in the case where the Trustee is relying on this provision) in the reasonable opinion of the Manager or (in the case where the Manager is relying on this provision) in the reasonable opinion of the Trustee to provide such a quotation provided that nothing hereunder shall impose an obligation on the Trustee or the Manager (as the case may be) 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 Sub-Fund's assets, the Trustee may accept, use and rely on such prices without verification;

(c) rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including the relevant calculation agent, automatic pricing services, brokers, Market Makers or intermediaries, (in the case where the Trustee is relying on this provision) the Manager or (in the case where the Manager is relying on this provision) the Trustee, and any administrator or valuations agent of other collective investments into which a Sub-Fund may invest; and

(d) rely upon the established practice and rulings of any market and any committees and officials thereof on which any dealing in any assets of a Sub-Fund 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 Sub-Fund, 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, fraud, wilful default or negligence on their part.

7.2 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 any Sub-Fund for the whole or any part of any period during which:

(a) there exists any state of affairs prohibiting the normal disposal and/or purchase of a substantial portion of the investments of the Sub-Fund which is listed, quoted or ordinarily dealt in on a Market;

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

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

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

(e) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the Securities of the Sub-Fund or the creation or redemption of Units of the Sub-Fund is delayed, prohibited, restricted or cannot, in the reasonable opinion of the Manager after consultation with the Trustee, be carried out promptly or at normal rates of exchange; or

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

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

The Manager must review any prolonged suspension of determination of the Net Asset Value and take all necessary steps to resume normal operations as soon as practicable.

The Manager will give the SFC notice and will publish an announcement of any suspension of the determination of the Net Asset Value of the Sub-Fund's portfolio and of each Unit immediately following such suspension and at least once a month during the period of such suspension in such publications as the Manager decides, and for the duration of the suspension, on the relevant Sub-Fund section of the Trust's website, www.haitongetf.com.hk (this website has not been reviewed by the SFC). No Units of a Sub-Fund will be issued or redeemed during any period of suspension of the determination of the Net Asset Value of the Sub-Fund.

8 Suspension of Creations and Redemptions

The Manager may, at its discretion, after consultation with the Trustee, having regard to the best interests of the Unitholders, suspend the creation or issue of Units of any Sub-Fund, suspend the redemption of Units of any Sub-Fund and/or delay the payment of any monies in respect of any application for creation and/or redemption of Units 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 an Index Security has its primary listing, or the official clearing and settlement depositary (if any) of such market, is closed;

(c) during any period when dealing on a market on which an Index Security has its primary listing is restricted or suspended;

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

(e) during the existence of any state of affairs as a result of which delivery or purchase of Securities, as appropriate or disposal of investments for the time being comprised in the Sub-Fund cannot, in the reasonable opinion of the Manager after consultation with the Trustee, be effected normally or without prejudicing the interests of Unitholders of the relevant Sub-Fund;

(f) during any period when the Underlying Index for the relevant Sub-Fund is not compiled or published;

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

(h) during any period when the determination of the Net Asset Value of the Sub-Fund is suspended or if any circumstance giving rise to the suspension of the determination of the Net Asset Value of the Sub-Fund arises; or

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

In addition, unless otherwise allowed for under the Code, where the Sub-Fund(s) under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single entity and the SFC has not agreed to waive this prohibition under the Code, the Manager should take as a priority objective all steps as are necessary within a reasonable period to remedy the situation, taking due account the interests of the Unitholders.

The Manager will give the SFC notice and will publish an announcement of any suspension of the creation and redemption of Units, any decision to suspend trading in Units by the SEHK or the calculation of the Net Asset Value of the Sub-Fund’s portfolio and of each Unit immediately following such suspension and at least once a month during the period of such suspension in such publications as the Manager decides, and for the duration of the suspension, on the relevant Sub-Fund section of the Trust’s website, www.haitongetf.com.hk (this website has not been reviewed by the SFC).

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

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

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

The Manager must review any prolonged suspension of creation or redemption of Units and take all necessary steps to resume normal operations as soon as practicable.

9 Fees and Charges

9.1 Fees Payable by each Sub-Fund

The following fees are paid by each Sub-Fund out of the Fund Assets and will not be charged directly to Unitholders.

9.1.1 Management Fee

The Management Fee is currently charged at such rate as specified in Part II of this Prospectus in respect of the relevant Sub-Fund. The Management Fee is accrued daily and paid in arrears as soon as reasonably practicable after the last Dealing Day in each month.

Under the terms of the Trust Deed, the Manager may, on giving one month's notice (or such longer period as required by the SFC) to the Trustee and the affected Unitholders, increase the rate of its fees up to or towards its maximum rate of 2% per annum of the Net Asset Value of the relevant Sub-Fund.

The Manager may pay a distribution fee to any distributor or sub-distributors of the relevant Sub-Fund out of the Management Fees it receives from the Sub-Fund. A distributor may re-allocate an amount of the distribution fee to the sub-distributors. The Manager shall be responsible for paying the fees of any additional sub-managers or Investment Delegates appointed by the Manager.

9.1.2 Trustee and Registrar Fee

The Trustee's fee is currently charged at such rate as specified in Part II of this Prospectus in respect of the relevant Sub-Fund. The Trustee's fee is accrued daily and paid in arrears as soon as reasonably practicable after the last Dealing Day in each month. In the event of any increase in the Trustee's fee, the Manager shall give one month's notice (or such longer period as required by the SFC) to the Unitholders. The aggregate fees payable to the Trustee (in the capacity of Trustee) shall be subject to the maximum rate of 1% per annum of the Net Asset Value of the relevant Sub-Fund.

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

The Trustee, also acting as the Registrar, shall be entitled to a fee in such capacity. Details of such fee are specified in Part II of this Prospectus in respect of the relevant Sub-Fund.

9.1.3 Service Agent's Fee

The Service Agent is entitled to receive a monthly reconciliation fee from the Manager. The Manager shall pass on to the relevant Sub-Fund such reconciliation fee. For any period less than a month, the reconciliation fee is on a pro-rata basis and accrues on a daily basis. The Trustee, on behalf of and out of the Sub-Fund, will pay all other expenses chargeable by the Service Agent in connection with the Service Agent's role.

9.1.4 Ongoing Charges

The ongoing charges figure is calculated based on the ongoing expenses for a financial year expressed as a percentage of the relevant Sub-Fund's average Net Asset Value for the same period according to the latest annual financial statement as of that financial year. This ongoing charges figure may vary from year to year.

9.1.5 Establishment Costs

The costs and expenses incurred by the Manager and the Trustee (such as the costs of establishing the Trust and each Sub-Fund and the preparation of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorization by the SFC and all initial legal and printing costs) in establishing the Trust and the initial Sub-Fund, Haitong CSI300 Index ETF, are approximately RMB 1.8 million. Such costs shall be amortised by the Haitong CSI300 Index ETF (unless otherwise determined by the Manager) over the first five years of the Trust, unless the Manager determines a shorter period is more appropriate.

The cost of establishing the second Sub-Fund, Haitong MSCI China A ESG ETF (including inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs) are approximately RMB900,000, will be borne by Haitong MSCI China A ESG ETF and amortised over the first five years of Haitong MSCI China A ESG ETF, unless the Manager determines a shorter period is more appropriate.

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

Investors should note that, under IFRS, the establishment costs should be expensed as incurred. The Manager has considered the impact of such non-compliance and does not expect this issue to affect the results and the Net Asset Value of any Sub-Fund materially.

To the extent that the account basis adopted by the Trust for any Sub-Fund deviates from IFRS, the Manager may make necessary adjustments in the accounts of the relevant Sub-Fund for the accounts to be in compliance with IFRS and include a reconciliation note in the annual accounts of the relevant Sub-Fund to reconcile values arrived at applying the relevant Sub-Fund's accounting rules. If the Net Asset Value of the relevant Sub-Fund is not adjusted in preparation of the annual accounts, non-compliance with IFRS may result in the Auditor qualifying its opinion on those annual accounts depending on the nature and level of materiality of the non-compliance.

9.1.6 Operating Expenses

The Manager and the Trustee are entitled to charge to, or recover from, the assets of the relevant Sub-Fund certain duties, charges and other ongoing costs and expenses. These include (but are not limited to) the following:

(a) costs, fees and expenses to be paid to sub-custodians or other service providers in respect of the Sub-Fund;

(b) costs, fees and expenses to be paid to the Trustee;

(c) costs, fees and expenses to be paid under the Licence Agreement and any other licence or data supply contract in respect of the Sub-Fund;

(d) stamp duty, other duties, taxes, governmental charges, brokerage and commissions, exchange costs and commissions and bank charges in relation to transactions involving all or part of the assets of the Trust for the account of the Sub-Fund;

(e) the fees and expenses of the Auditor and legal counsel, and for preparing the financial statement;

(f) professional fees in relation to agreeing and/or contesting taxation liabilities or recoveries to be paid out of or into the assets of the Sub-Fund;

(g) fees and expenses of the Manager and Trustee in obtaining and/or maintaining the listing on the SEHK (or elsewhere) and/or the authorisation or other official approval, consent, waiver or sanction of the Sub-Fund under section 104 of the Securities and Futures Ordinance or any other law or regulation in any part of the world;

(h) the fees and expenses incurred in connection with depositing and holding Units in CCASS (and in any other securities depositary or clearing system), including the fees and expenses payable to any processing agents;

(i) costs involved in respect of the publication in newspapers in Hong Kong and elsewhere of the Net Asset Value per Unit or suspension of issues and redemptions of Units and the design, creation and maintenance of a website on which the Net Asset Value per Unit and the Prospectus are posted;

(j) costs, fees and expenses involved in updating this Prospectus;

(k) expenses incurred in preparing and arranging for the preparation and distribution of cheques, statements, reports, accounts, certificates and notices which the Trustee or the Manager is required to issue under the terms of the Trust Deed; and

(l) all other reasonable costs, charges and expenses which, in the reasonable opinion of the Trustee or the Manager, are properly incurred in the administration of the Sub-Fund and pursuant to the performance of their respective duties under the Trust Deed.

Expenses incurred which are not attributable to any particular Sub-Fund of the Trust will be allocated among all the Sub-Funds in proportion to their respective Net Asset Value.

9.1.7 Promotional Expenses

The Sub-Fund(s), for so long as they are SFC authorised, will not be responsible for any promotional expenses including those incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the relevant Sub-Fund will not be paid (either in whole or in part) out of the Sub-Fund.

9.2 Fees Payable by Investors Dealing in Units on the SEHK

The following table sets out the fees payable by investors dealing in Units on the SEHK:

	(% based on trading price of Units)
Brokerage Fee	Market rates
Transaction Levy	0.0027%, payable by each of the buyer and the seller
AFRC transaction levy	0.00015%, payable by each of the buyer and the seller
Trading Fee	0.00565%, payable by each of the buyer and the seller
Stamp Duty	Nil
Inter-counter Transfers	HKD 5 (See Note 1)

Note 1 – HKSCC will charge each Participant a fee of HKD 5 per instruction for effecting an inter-counter transfer of Units in a Sub-Fund from one counter to another counter. Investors should check with their brokers regarding any additional fees.

9.3 Fees Payable by Participating Dealers

The fees payable by Participating Dealers on creation or redemption of Units in respect of each Sub-Fund is specified in Part II of this Prospectus.

10 Taxation

The following summary of Hong Kong and PRC taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all the tax considerations that may be relevant to an investment in the Sub-Fund. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors.

Prospective investors should consult their professional advisers on the possible tax consequences of their creating, purchasing, holding, selling or redeeming Units under the laws of their countries of citizenship, residence, ordinary residence or domicile.

Hong Kong Tax

10.1 The Trust and the Sub-Funds

10.1.1 Profits Tax

The Trust and each Sub-Fund has been authorised by the SFC as a Collective Investment Scheme pursuant to Section 104 of the Securities and Futures Ordinance. Accordingly profits of the relevant Sub-Fund arising from the authorised activities are exempt from Hong Kong profits tax under Section 26A(1A) of the Inland Revenue Ordinance, for so long as the Sub-Fund is so authorised.

10.1.2 Stamp Duty

Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty payable by an investor on the transfer of Hong Kong stocks to the Trust in respect of allotment of Units, or by any Sub-Fund to an investor upon redemption of Units, will be remitted or refunded.

No Hong Kong stamp duty is payable by any Sub-Fund on any creation or redemption of Units pursuant to an application in cash.

10.2 The Unitholders

10.2.1 Profits Tax

Pursuant to the current practice of the Inland Revenue Department of Hong Kong, no profits tax should be payable by Unitholders in Hong Kong in respect of income distributions from any Sub-Fund, and profits tax is not payable by Unitholders in respect of any gains arising on a sale, redemption or other disposals of Units, unless such transactions form part of a trade, profession or business carried on by the Unitholders in Hong Kong and the investment in the Units are for trading purposes.

10.2.2 Stamp Duty

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

No Hong Kong ad valorem stamp duty is payable by an investor in relation to any creation or redemption of Units.

PRC Tax

By investing in securities (including China A-Shares and shares or units in exchange traded funds) issued by PRC tax resident enterprises, irrespective of whether such securities are issued or distributed in the PRC ("**onshore PRC securities**") or outside the PRC ("**offshore PRC securities**", and together with onshore PRC securities, the "**PRC Securities**"), a Sub-Fund may be subject to PRC taxes.

10.3 PRC Corporate Income Tax and Business Tax

10.3.1 Dividend Income and Interest Income

If the Trust or any Sub-Fund is considered as a tax resident enterprise of the PRC, it will be subject to PRC Corporate Income Tax at 25% on its worldwide taxable income. If the Trust or any Sub-Fund is considered as a non-tax resident enterprise with a permanent establishment ("**PE**") in the PRC, the profits and gains attributable to that PE would be subject to PRC Corporate Income Tax at 25%.

The Manager intends to manage and operate the Trust and the Sub-Fund(s) in such a manner that the Trust and the Sub-Fund(s) should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with a PE in the PRC for PRC Corporate Income Tax purposes, although this cannot be guaranteed.

Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-tax resident enterprises without PE in the PRC are subject to PRC Corporate Income Tax on a withholding basis ("**PRC Withholding Income Tax**"), generally at a rate of 10% currently, to the extent it directly derives the PRC sourced passive income. PRC sourced passive income (such as dividend income or interest income) may arise from investments in the PRC securities. The entity distributing such dividends is required to withhold such tax. Accordingly, the Trust or the Sub-Fund(s) may be subject to PRC Withholding Income Tax and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC Securities. Under the PRC Corporate Income Tax Law, interests derived from government bonds are exempt from PRC Withholding Income Tax.

Under the current PRC regulations, if a foreign investor (such as the Trust and the Sub-Fund(s)) invests in onshore PRC securities through a QFII or an RQFII (in this section and for the Sub-Fund referred to as the "**relevant QFI**"), any tax liability would, if it arises, be payable by the relevant QFI. However under the terms of the arrangement between the relevant QFI and the Trust, the relevant QFI will pass on any tax liability to the Trust for the account of the relevant Sub-Fund. As such, the Trust is the ultimate party which bears the risks relating to any PRC taxes which are so levied by the relevant PRC tax authority. Under current PRC tax laws and regulations, a relevant QFI is subject to a PRC Withholding Income Tax of 10% on cash dividends, distributions and interest from the PRC Securities unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties. A 10% PRC Withholding Income Tax also applies on dividend income derived from investments in China A-Shares through Stock Connect.

As the Sub-Fund(s) (which is a Hong Kong tax resident) seek to achieve its investment objective by investing through the QFI status of the QFI Holder, the interest derived from such investment may be subject to the reduced tax rate of 7% under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income

("**China-HK Arrangements**"), provided that the QFI Holder and/or the Sub-Fund are Hong Kong tax resident and the beneficial owner of the interest income under the China-HK Arrangements. In order to qualify for this preferential rate, assessment by the PRC tax authorities is required. There are still uncertainties as to how the PRC tax authorities will assess the beneficial ownership issue for investment funds, and whether the relevant Sub-Fund can obtain consent from the tax authorities for this preferential rate. If the preferential rate is not obtained, the general rate of 10% will be applicable to the relevant Sub-Fund on interest.

10.3.2 Capital Gains

On 14 November 2014, MOF, State Taxation Administration ("STA") and CSRC jointly issued "the Notice on the issues of temporary exemption from the imposition of corporate income tax arising from gains from the transfer of equity investment assets such as PRC domestic stocks by QFII and RQFII" (財政部、 國家稅務總局、證監會關於QFII 和RQFII 取得中國境內的股票等權益性投資資產轉讓所得 暫免徵收企業所得稅問題的通知（財稅[2014]79 號）)("Circular 79"), which states that (i) with effect from 17 November 2014, QFIIs and RQFIIs are temporarily exempt from corporate income tax ("CIT") in respect of capital gains derived from transfer of equity investment assets (including PRC domestic stocks); (ii) capital gains derived by QFIIs and RQFIIs from transfer of equity investment assets (including PRC domestic stocks) prior to 17 November 2014 shall be subject to CIT in accordance with the PRC CIT law; and (iii) this circular applies to QFIIs and RQFIIs that do not have a place of business or establishment ("PE") in the PRC, or QFIIs and RQFIIs that have a PE in the PRC but their gains derived from transfer of equity investment assets (including PRC domestic stocks) are not connected to such PE.

The MOF, STA and CSRC have also jointly issued a circular concerning the tax treatment for Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81 – The Circular Concerning the Tax Treatment for the Pilot Programme of Shanghai-Hong Kong Stock Connect (財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知 (財稅[2014] 81 號))("Circular 81") and a circular concerning the tax treatment for the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127 – The Circular Concerning the Tax Treatment for the Pilot Program of the Shenzhen-Hong Kong Stock Connect) ("Circular 127"). Pursuant to Circular 81 and Circular 127, PRC corporate income tax will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including each Sub-Fund) on the trading of China A-Shares through the Stock Connect.

In light of Circular 79, the Manager, having taken independent professional tax advice and acting in accordance with such advice, will not make PRC Withholding Income Tax ("WHT") provision for gross realised or unrealised capital gains derived from investments of the Sub-Funds in China A-Shares via RQFII from 17 November 2014 onwards.

Also, in light of the temporary tax exemption granted under Circular 81 and having considered the tax advice from the independent tax advisor, the Manager will not make any tax provision in respect of the PRC WHT or the Business Tax on the gross unrealised and realised capital gains derived by a Sub-Fund from investments in China A-Shares through Stock Connect.

It is also noted that Circulars 79, 81 and 127 state that the relevant tax exemptions are temporary. As such, as and when the PRC authorities announce the expiry date of the exemptions, a Sub-Fund may in future need to make additional provisions to reflect taxes payable, which may have a substantial negative impact on the NAV of the Sub-Fund.

The following is applicable to the Haitong CSI300 Index ETF (the "**CSI 300 ETF**") *only:*

As for the gross realised capital gains derived from trading of China A-Shares via RQFII before 17 November 2014, certain tax treaty relief is applicable to Hong Kong tax residents under the China-HK Arrangements. One type of such relief under the

China-HK Arrangements is that capital gains derived by a Hong Kong tax resident from transfer of shares of a PRC tax resident company would be taxed in the PRC only if:

(a) 50% or more of the PRC tax resident company's assets are comprised, directly or indirectly, of immovable property situated in the PRC (a "land rich company"); or
(b) the Hong Kong tax resident holds at least 25% of the shares of the PRC tax resident company at any time within the 12 months before the alienation.

As a QFI is restricted from holding more than 10% of the shares of a single issuer, a QFI should not be subject to PRC WHT for the capital gains derived from disposal of China A-Share unless the China A-Share company is a land rich company.

Pursuant to the relevant PRC tax regulations, to enjoy the tax treaty relief under the China-HK Arrangements, a Hong Kong tax resident should submit to the relevant PRC tax bureau with application documents (including a Hong Kong Tax Resident Certificate (a "HKTRC") issued by the Inland Revenue Department of Hong Kong (the "HKIRD")) for assessment.

The Manager has applied to the HKIRD on behalf of the CSI 300 ETF for the HKTRC in October 2015 and obtained HKTRC of the CSI 300 ETF issued by the HKIRD for each assessment year for the purpose of application of the tax treaty relief under China-HK Arrangements.

The Manager also submitted the relevant information and documents on behalf of CSI 300 ETF to the Shanghai tax bureau in October 2015 to (i) report the PRC WHT payable on gross realised capital gains derived from disposal of China A-Shares issued by land rich companies, and (ii) apply for PRC WHT relief on gross realised capital gains derived from disposal of China A-Shares issued by non-land rich companies under the China-HK Arrangements. The HKTRC for the CSI 300 ETF as described above was also submitted for the Shanghai tax bureau's approval for the eligibility of the CSI 300 ETF to benefit from the tax treaty relief under China-HK Arrangements.

The Shanghai tax bureau indicated that it agreed to the CSI 300 ETF's tax treaty relief application submitted. As such, gross realised capital gains derived by the CSI 300 ETF from transfer of China A-Shares prior to 17 November 2014, except for China A-Shares issued by land rich companies, are eligible for PRC WHT relief under China-HK Arrangements. Subsequently the CSI 300 ETF paid PRC WHT on gross realised capital gains arising from the CSI 300 ETF's disposal of China A-Shares issued by land rich companies for the period from the inception of the CSI 300 ETF up to and including 16 November 2014. As at the date of this Prospectus, no further tax provision will be made on capital gains arising from the CSI 300 ETF's disposal of China A-Shares during such period.

Please refer to the section "PRC Taxation Risk" of the relevant Sub-Fund for information relating to the tax provision policy of the Sub-Fund.

10.3.3 PRC Business Tax and other Surtaxes

The revised PRC Provisional Regulations of Business Tax ("**BT Law**") which came into effect on 1 January 2009 stipulates that gains derived by taxpayers from the trading of marketable securities within the PRC would be subject to a business tax ("**Business Tax**") at 5%.

The Notice Caishui [2005] No. 155 announced by MOF and STA states that gains derived by QFIIs from the trading of onshore PRC securities (including A-Shares and other PRC listed securities) are exempt from Business Tax. The new PRC BT Law which came into effect on 1 January 2009 has not changed this exemption treatment at the time of this Prospectus. However, it is not clear whether a similar exemption would be extended to RQFIIs.

Circular 81 states that Business Tax will be temporarily exempt on gains derived by Hong Kong and overseas investors on the trading of China A-Shares through Shanghai-Hong Kong Stock Connect.

For marketable security (including units or shares in exchange traded funds) trading within the PRC other than those trading under QFII/RQFIIs and Shanghai-Hong Kong Stock Connect, the new BT Law shall apply to levy Business Tax at 5% on the difference between the selling and buying prices of those marketable securities.

The new BT Law does not specifically exempt Business Tax on interest earned by non-financial institution. Hence, interest on both government and corporate bonds in theory should be subject to 5% Business Tax. As such, 5% Business Tax may apply on interest income derived on bond investments.

Dividend income or profit distributions on equity investment derived from China are not included in the taxable scope of Business Tax.

In addition, urban maintenance and construction tax (currently at the rate ranging from 1% to 7%), educational surcharge (currently at the rate of 3%) and local educational surcharge (currently at the rate of 2%) are imposed based on the Business Tax liabilities, unless there is an applicable exemption.

10.3.4 PRC Value-added Tax ("**VAT**") and other Surtaxes

With the Caishui [2016] No. 36 ("**Circular 36**") regarding the final stage of VAT reform coming into effect on 1 May 2016, gains derived from the trading of Chinese securities are subject to VAT instead of Business Tax starting from 1 May 2016.

According to Circular 36 and Caishui [2016] No. 70 ("**Circular 70**"), gains derived by QFIIs and RQFIIs from the trading of onshore Chinese securities (including China A-Shares and other PRC listed securities) are exempt from VAT since 1 May 2016. Circular 70 also states that the gains derived from investment in the PRC interbank local currency markets (including money market, bond market and derivatives market) by foreign investors, which are qualified by PBOC, are exempt from VAT since 1 May 2016.

Based on Circular 36 and Circular 127, the gains derived from transfer of China A-Shares through the Shanghai-Hong Kong Stock Connect are exempt from VAT since 1 May 2016 and the gains derived from transfer of China A-Shares through the Shenzhen-Hong Kong Stock Connect are exempt from VAT since 5 December 2016.

However, other than the VAT exemption in the paragraph above, Circular 36 shall apply to levy VAT at 6% on the difference between the selling and purchase prices in trading of those marketable securities and interest income earned on non-government bonds.

Dividend income or profit distributions on equity investment derived from the PRC are not included in the taxable scope of VAT.

If VAT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of VAT payable.

10.4 PRC Stamp Duty

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

According to Circular 127, the borrowing and return of listed shares in relation to shares guarantee and short-selling by Hong Kong and overseas investors through Stock Connect is exempt from Stamp Duty since 5 December 2016.

10.5 Other PRC Tax Considerations

It should also be noted that the actual applicable tax rates imposed by STA may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. As such, any provision for taxation made by the Manager may be excessive or inadequate to meet final PRC tax liabilities. Consequently, Unitholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they applied for creation of and/or redeemed their Units.

If the actual applicable tax rate levied by STA is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of a Sub-Fund may suffer more than the tax provision amount as the Sub-Fund will ultimately have to bear the additional tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made. In that case, those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision and as such may be disadvantaged.

Unitholders should seek their own tax advice on their tax position with regard to their investment in the relevant Sub-Fund.

The PRC tax laws, regulations and practice may change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on investments in PRC securities than currently contemplated.

FATCA

10.6 General Information

Sections 1471-1474 of the United States Internal Revenue Code of 1986, as amended (commonly known as the Foreign Account Tax Compliance Act or "FATCA") imposes a 30% withholding tax on certain payments to a foreign financial institution ("FFI") if that FFI is not compliant with FATCA. The Trust and/or the Sub-Funds are likely to be FFIs and thus, subject to FATCA and generally be required to enter into an agreement (an "FFI Agreement") with the US Internal Revenue Service ("US IRS") under which it will agree to identify its direct or indirect owners who are specified United States persons as defined under the United States Internal Revenue Code of 1986, as amended ("**Specified US Persons**") and report certain information concerning such owners who are Specified US Persons to the US IRS.

This withholding tax applies to payments to the Trust and/or Sub-Fund that constitute interest, dividends and other types of income from US sources (such as dividends paid by a US corporation).

These FATCA withholding taxes may be imposed on payments to the Trust and/or Sub-Fund unless the Trust and/or Sub-Fund becomes FATCA compliant pursuant to (i) the provisions of FATCA and the relevant regulations, notices and announcements issued thereunder; and/or (ii) where the Trust and/or Sub-Fund is subject to an appropriate Intergovernmental Agreement to improve international tax compliance and to implement FATCA ("**IGA**"), the applicable IGA. If an IGA is in place between the US and the country where the FFI is domiciled, the FFI will generally be able to apply simpler, less burdensome due diligence and tax information sharing requirements, with generally no FATCA tax withholding if the requirements of that IGA are satisfied.

The Hong Kong government has entered into an IGA for the implementation of FATCA, adopting "Model 2" IGA arrangements with the US. Under these "Model 2" IGA arrangements, FFIs in Hong Kong (such as the Trust and/or the Sub-Funds) would be required to enter into an FFI Agreement with the US IRS, and register with the US IRS and comply with the terms of an FFI Agreement. Otherwise they will be subject to a 30% withholding tax on relevant US-sourced payments and other "withholdable payments" paid to them.

FFIs in Hong Kong (such as the Sub-Funds) complying with the terms of an FFI Agreement, broadly on the account holder due diligence requirements and reporting requirements, (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments to "nonconsenting US accounts" (i.e. certain accounts of which the Unitholders do not consent to FATCA reporting and disclosure to the US IRS), but may be required to withhold tax on withholdable payments made to non-participating FFIs.

10.7 FATCA Registration Status

Each Sub-Fund has registered with the IRS as a reporting FFI and has obtained global intermediary identification numbers ("**GIIN**") from the US IRS (as noted below) and an officer of the Manager is acting as the responsible officer for each Sub-Fund:

Legal Name of FI (Single FI)	**GIIN**
Haitong CSI300 Index ETF	2RJM03.99999.SL.344
Haitong MSCI China A ESG ETF	LTG8ZA.99999.SL.344

10.8 Impact to the Sub-Funds and Unitholders

Unitholders will be required to furnish appropriate documentation certifying as to their US or non-US tax status, together with such additional tax information as the Manager or its agents may from time to time request.

Each Unitholder shall also be required to: (a) inform the Trust, the relevant Sub-Fund, the Manager or its agents as soon as possible of any change in circumstances provided in relation to its US or non-US tax status (including any circumstances that would result in a change in the taxpayer status of such Unitholder); and (b) subject to the Unitholder's express consent, waive any and all rights of such Unitholder under any relevant law or regulation in any applicable jurisdiction that would prevent the Trust, the relevant Sub-Fund, the Trustee, the Manager or its agents from meeting applicable regulatory and legal requirements, such as reporting of US accounts as defined in the applicable IGA.

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 Sub-Fund, or a risk of the Trust or the relevant Sub-Fund being subject to withholding tax under FATCA, the Trust, the relevant Sub-Fund, the Manager or its agents may, and acting in good faith and on reasonable grounds as permitted under applicable laws and regulations (i) not incepting the prospective investors as a Unitholders; (ii) report the relevant information of such Unitholder to the US IRS (subject to applicable laws or regulations in Hong Kong); and/or (iii) exercise its right to request a transfer of Units to another person or to compulsorily redeem the Units held by such Unitholder.

Nothing in this section constitutes or purports to constitute tax advice and a Unitholder should not rely on any information set out in this section for the purposes of making any investment decision, tax decision or otherwise. Investors should consult their own tax advisors regarding the FATCA requirements, possible implications and related tax consequences with respect to their own situation. In particular, investors who hold their Units through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer FATCA withholding tax on their investment returns.

Although the Manager, the Trust and the Sub-Funds will endeavour to satisfy any obligations imposed by FATCA to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Trustee, the Manager, the Trust and/or the Sub-Funds will be able to satisfy these obligations. If the Trust or a Sub-Fund becomes subject to a withholding tax as a result of the FATCA regime, the value of the Units held by Unitholders may suffer material losses.

Automatic Exchange of Financial Account Information

10.9 General Information

The Inland Revenue (Amendment) (No.3) Ordinance ("Ordinance") together with the later amendment ordinances is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires reporting financial institutions ("FI") in Hong Kong to obtain information and documentation relating to the tax residency of its account holders, and to file such information with the Hong Kong Inland Revenue Department ("IRD") who in turn will exchange the reportable information with the reportable jurisdiction(s) in which that account holder is a tax resident. Generally, reportable information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement ("CAA"), i.e. reportable jurisdictions; however, a Sub-Fund and/or an agent of the Sub-Fund may also obtain information or documentation relating to tax residents of other jurisdictions..

The Trust and each Sub-Fund are required to comply with the requirements of AEOI as implemented by Hong Kong, which means that the Trust, the Manager, the Trustee and/or any of their agents shall obtain and provide to the IRD reportable information of the Unitholders who maintain a reportable accounts with the Trust or the Sub-Fund.

The AEOI rules as implemented by Hong Kong require the Trust or the person who acts for the Trust or a Sub-Fund to maintain financial accounts to, amongst other things: (i) register the Trust's status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its account holders (i.e. Unitholders or prospective investors) to identify whether any relevant accounts are considered as reportable accounts for AEOI purposes; and (iii) report to the IRD the information of such reportable accounts. The IRD is expected on an annual basis, commencing from 2018, to exchange the information reported to it to the competent authorities of the relevant jurisdictions with which Hong Kong has signed a CAA, i.e. reportable jurisdictions. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax residents of a reportable jurisdiction; and (ii) certain entities in which the controlled persons as defined in the Ordinance are tax residents in a reportable jurisdiction. Under the Ordinance, details of Unitholders, including but not limited to their name, date and jurisdiction 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 competent authorities in the relevant reportable jurisdictions of tax residence.

10.10 Impact to the Sub-Funds and Unitholders

By investing in the Trust and a Sub-Fund and/or continuing to invest in the Trust and a Sub-Fund, prospective investors or Unitholders acknowledge that they may be required to provide additional information to the Manager, the Trustee and/or their agents in order for the Trust and the Sub-Fund to comply with AEOI. The Unitholder's information may be exchanged by the IRD to authorities in other jurisdictions. The failure of a Unitholder to provide any requested information, may result in the Manager and/or the Trustee, as permitted by applicable law and regulations, taking any action and/or pursue remedies at their discretion including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned. In such case, the Manager and/or the Trustee shall act in good faith and 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 Trust and the relevant Sub-Fund.

11 Conflicts of Interest and Connected Party Transactions

11.1 Conflict of Interests

The Manager, the Listing Agent, the Trustee, the Custodian, the PRC Custodian, the Investment Delegate or any of their Connected Persons may, in the course of their respective business, have potential conflicts of interest with the Trust or any Sub-Fund. The Manager, the Listing Agent, the Trustee, the Custodian, the PRC Custodian, the Investment Delegate or their respective Connected Persons may, from time to time, act as manager, investment delegate, trustee or custodian, listing agent or in such other capacity in connection with any collective investment scheme separate and distinct from the Trust and any Sub-Fund. Additionally, the Manager, the Listing Agent, the Trustee, the Custodian, the PRC Custodian, the Investment Delegate and their respective Connected Persons may:

(a) contract with or enter into any financial, banking, insurance or other transaction with one another or with any Unitholders, the Participating Dealers or any company or body any of whose shares or securities form part of a Sub-Fund or may be interested in any such contract or transaction; and

(b) invest in and deal with securities or any property of the kind included in a Sub-Fund for their respective individual accounts or for the account of a third party.

Furthermore, employees, their immediate family members and their dependents who reside with the employees may invest in Units of the Sub-Fund. Conflicts may also arise in the allocation of investment opportunities identified by the Manager between the Sub-Fund(s) and other funds managed or advised by, and/or other clients of the Manager.

If cash forming part of a Sub-Fund's assets is deposited with the Trustee, the Manager, the Investment Delegate or with any of their connected persons (being an institution licensed to accept deposits), such cash deposit shall be maintained in a manner that is in the best interests of the Unitholders of the relevant Sub-Fund, having regard to the prevailing commercial rate for a deposit of similar type, size and term negotiated at arm's length in accordance with ordinary and normal course of business.

Each of the Manager, the Listing Agent, the Trustee, the Custodian, the PRC Custodian, the Investment Delegate and their respective Connected Persons shall be entitled to retain for their respective 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 each other, the Trust, any Sub-Fund, 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, the Listing Agent, the Trustee, the Custodian, the PRC Custodian, the Investment Delegate and their respective Connected Persons shall not be liable to account to the Trust or any Sub-Fund or any investor of the Trust or the Sub-Fund 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 Listing Agent, the Trustee, the Custodian, the PRC Custodian, the Investment Delegate or their respective Connected Persons may, in the course of their respective business, have potential conflicts of interest with the Sub-Funds.

The Manager will take all reasonable steps to identify, prevent, manage and monitor any actual or potential conflicts of interest, including conducting all transactions in good faith at arm's length and in the best interests of the Sub-Fund on normal commercial terms. In circumstances of potential or actual conflicts of interest, each of the Manager, the Listing Agent, the Trustee, the Custodian, the PRC Custodian, the Investment Delegate or their respective Connected Persons will have regard to their respective obligations to each Sub-Fund and, in particular, to their respective obligation to act in the best interests of the Trust or the relevant Sub-Fund and the Unitholders so far as practicable, and will endeavour to resolve such conflicts fairly at no further cost to the relevant Sub-Fund.

Various entities within the Haitong Group will perform different functions in relation to the Sub-Fund(s) including the Manager, the Listing Agent and, as a Participating Dealer and/or Market Maker for any Sub-Fund. The Haitong Group has established and maintained appropriate policies and procedures to minimize and manage any apparent and potential conflicts of interest, and to ensure that there is a segregation of duties and responsibilities and assess controls between the different Haitong Group entities. The Haitong Group will endeavor to manage any conflicts between the relevant entities to ensure that any transactions or dealings in respect of the Sub-Fund(s) will be transacted at arm's length.

The Manager also has in place internal control procedures (e.g. on trade allocation and staff dealing policy) to ensure that in the event of conflicts of interests, all transactions shall be treated fairly. Dedicated personnel are put in place to monitor the internal systems and controls, and to ensure that any potential conflicts of interests are, to the extent possible, promptly identified and handled in accordance with the established policies.

In addition, the Manager will exercise its voting rights in accordance with its fiduciary duty in circumstances where the Manager would face a conflict between its own interest and that of Unitholders in respect of such voting rights.

The services of the Manager, the Listing Agent, the Trustee, the Custodian, the PRC Custodian, the Investment Delegate or their respective Connected Persons provided to the Sub-Funds are not deemed to be exclusive and the Manager, the Listing Agent, the Trustee, the Custodian, the PRC Custodian, the Investment Delegate or their respective Connected Persons shall be free to render similar services to others so long as their services hereunder are not impaired thereby and to retain for their own use and benefit all fees and other moneys payable thereby and the Manager, the Listing Agent, the Trustee, the Custodian, the PRC Custodian, the Investment Delegate or their respective Connected Persons shall not be deemed to be affected with notice of or to be under any duty to disclose to each other, the Trust or any of the Sub-Funds any fact or thing which comes to their notice in the course of rendering similar services to others or in the course of their business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out their duties under the Trust Deed.

11.2 Connected Party Transactions

All transactions carried out by or on behalf of the Trust or the relevant Sub-Fund are executed at arm's length and in the best interests of Unitholders.

Any transactions between the relevant Sub-Fund and the Manager, the Investment Delegate or any of their Connected Person(s) will be carried out in accordance with the provisions of the Code, any other applicable laws and any conditions imposed by the SFC and other competent government authority from time to time provided that no Connected Person transaction will be void or voidable solely on the ground that it is entered into in breach of such provisions.

The Manager, the Investment Delegate or any Connected Person of the Manager or any Connected Person of the Investment Delegate may purchase and sell investments for the account of a Sub-Fund as agent for such Sub-Fund. Neither the Manager, the Investment Delegate nor any of their Connected Persons shall, without the prior written consent of the Trustee, as principal sell or deal in the sale of investments or other property for the account of a Sub-Fund or otherwise deal as principal with the Trust. Each of the Manager, the Investment Delegate and the Connected Person of the Manager and the Connected Person of the Investment Delegate may retain for its own absolute use and benefit any profit arising out of such arrangements, provided that such transactions are executed on an arm's length basis and in the best interests of the Unitholders, on the best available terms and at the best price available to the relevant Sub-Fund having regard to the nature, size and time of the relevant transaction(s).

The Manager shall be responsible for selecting brokers and dealers through whom transactions for the account of the relevant Sub-Fund are to be executed (which may include the Manager, the Investment Delegate or their respective Connected Persons subject to any such transactions being at arm's length and executed on the best available terms.

Soft Dollars and Rebates

In transacting with brokers or dealers connected to the Manager, the Investment Delegate of the relevant Sub-Fund, the Trustee or any of their respective Connected Persons, the Manager must ensure that it complies with the following obligations:

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

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

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

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

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

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

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

The Manager, the Investment Delegate or any of their respective Connected Persons may receive, and are entitled to retain goods and services as soft dollar benefits (including research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services;

incidental computer hardware and software and investment-related publications but, for the avoidance of doubt, excluding travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments) which are of demonstrable benefit to the Sub-Fund and Unitholders (as may be permitted under the Code, applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out. The Manager shall procure that no such arrangements are entered into unless (i) the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates; (ii) periodic disclosure is made in the annual report of the Trust or the relevant Sub-Fund in the form of a statement describing the soft dollar policies and practices of the Manager or the Investment Delegate, including a description of goods and services received by them; and (iii) the availability of soft dollar arrangement is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

12 Other Important Information

12.1 Information Available on the Internet

Investors can find the following information in respect of each Sub-Fund, in the English and, if available, in the Chinese languages on the relevant Sub-Fund section of the Trust's website at www.haitongetf.com.hk (this website has not been reviewed by the SFC):

- this Prospectus, including the product key fact statement in respect of each Sub-Fund (as revised from time to time);
- its latest audited annual and unaudited interim financial reports (available in English only);
- the last Net Asset Value of the relevant Sub-Fund and per Unit of the relevant Sub-Fund (updated on a daily basis on each Dealing Day) in the Base Currency of the Sub-Fund (as specified in Part II of this Prospectus) and where Dual Counter / Multi Counter is adopted, the last Net Asset Value per Unit of the relevant Sub-Fund in each trading currency;
- the near real-time intraday indicative Net Asset Value per Unit of the relevant Sub-Fund (updated at least every 15 seconds through each Dealing Day) in the Base Currency of the Sub-Fund (as specified in Part II of this Prospectus) and where Dual Counter / Multi Counter is adopted, in each trading currency, during normal trading hours of the SEHK on each Dealing Day;
- any public announcements or notices made by the relevant Sub-Fund, including information regarding the relevant Sub-Fund or the Underlying Index, the suspension of the creation and redemption of Units, the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading, and notices relating to material alterations or additions to the Prospectus or the constitutive documents of the Trust;
- the full holdings of the relevant Sub-Fund (updated on a daily basis on each Dealing Day);
- the latest list of Participating Dealers and Market Makers of the relevant Sub-Fund;
- the last closing level of the Underlying Index;
- the ongoing charges figure and the past performance information of the relevant Sub-Fund (if available); and
- the annual tracking difference and tracking error of the relevant Sub-Fund (if available).

Any intraday indicative Net Asset Value per Unit of each Sub-Fund will be disclosed on a near real time basis at the relevant Sub-Fund section of the Trust's website during normal trading hours of the SEHK on each Dealing Day.

In respect of Sub-Funds trading on Dual Counter in RMB and HKD with RMB as the Base Currency, the intraday indicative Net Asset Value per Unit in HKD and the last closing Net Asset Value per Unit in HKD are indicative and for reference purposes only. The intraday indicative Net Asset Value per Unit in HKD is updated during SEHK trading hours, calculated by using the intraday indicative Net Asset Value per Unit in RMB multiplied by the fixed offshore RMB ("**CNH**") exchange rate quoted by Reuters at 3:00 p.m. (Hong

Kong time) on the previous Dealing Day on which the SEHK is open for trading. During the period when the China A-Share market is closed, the intraday indicative Net Asset Value per Unit in RMB will not be updated and any change to the intraday indicative Net Asset Value per Unit in HKD is solely due to the change in the foreign exchange rate. The last closing Net Asset Value per Unit in HKD is calculated by using the last closing Net Asset Value per Unit in RMB multiplied by the CNH exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) on the same Dealing Day. The last closing Net Asset Value per Unit in RMB and the indicative last closing Net Asset Value per Unit in HKD will not be updated when the China A-Share market is closed.

In respect of Sub-Funds trading on Multi Counter in USD, HKD and RMB, with RMB as the Base Currency, the intraday indicative Net Asset Value per Unit in USD and HKD and the last closing Net Asset Value per Unit in USD and HKD are indicative and for reference purposes only. The intraday indicative Net Asset Value per Unit in USD and HKD are updated during SEHK trading hours, calculated by using the intraday indicative Net Asset Value per Unit in RMB multiplied by the fixed USD:RMB(CNH) and HKD :RMB(CNH) exchange rates quoted by Reuters at 3:00 p.m. (Hong Kong time) on the previous Dealing Day on which the SEHK is open for trading. During the period when the China A-Share market is closed, the intraday indicative Net Asset Value per Unit in RMB will not be updated and any change to the intraday indicative Net Asset Value per Unit in USD and HKD is solely due to changes in foreign exchange rates. The last closing Net Asset Value per Unit in USD and HKD are calculated by using the last closing Net Asset Value per Unit in RMB multiplied by the USD:RMB(CNH) and HKD:RMB(CNH) exchange rates quoted by Reuters at 3:00 p.m. (Hong Kong time) on the same Dealing Day. The last closing Net Asset Value per Unit in RMB and the indicative last closing Net Asset Value per Unit in USD and HKD will not be updated when the China A-Share market is closed.

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

The last closing level of the Underlying Index of each Sub-Fund is available at the relevant Sub-Fund section of the Trust's website as disclosed in Part II of this Prospectus. Investors should note that the websites referred to in this Prospectus have not been reviewed by the SFC. Any information provided in websites may be updated and changed by the Manager periodically without any notice to any person.

12.2 Financial Reports

The financial year of the Trust and each Sub-Fund ends on 31 December in each year. The English audited annual reports and unaudited interim reports will be posted on the Trust's website, www.haitongetf.com.hk (this website has not been reviewed by the SFC) and will be available at the office of the Manager free of charge within four months of the end of each financial year and two months after the end of the semi-financial year-end respectively. Unaudited interim reports for each Sub-Fund will cover the period from 1 January to 30 June. The annual and interim reports will be prepared in accordance with IFRS. The interim reports will apply the same accounting policies and method of computation as are applied in the annual reports.

On or before the publication of audited annual report and unaudited interim report within the relevant timeframe, notice will be given to Unitholders to notify them where the financial reports, in printed and electronic forms, can be obtained. Such reports will contain a statement of the Net Asset Value of the Sub-Fund and the investments comprising its portfolio. The contents of these reports will comply with the requirements of the Code. Chinese annual report and interim report will not be prepared in respect of the Sub-Fund.

12.3 Termination of the Trust or the Sub-Fund

12.3.1 The Trust shall continue for a period of 80 years from the date of the Trust Deed or such other period to the extent not prohibited by law, whichever is longer until it is terminated in accordance with the Trust Deed, as summarised below.

12.3.2 Termination of the Trust

The Trust may be terminated by the Trustee if any of the following events occurs:

(a) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over any of its assets and shall not be discharged within 90 days;

(b) the Trustee shall form the reasonable opinion for good and sufficient reason and shall so state in writing to the Manager, the Manager is incapable of performing its duties satisfactorily;

(c) the Manager has failed to perform its duties satisfactorily or has, in the reasonable opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders;

(d) a law is passed that renders it illegal or in the reasonable opinion of the Trustee, impracticable or inadvisable to continue the Trust;

(e) either the Trustee is unable to find a person acceptable to the Trustee to replace the Manager within 90 days of its receipt of the Manager's notice to retire, or the person nominated by the Trustee shall fail to be approved by an extraordinary resolution; or

(f) the Trustee shall have decided to retire but within 90 days (or, as the case may be, 30 days in the event of liquidation of the Manager, or a material breach by the Manager of its obligations under the Trust Deed) of the Trustee giving written notice to the Manager of its desire to retire the Manager shall be unable to find a suitable person who is willing to act as trustee.

The Manager may also, in its absolute discretion, terminate the Trust by notice in writing to the Trustee if:

(a) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Sub-Fund outstanding under the Trust is less than RMB 100 million;

(b) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the reasonable good faith opinion of the Manager, makes it impracticable or inadvisable to continue the Trust;

(c) within 90 days after its notification to the Trustee and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust

Deed; or

(d) the Trustee shall have decided to retire but within 90 days (or, as the case may be, 30 days in the event of liquidation of the Manager, or a material breach by the Manager of its obligations under the Trust Deed) of the Trustee giving written notice to the Manager of its desire to retire the Manager shall be unable to find a suitable person who is willing to act as trustee.

12.3.3 Termination of a Sub-Fund

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate any Sub-Fund if:

(a) after one year from the date of establishment of the Sub-Fund, the aggregate Net Asset Value of all the Units in the Sub-Fund is less than RMB 100 million;

(b) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Sub-Fund and which renders the Sub-Fund illegal or in the reasonable good faith opinion of the Manager makes it impracticable or inadvisable to continue that Sub-Fund;

(c) its Underlying Index is no longer available for benchmarking or if the Units of the Sub-Fund are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager unless the Manager determines that it is possible, feasible, practicable and in the best interests of the Unitholders to substitute another index for the Underlying Index;

(d) at any time, the Sub-Fund ceases to have any Participating Dealer; or

(e) the Manager is unable to implement its investment strategy in respect of the relevant Sub-Fund.

The Trustee may also, in its absolute discretion, by notice in writing to the Manager, terminate any Sub-Fund if:

(a) the Trustee forms the reasonable opinion for good and sufficient reason that the Manager is incapable of performing its duties satisfactorily in respect of the Sub-Fund;

(b) the Trustee forms the reasonable opinion for good and sufficient reason that the Manager has failed to perform its duties satisfactorily in respect of the Sub-Fund or has done something calculated to bring the Sub-Fund into disrepute or that is harmful to the interests of Unitholders of the Sub-Fund; or

(c) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Sub-Fund and which renders the relevant Sub-Fund illegal or in the reasonable good faith opinion of the Trustee makes it impracticable or inadvisable to continue that Sub-Fund.

12.3.4 Notice of the termination of the Trust or a Sub-Fund will be given to the Unitholders after the SFC has approved the notice. The notice will contain the reasons for the termination, the consequences to Unitholders of terminating the Trust or the Sub-Fund and the alternatives available to them, and any other information required by the Code.

12.3.5 Any unclaimed proceeds or other monies held by the Trustee upon termination of the Trust or a Sub-Fund, as the case may be, may at the expiration of twelve months from the date upon which the same became payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

12.4 Trust Deed

The Trust was established under Hong Kong law by the Trust Deed. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Unitholders and prospective investors are advised to consult the terms of the Trust Deed. Nothing in the Trust Deed shall exempt either the Trustee or the Manager (as the case may be) from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence, nor may they be indemnified against any such liability by Unitholders or at Unitholders' expense.

12.5 Documents Available for Inspection

Copies of the: (i) Trust Deed, supplemental deed (if any); (ii) PRC Custodian Agreement, PRC Participation Agreement (together, the "**Material Contracts**"); and (iii) latest annual and interim reports, are available for inspection free of charge at all times during normal office hours on each Business Day at the Manager's office at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong. A copy of the Trust Deed, any supplemental deeds (if any) and Material Contracts may be supplied by the Manager to any Unitholder and to any person on application at a reasonable fee.

12.6 Modification of Trust Deed

12.6.1.1 The Trustee and the Manager may jointly modify, alter or add to the provisions of the Trust Deed by supplemental deed to the extent as they may consider expedient for any purpose, provided that unless the Trustee and the Manager will certify in writing (in such form and manner agreed between the Trustee and the Manager) that in their respective reasonable opinion such proposed modification, alteration or addition:

(a) is necessary in order to make possible compliance with any fiscal, statutory, regulatory or other official requirements;

(b) does not materially prejudice the interests of Unitholders in the Sub-Fund, does not operate to release to any material extent the Trustee, the Manager or any other person from any liability to Unitholders and (with the exception of the payment of proper fees and expenses incurred in relation to the preparation and execution of the relevant supplemental deed) will not result in any increase in the amount of costs and charges payable from the Fund Assets attributable to any Sub-Fund; or

(c) is necessary to correct a manifest or technical error,

no such modification, alteration or addition involving any material changes may be made without the approval of the SFC (but only to the extent that the SFC's approval is required under the Code) or an extraordinary resolution of Unitholders and no such modification, alteration or addition (whether or not approved by an extraordinary resolution) shall impose upon any Unitholder any obligation to make any further payment in respect of his Units or to accept any liability in respect thereof.

12.6.1.2 As long as the Trust or the relevant Sub-Fund affected by such modification, alteration or addition is authorised by the SFC pursuant to section 104 of the Securities and Futures Ordinance, the Manager must give such prior notice, if required by the SFC, to the Unitholders of the Sub-Fund before such modification, alteration or addition takes effect. Any such notice will be submitted to the SFC for consideration with details of the modification, alteration or addition and their effects on existing Unitholders (if any).

12.7 Meetings of Unitholders

12.7.1 The Trust Deed provides that the Trustee or the Manager may (and the Manager shall at the request in writing of Unitholders together registered as holding not less than one-tenth in value of the Units for the time being in issue) at any time convene a meeting of Unitholders after serving at least 21 days' notice to the Unitholders in the manner provided in the Trust Deed. These meetings may be used to modify the terms of the Trust Deed (other than those described in section 12.6.1 above), to increase the maximum Management Fee or Trustee's fee, to permit other types of fees, to approve a new Manager or to approve termination of the Trust or the Sub-Fund (unless otherwise already set out in the Trust Deed). Such matters must be considered by Unitholders forming a quorum of at least 25% of the Units in issue for the Sub-Fund and passed by an extraordinary resolution of at least 75% majority of the votes cast. 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.

12.7.2 Proxies may be appointed. A Unitholder may appoint more than one proxy to attend and vote a prescribed number of his or its Units. Where the Unitholder is a recognised clearing house (within the meaning of the Securities and Futures Ordinance) or 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 meeting of the Trust or the Sub-Fund provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number of Units in respect of which each such representative is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence for substantiating the facts that it is duly authorised and will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise if it were an individual Unitholder.

12.7.3 The Trust Deed sets out procedures to be followed in respect of meetings of the Unitholders, including provisions as to the giving of notice, appointment of proxies and quorum.

12.8 Dividend Policy

The Manager may in its absolute discretion make dividend distributions of net income to Unitholders from time to time having regard to the Sub-Fund's net income, fees and costs. The amount of any distribution will be calculated during the time as set out in Part II of the Prospectus for a Sub-Fund. Distributions of dividends are not guaranteed and the Manager may decide not to make any dividend distribution annually or otherwise. Unless otherwise set out in Part II of this Prospectus, distributions will not be paid out of the capital of a Sub-Fund.

12.9 Enquiries or Complaints

Investors may contact the Manager for any queries or complaints in relation to any Sub-

Fund. To contact the Manager, investors may either:

(a) write to the Manager at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong; or

(b) contact the Manager by phone at its telephone number +852 3588 7699.

The Manager will respond to any enquiry or complaint in writing as soon as practicable and generally in any event within one month.

12.10 Anti-Money Laundering Regulations

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

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

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

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

In the event that verification of an investor's identity and the source of payment of any applications for creation of Units is required, any delay or failure in the production of such information may result in the Trustee and/or the Manager refusing to accept the application and/or the creation monies.

While the Trustee shall only be responsible for verifying the identities of the Participating Dealers and the source of payments of any applications for creation of Units by the Participating Dealers, the Manager and the Participating Dealers may have their own verification requirements for the purposes of preventing money laundering. Subject to the Trustee's scope of verification as described above:

(a) 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.

(b) Each of the Trustee, the Manager, the relevant Participating Dealer 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 if such refusal is considered necessary or appropriate to ensure the compliance by the Trust or the relevant Sub-Fund(s) or the Trustee or the Manager or the relevant Participating Dealer with any such laws or regulations in any applicable jurisdiction.

(c) 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 creation application or payment of redemption proceeds.

12.11 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 like the Sub-Fund. Consequently, Unitholders are not obliged to disclose their interest in the Sub-Fund. Further, pursuant to section 323(1)(c)(i) of the Securities and Futures Ordinance, Unitholders are not considered to hold an interest in the underlying shares of a Hong Kong listed company held by the Sub-Fund.

PART II:
SPECIFIC INFORMATION RELATING TO EACH SUB-FUND

1 SPECIFIC INFORMATION RELATING TO HAITONG CSI300 INDEX ETF

1.1 Key Features of the Haitong CSI300 Index ETF

The table below sets out the key features of the Haitong CSI300 Index ETF (referred to in this section as the "**Sub-Fund**"). You should read this section together with the remaining sections of this Prospectus before deciding whether to invest in the Sub-Fund:

Key Trading Information of Haitong CSI300 Index ETF	
Product Type	Physical QFI RMB-denominated exchange traded fund investing directly in China A-Shares
Stock Code	82811 – RMB counter 02811 – HKD counter
Short Stock Name	HT CSI300 ETF-R – RMB counter HT CSI300 ETF – HKD counter
Underlying Index	CSI 300 Index
Investment Strategy	Full replication. Please refer to section 1.3 of this Part II of the Prospectus for further details.
Base Currency	RMB
Trading Currency of the Units	RMB – RMB counter HKD – HKD counter
Initial Issue Date	6 March 2014
Exchange Listing	SEHK – Main Board
Initial Issue Price	RMB 8
Listing Date	7 March 2014
Trading Board Lot Size	200 Units – RMB counter 200 Units – HKD counter
Dealing Day	Each Business Day on which both SEHK and the underlying China A-share market are open for normal trading and the Underlying Index is compiled and published.
Distribution Policy	The Manager intends to distribute income to Unitholders at its discretion annually (usually in July each year), having regard to the Sub-Fund's net income after fees and costs. **Distributions on all Units (whether HKD traded Units or RMB traded Units) will be received in RMB only.***
Creation/Redemption Unit Blocks	Minimum 500,000 Units (or whole multiples thereof), or such other number of Units as the Manager may determine

Available Method of Creation/ Redemption	Cash in RMB only
Financial Year End	31 December
Management Fee	0.60% per annum of the Net Asset Value of the Sub-Fund
*Trustee's Fee***	**Net Asset Value ("NAV")** **Annual rate (as a % of NAV)** First RMB 200 million 0.16% Next RMB 1,000 million 0.14% Next RMB 1,000 million 0.12% Next RMB 1,000 million 0.10% For the remaining balance 0.08% (subject to a minimum of RMB 40,000 per month) plus a fee of USD 4,000 per annum
Service Agent's Fee	HKD 5,000 monthly reconciliation fee
Registrar Fee	RMB 120 per Participating Dealer per transaction and an administrative transaction fee of RMB 10,000 per Participating Dealer per transaction
Performance Fee	Nil
Administration Fee	Included as part of Trustee's fee
Ongoing Charges	The ongoing charges figure is calculated based on the ongoing expenses for a financial year expressed as a percentage of the Sub-Fund's average Net Asset Value for the same period according to the latest annual financial statement as of that financial year and the figure may vary from year to year. For the ongoing charges figure of the last financial year, if available, please refer to the latest product key facts statement of the Sub-Fund or the Trust's website at www.haitongetf.com.hk***.
Trust's Website	www.haitongetf.com.hk*** (Information on the Sub-Fund is set out in the relevant Sub-Fund section of Trust's website.)
Key Parties	
Manager	Haitong International Asset Management (HK) Limited
Listing Agent	Haitong International Capital Limited
QFI Holder	Haitong International Holdings Limited
Trustee	HSBC Institutional Trust Services (Asia) Limited
Custodian	The Hongkong and Shanghai Banking Corporation Limited
PRC Custodian	HSBC Bank (China) Company Limited
Registrar	HSBC Institutional Trust Services (Asia) Limited
Service Agent	HK Conversion Agency Services Limited
Index Provider	China Securities Index Co., Ltd.

Current Participating Dealers	ABN AMRO Clearing Hong Kong Limited China Merchants Securities (HK) Co., Limited Credit Suisse Securities (Hong Kong) Limited Goldman Sachs (Asia) Securities Limited Haitong International Securities Company Limited The Hongkong and Shanghai Banking Corporation Limited KGI Securities (Hong Kong) Limited Merrill Lynch Far East Limited Nomura International (Hong Kong) Limited SG Securities (HK) Limited UBS Securities Hong Kong Limited Citigroup Global Markets Asia Limited China International Capital Corporation Hong Kong Securities Limited Mirae Asset Securities (HK) Limited Korea Investment & Securities Asia Limited Additional Participating Dealers may be appointed from time to time. An updated list of the Participating Dealers appointed for the Sub-Fund is available at the relevant Sub-Fund section of the Trust's website specified above.
Current Market Makers	For RMB Counter: China Merchants Securities (HK) Co., Limited Optiver Trading Hong Kong Limited Haitong International Securities Company Limited For HKD Counter: China Merchants Securities (HK) Co., Limited Optiver Trading Hong Kong Limited Haitong International Securities Company Limited Additional Market Makers may be appointed from time to time. An updated list of the Market Makers appointed for the Sub-Fund is available at the SEHK's website at www.hkex.com.hk/eng/prod/secprod/etf/smmcontact.htm*** and the relevant Sub-Fund section of the Trust's website specified above.

* *Both HKD traded Units and RMB traded Units will receive distributions in RMB only. If the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividends from RMB into HKD or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions and to consider the relevant risks as set out in section 4 in Part I of this Prospectus and section 1.16 of Part II of this Prospectus.*

** *The Sub-Fund pays a Trustee's fee to the Trustee (out of which the Trustee pays the Custodian and the PRC Custodian).*

*** *This website has not been reviewed by the SFC.*

1.2 Investment Objective

The Sub-Fund is a passively managed index-tracking fund. Its investment objective is to provide investment results, before the deduction of fees and expenses, that closely correspond to the performance of the CSI 300 Index (referred to in this section as the "**Underlying Index**" or "**CSI 300**").

1.3 Investment Strategy

The Manager seeks to achieve the investment objective by adopting a full replication strategy. Using a full replication strategy, the Manager will invest directly in all or substantially all of the assets of the Sub-Fund in the Index Securities comprising the Underlying Index in substantially the same weightings in which they are included in the Underlying Index, through the QFI status of the QFI Holder and the Stock Connect.

The QFI Holder, being the holding company of the Manager, has authorised the Manager to use the QFI investment status for the purposes of investments in the PRC Index Securities for the Sub-Fund.

In addition, subject to applicable laws and regulations, the Manager may invest up to 30% of the Sub-Fund's Net Asset Value in certain eligible China A-Shares through the Stock Connect (as further described in section 1.8.3 headed "Stock Connect" below).

The Manager reviews the Index Securities held in the Sub-Fund on each Business Day. In order to minimise tracking error, it closely monitors factors such as any changes in the weighing of each Index Security, suspension, dividend distributions and the liquidity of the Sub-Fund portfolio. The Manager will also conduct adjustment on the portfolio of the Sub-Fund regularly, taking into account tracking error reports, the index methodology and any rebalance notification of the Underlying Index.

Under normal circumstances, the Sub-Fund will invest at least 95% of its assets in the Index Securities constituting the Underlying Index. The Sub-Fund may also invest not more than 5% of its assets in money market funds and in cash deposits for cash management purpose. The Sub-Fund will not invest in Securities that are not Index Securities.

Currently the Manager has no intention to invest the Sub-Fund in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

The Sub-Fund does not currently intend to engage in any security financing or other similar over-the-counter transactions.

The Manager will seek the prior approval of the SFC (if applicable) and provide at least one month's prior notice to Unitholders before the Manager engages in any investments in any financial derivative instruments, security financing transactions or other similar over-the-counter transactions, or adopts an investment strategy other than a full replication strategy.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in section 2 of Part I of this Prospectus.

1.4 Dealing of Units of the Haitong CSI300 Index ETF

Application for SEHK Listing

Units in the Sub-Fund have been accepted as eligible securities in CCASS Dealings of the Units in the Sub-Fund are expected commenced on the SEHK on 7 March 2014. To facilitate trading on the SEHK, Units may be deposited, cleared and settled in CCASS. All Units deposited in CCASS will be held in book-entry form only and will be registered in the name of HKSCC Nominees.

Issue Price and Redemption Price

The Issue Price per Unit for creation of Units shall be the Net Asset Value per Unit calculated as at the Valuation Point in respect of the relevant Dealing Day rounded to the nearest fourth decimal place (i.e. RMB 0.0001).

The Redemption Price per Unit for redemption of Units shall be the Net Asset Value per Unit calculated as at the Valuation Point of the relevant Dealing Day rounded to the nearest fourth decimal place (i.e. RMB 0.0001).

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

Dealing Deadline

For dealing on each Dealing Day for an application for creation or redemption of Units in respect of the Sub-Fund, the Dealing Deadline is at 11:00 a.m. (Hong Kong time) on the relevant Dealing Day, as may be revised by the Manager from time to time.

If an application for creation or redemption of Units is received by the Trustee and accepted by the Manager after the Dealing Deadline on a Dealing Day, that application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that application, provided that the Manager may, subject to the satisfaction of the Trustee's operational requirements and upon prior consultation with the Trustee, agree to accept an application in respect of any Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to the relevant Dealing Day, provided further that, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not agree to accept any such application.

Dual Counter

Units of the Sub-Fund are denominated in RMB. Despite the Dual Counter arrangement the creation of new Units and redemption of Units in the primary market are settled in RMB only. The Sub-Fund offers two trading counters on the SEHK (i.e. RMB counter and HKD counter) to investors for secondary trading purposes. Units traded in RMB counter will be settled in RMB and Units traded in HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets. A Participating Dealer may elect to deposit created Units in either the RMB counter or the HKD counter within CCASS for secondary trading purposes, although all creation and redemption of Units in the primary market must be in RMB only. Both RMB traded Units and HKD traded Units may be redeemed by way of a redemption application (through a Participating Dealer). Where a Participating Dealer wishes to redeem HKD traded Units, the redemption process is the same as for RMB traded Units.

Units traded on both counters are of the same class and all unit holders of both counters are treated equally. The two counters will have different stock codes, different stock short names and different ISIN numbers as follows:

	SEHK Stock Code	Short Stock Name	ISIN Number
RMB counter	82811	HT CSI300 ETF-R	HK0000179348
HKD counter	02811	HT CSI300 ETF	HK0000179355

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. Inter-counter buy and sell is permissible even if the trades take place within the same trading day. However, investors should note that the trading price of Units traded in the RMB counter and that of HKD counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on the SEHK's website: https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en (this website has not been reviewed by the SFC).

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factor entitled "Dual Counter / Multi Counter Risks" in section 4.1.1 in Part I of this Prospectus.

1.5 Distribution Policy

The Manager intends to distribute income to Unitholders annually (usually in July each year) having regard to the Sub-Fund's net income after fees and costs. The amount of any distribution will be calculated in July each year. Distributions of dividends are not guaranteed and the Manager may decide not to make any dividend distribution semi-annually/annually (as the case may be) or otherwise. Distributions will not be paid out of the capital or effectively out of the capital of the Sub-Fund.

1.6 Fees and Expenses

1.6.1 Management Fee

The Management Fee is currently charged at a rate of 0.6% per annum of the Net Asset Value of the Sub-Fund, accrued daily and paid monthly in arrears as soon as reasonably practicable after the last Dealing Day in each month.

The Manager may pay a distribution fee to any distributor or sub-distributors of the Sub-Fund out of the Management Fees it receives from the Sub-Fund. A distributor may re-allocate an amount of the distribution fee to the sub-distributors. The Manager shall be responsible for paying the fees of any additional sub-managers or investment delegates appointed by the Manager.

1.6.2 Trustee and Registrar Fee

The Trustee's fee is currently calculated as a percentage per annum of the Net Asset Value of the Sub-Fund at a rate of 0.16% per annum for the first RMB 200 million of the Net Asset Value, 0.14% per annum for the next RMB 1,000 million of the Net Asset Value, 0.12% per annum for the next RMB 1,000 million of the Net Asset Value, 0.10% per annum for the next RMB 1,000 million of the Net Asset Value and 0.08% per annum for the remaining balance of the Net Asset Value, accrued daily and paid monthly in arrears as soon as reasonably practicable after the last Dealing Day in each month, subject to a monthly minimum of RMB 40,000 (in addition, a fee of USD4,000 per annum is payable to the Trustee in relation to the performance of its duties to the Sub-Fund).

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

The Registrar is entitled to a registrar fee of RMB 120 per Participating Dealer per transaction for updating the register record of the Sub-Fund and an administrative transaction fee of RMB 10,000 per Participating Dealer per transaction for handling any cash creation and redemption of Units of the Sub-Fund.

1.6.3 Service Agent's Fee

The Service Agent is entitled to receive a monthly reconciliation fee of HKD 5,000 from the Manager. The Manager shall pass on to the Sub-Fund such reconciliation fee. For any period less than a month, the reconciliation fee is on a pro-rata basis and accrues on a daily basis. The Service Agent is also entitled to receive a Transaction Fee for each book-entry deposit transaction or book-entry withdrawal transaction and may be passed on in whole or in part to the investor. The Trustee, on behalf of the Sub-Fund, will pay all other expenses chargeable by the Service Agent in connection with the Service Agent's role.

1.6.4 Ongoing charges

The ongoing charges figure is calculated based on the actual ongoing expenses for a financial year expressed as a percentage of the Sub-Fund's average Net Asset Value for the same period according to the latest annual financial statement as of that charged to the Sub-Fund in a financial year and the figure may vary from year to year.

For the ongoing charges figure of the last financial year, if available, please refer to the latest product key facts statement of the Sub-Fund or the Trust's website at www.haitongetf.com.hk (this website has not been reviewed by the SFC).

1.6.5 Fees Payable by Participating Dealers

The following table sets out the fees payable by Participating Dealers on creation and redemption of Units:

Creation of Units

Transaction Fee by Trustee/Registrar	RMB 10,000 per application (See Note 1)
Transaction Fee by Service Agent	HKD 1,000 (See Note 2)
Application Cancellation Fee	RMB 5,000 (See Note 3) Stamp
Duty	Nil
Other Duties and Charges	As applicable and may include, inter alia, brokerage costs and stamp duty charges (See Note 4)

Redemption of Units

Transaction Fee by Trustee/Registrar	RMB 10,000 per application (See Note 1)
Transaction Fee by Service Agent	HKD 1,000 (See Note 2)
Extension Fee	RMB 5,000 (See Note 5)
Application Cancellation Fee	RMB 5,000 (See Note 3)
Stamp Duty	Nil
Other Duties and Charges	As applicable and may include, inter alia, brokerage costs and stamp duty charges (See Note 4)

Note 1 – The Transaction Fee is payable by each Participating Dealer to the benefit of the Trustee and/or the Registrar and may be passed on in whole or in part to the investor.

Note 2 – The Service Agent will charge a Transaction Fee of HKD 1,000 and is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction and may be passed on in whole or in part to the investor.

Note 3 – An application cancellation fee is payable to the Trustee for the account of the Registrar by a Participating Dealer in respect of either a withdrawn or failed application for creation or redemption of Units.

Note 4 – A Participating Dealer may pass on to the relevant investor such Duties and Charges. The actual Duties and Charges can only be determined after the relevant application for creation or redemption of Units has been effected.

Note 5 – An Extension Fee is payable by each Participating Dealer to the Trustee for the benefit of the Trustee on each occasion the Manager grants the request by the Participating Dealer for extended settlement in respect of an application for redemption of Units.

1.7 The Underlying Index and China A-Share Market

The Underlying Index of the Sub-Fund is a diversified index consisting of constituent China A-Shares. Please see sections 1.11 and 1.14 of this Part II of the Prospectus for further information about the China A-Share market in the PRC and the Underlying Index respectively.

1.8 QFI and Stock Connect

1.8.1 What is QFI Regime?

Under the current PRC regulations, foreign investors outside the PRC can generally invest only in the PRC securities and futures market through certain qualified foreign investors that have obtained the status as QFI approved by the CSRC to remit foreign currencies which can be traded on the China Foreign Exchange Trade System (in case of a QFII) and offshore RMB (in case of an RQFII) into the PRC for the purpose of investing in the PRC's domestic securities and futures markets.

The PRC regulatory framework of the QFI regime is currently set out in the following QFI Regulations:

(a) the "Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors" jointly issued by the CSRC, the PBOC and the SAFE on 25 September 2020 and effective from 1 November 2020 (《合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法》);

(b) the "Provisions on Issues Concerning the Implementation of the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors" issued by the CSRC on 25 September 2020 and effective from 1 November 2020 (《關於實施<合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法>有關問題的規定》);

(c) the "Provisions on Fund Administration of Domestic Securities and Futures Investment by Foreign Institutional Investors" (《境外機構投資者境內證券期貨投資資金管理規定》) issued by the PBOC and the SAFE on 7 May 2020 and effective from 6 June 2020; and

(d) such other applicable regulations promulgated by the relevant authorities (collectively, the "**QFI Regulations**").

1.8.2 How Does the Sub-Fund Invest in China A-Shares under the QFI Regime?

The Sub-Fund intends to obtain exposure to China A-Shares primarily by using the QFI status of Haitong International Holdings Limited, which holds a QFI status in China as the QFI Holder. The QFI Holder has the flexibility to apply its QFI status across different fund products.

The Custodian has been appointed by the QFI Holder on behalf of the Trustee to hold the assets of the Sub-Fund. The QFI Holder (in conjunction with the Manager) and the Custodian have appointed the PRC Custodian in respect of the China A-Shares invested by the Sub-Fund through the QFI Holder, pursuant to the relevant PRC laws and regulations.

All assets of the Sub-Fund located in the PRC, including its investment in the Index Securities, will be held by the Custodian (through the PRC Custodian) for the Sub-Fund in accordance with the terms of the PRC Custodian Agreement and PRC Participation Agreement and the applicable PRC regulations.

The Manager will arrange for the opening of the following accounts in the PRC in the joint names of the QFI Holder and the Sub-Fund:

(a) securities account(s) ("**QFI Securities Account**") with the CSDCC and maintained by the PRC Custodian; and

(b) RMB cash account(s) ("**QFI Cash Account**") with the PRC Custodian, which will in turn maintain a cash clearing account with CSDCC for trade settlement in according to applicable regulations.

Investors should pay attention to the sections headed "QFI Risk", "RMB Related Risk" and "PRC/Emerging Market Related Risks" under section 1 of Part II of this Prospectus. The Manager has obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC laws:

(a) the QFI Securities Account and QFI Cash Account have been opened in the joint names of the QFI Holder and the Sub-Fund for the sole benefit and use of the Sub-Fund in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the QFI Securities Account (i) belong solely to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Manager, the QFI Holder, the Custodian, the PRC Custodian and any PRC Broker(s) and from the assets of other clients of the Manager, the QFI Holder, the Custodian, the PRC Custodian and any PRC Broker(s);

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

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

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

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

Repatriations in RMB conducted by the QFI Holder as QFI (acting through the Manager) on behalf of the Sub-Fund are permitted daily and are not subject to any lock-up periods or prior approval.

Further, the Trustee has put in place proper arrangements to ensure that:

(a) the Trustee takes into its custody or under its control the assets of the Sub-Fund, including onshore PRC assets acquired by the Sub-Fund through the QFI status of the QFI Holder and such PRC assets will be maintained by the PRC Custodian in electronic form via a securities account with the CSDCC and cash held in a cash account with the PRC Custodian (the "**Onshore PRC Assets**"), and holds the same in trust for the Unitholders of the Sub-Fund;

(b) cash and registrable assets of the Sub-Fund, including the Onshore PRC Assets are registered in the name or to the order of the Trustee; and

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

(d) Although the Manager does not hold the QFI status directly for the Sub-Fund, the QFI Holder who has obtained the QFI status is the holding company of the Manager. The Manager will be responsible to ensure that all transactions and dealings in respect of the Sub-Fund are conducted in compliance with the Trust Deed (where applicable) and the regulations applicable to the QFI Holder. If any conflicts of interest arise, the Manager will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

1.8.3 Stock Connect

Stock Connect is a securities trading and clearing linked programme developed by the SEHK, the SSE, the SZSE and the CSDCC, with an aim to achieve mutual stock market access between mainland China and Hong Kong. It comprises the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link (for investment in PRC shares) and a Southbound Trading Link (for investment in Hong Kong shares). Under the Northbound Trading Link, investors, through their Hong Kong brokers who are eligible participants of the Stock Connect, may be able to place orders to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through PRC securities firms who are eligible participants of the Stock Connect, may be able to place orders to trade eligible shares listed on the SEHK by routing orders to the SEHK.

All Hong Kong and overseas investors may be allowed to trade SSE-listed securities and SZSE-listed securities (as described below) through the Stock Connect (through the Northbound trading link), subject to rules and regulations issued from time to time.

The following summary presents some key points about the Northbound trading link (which may be utilized by the Sub-Fund to invest in the PRC):

Eligible securities

Among the different types of SSE-listed securities and SZSE-listed securities, only China A-Shares are currently permitted for Northbound trading under the Stock Connect. Other product types such as China B-Shares, Exchange Traded Funds (ETFs), bonds, and other securities are not included in the programme. Currently, Hong Kong and overseas investors are allowed to trade certain stocks listed on the SSE market ("SSE Securities") and the SZSE market (the "SZSE Securities").

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

a) SSE-listed shares which are not traded in RMB; and

b) SSE-listed shares which are included in the "risk alert board".

SZSE Securities will include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed China A-Shares which have corresponding H shares listed on SEHK, except the following:

a) SZSE-listed shares which are not traded in RMB; and

b) SZSE-listed shares which are included in the "risk alert board".

At the initial stage of the Shenzhen-Hong Kong Stock Connect, shares listed on the ChiNext Board of SZSE under Northbound Trading Link will be limited to institutional professional investors. Subject to resolution of related regulatory issues, other investors may subsequently be allowed to trade such shares.

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

Trading day

Due to differences in public holidays between Hong Kong and mainland China, there may be differences in the trading days in the two markets. Even if the mainland China markets are open on a certain day, the Sub-Fund may not necessarily be able to invest in China A-Shares through Northbound trading. For example, the Hong Kong market will close on Easter and Christmas every year, but those are trading days in mainland China. Likewise, during Lunar New Year and the National Day golden week periods, mainland China will usually arrange for seven-day consecutive holidays by reshuffling workdays and weekends. Even on days both markets are scheduled to be open for business, there could be differences because of other reasons such a typhoon number 8 signal in Hong Kong. Investors (including the Sub-Fund) will only be allowed to trade on the other market on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect will be subject to a daily quota ("**Daily Quota**"), which will be separate for Northbound and Southbound trading, for each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connect each day. The quotas do not belong to the Sub-Fund and are utilised on a first-come-first-serve basis. The SEHK monitors the quota and publishes the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website. The Daily Quota may change in future. The Manager will not notify investors in case of a change of quota.

Settlement and Custody

The HKSCC, a wholly owned subsidiary of SEHK, will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A-Shares traded through the Stock Connect are issued in scripless form, so investors will not hold any physical China A-Shares. Investors do not hold SSE Securities or SZSE Securities directly – these are held through their brokers' or custodians' accounts with CCASS.

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities or SZSE Securities held in its omnibus stock account in CSDCC, CSDCC as the share registrar for SSE or SZSE listed companies will still treat the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities. HKSCC will monitor the corporate actions affecting SSE Securities or SZSE Securities and keep the relevant CCASS participants informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

Currency

Hong Kong and overseas investors will trade and settle SSE Securities and SZSE Securities in RMB only. Hence, the Sub-Fund will need to use its RMB funds to trade and settle SSE Securities and SZSE Securities.

Trading fees and taxes

In addition to paying trading fees and stamp duties in connection with the trading of China A-Shares, the Sub-Fund may be subject to other fees and taxes concerned with income arising from stock transfers which are determined by the relevant authorities.

Coverage of Investor Compensation Fund

Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

For defaults occurring on or after 1 January 2020, the Investor Compensation Fund also covers investors' losses in relation to securities traded on a stock market operated by the Shanghai Stock Exchange or the Shenzhen Stock Exchange and in respect of which an order for sale or purchase is permitted to be routed through the northbound link of a Stock Connect arrangement.

On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund 《證券投資者保護基金管理辦法》, the functions of China Securities Investor Protection Fund （中國投資者保護基金） ("**CISPF**") include "indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by the CSRC and custodian operation" or "other functions approved by the State Council". As far as the Sub-Fund is concerned, since it is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, therefore they are not protected by CSIPF in the PRC.

Further information about the Stock Connect is available at the website: https://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en (this website has not been reviewed by the SFC).

1.9 RMB Creation and Trading

Investors may apply for Units of the Sub-Fund through the Participating Dealers or purchase Units on the SEHK only if they have sufficient RMB to pay the application or purchase monies and the related brokerage, SFC transaction levy and SEHK trading fees. While both RMB available in Mainland China ("**CNY**") and offshore RMB outside Mainland China are the same currency, they are traded in different and separate markets, each being subject to different rules and regulations in respect of their respective remittances and conversions. Since the RMB traded in the Mainland China and outside Mainland China operates independently where remittances of RMB across the border is highly restricted, CNY and offshore RMB are currently traded at different conversion and interest rates and their movements may not be in the same direction. Although there is a significant amount of offshore RMB held in Hong Kong outside the PRC, remittances of RMB from outside the PRC to the PRC are subject to certain restrictions, and vice versa. As such, whilst offshore RMB and CNY are both the same currency, certain special restrictions do apply to offshore RMB available outside the PRC. The liquidity and trading price of the Sub-Fund may be adversely affected by the limited availability of, and restrictions applicable to, offshore RMB outside the PRC.

Creation monies from each Participating Dealer to the Sub-Fund must be paid in RMB. Accordingly a Participating Dealer will require an investor (as its client) to pay RMB to it. Payment details for creation of the Units will be set out in the relevant Participating Dealer's application forms for its clients. If you intend to apply for creation of Units through a Participating Dealer, you should open an RMB bank account (for settlement) and a securities dealing account with such Participating Dealer to enable you to accumulate sufficient RMB to pay the aggregate Issue Price and related costs to such Participating Dealer. If your application to the Participating Dealer is not successful or is successful only in part, the whole or appropriate portion of your creation monies paid will need to be returned to you by such Participating Dealer by crediting such amount into your RMB bank account. Where payment is to be made by cheque, you should also consult your bank(s) at which you maintain your RMB bank account in advance whether there are any specific requirements in relation to the issue of RMB cheques. In particular, you should note that some banks in Hong Kong have imposed an internal limits (usually RMB 80,000) on the balance of RMB cheque account of their clients or the amount of cheques that their clients can issue in any particular day and such RMB withdrawal limit may affect the arrangement of funding for the application for creating the Units.

Similarly, if you wish to buy and sell Units in the secondary market on the SEHK, you may need to open a securities dealing account with your broker. You will need to check with the relevant Participating Dealer and/or your broker for the relevant payment details and account procedures.

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

Investors intending to purchase Units traded in the RMB counter on the secondary market should consult their stockbrokers as to the RMB funding requirement and settlement method for such purchase. Investors may need to open and maintain securities dealing accounts with the stockbroker first before effecting any dealings in Units traded in either the HKD counter or the RMB counter.

You should ensure that you have sufficient RMB to settle trades of Units traded in RMB. When you open an RMB bank account for settling RMB payments or receiving RMB distributions, you should be aware of any daily maximum exchange limit for RMB (if applicable). You should consult your bank for RMB account opening procedures as well as terms and conditions of the RMB bank account, if you have not opened such account(s) yet. Some banks may impose restrictions on their RMB cheque account and fund transfers to third party accounts. For non-bank financial institutions (e.g. brokers), however, such restriction may not be applicable and you should consult your brokers as to the currency exchange service arrangement if required.

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

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

Following the expansion of the cross-border RMB trade settlement scheme, there are no longer any restrictions on banks in Hong Kong in establishing RMB accounts. However, different banks may have different and/or additional restrictions or requirements for the opening or maintenance of RMB accounts for different types of customers. There may be additional rules, regulations and restrictions under contemplation or to be issued by the relevant authorities of Hong Kong or the PRC from time to time that may be relevant to investments in the Sub-Fund. You should check with your own banks or professional advisers for updates and details.

When an individual investor opens an RMB bank account or settles RMB payments, such individual customer is currently subject to a number of restrictions, including: the daily maximum remittance amount to the PRC is RMB 80,000 and a remittance service is only available to an RMB deposit account holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account maintained with the bank in Hong Kong.

In particular, an investor who is a Hong Kong resident should allow sufficient time for conversion of other currency into RMB, or vice versa of any amount required to be paid to the Sub-Fund, or of any distribution amount received from the Sub-Fund or proceeds from the sale of any Units.

On the other hand, an individual investor who is a non-Hong Kong resident may open an RMB bank account in Hong Kong and may exchange other currencies for RMB without any limit. However, non-Hong Kong residents may not remit RMB to the PRC unless prior approval is obtained pursuant to PRC rules and regulations.

The above restrictions are not exhaustive as different banks could impose different and/or additional restrictions according to their internal policies.

1.10 Overview of the Offshore RMB Market

1.10.1 What Led to RMB Internationalisation?

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

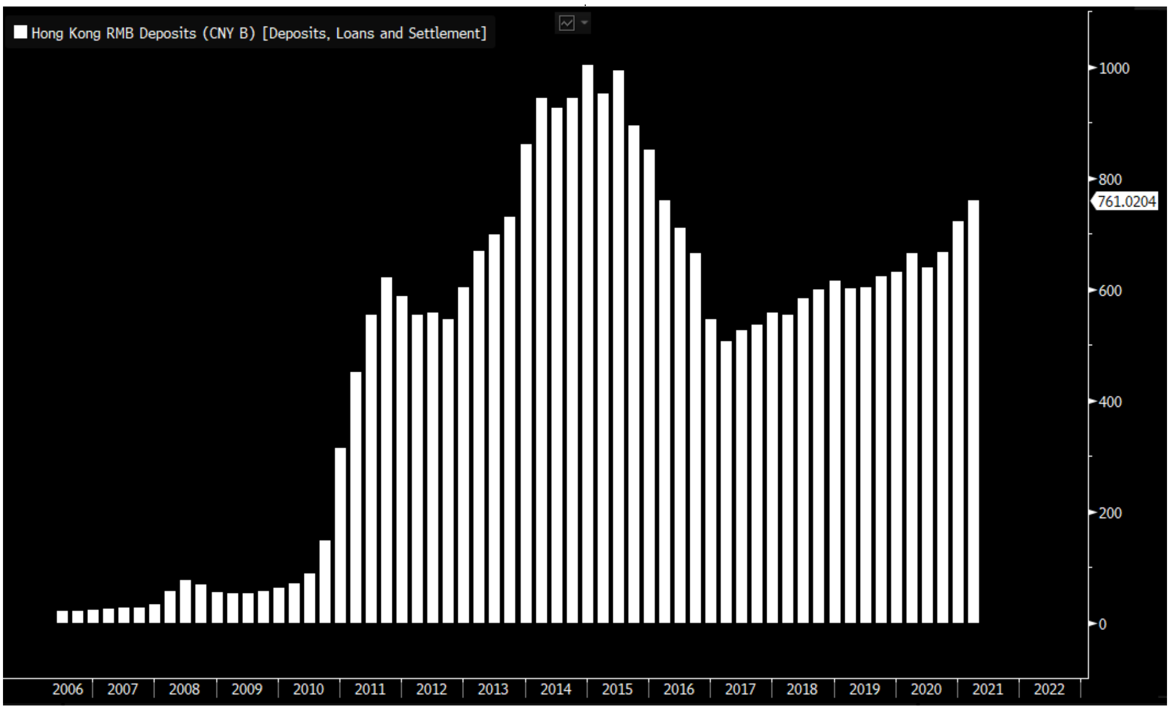
After double-digit economy average growth rate for over two decades, despite of the global economy slowdown, PRC maintains GDP growth over 6% till 2019, having become the second largest economy and trading country in the world. Even in year 2020 when the global economy was impacted by Covid-19, China maintained a year-on-year GDP growth at 2.3%. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

1.10.2 Accelerating the Pace of the RMB Internationalisation

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in offshore markets in recent years. Banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers since 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong, subject to regulatory approval. By the end of 2020, there are 206 authorised participating banks engaging in RMB clearing, with RMB deposits amounting to about RMB 722 billion, as compared to just RMB63 billion in 2009. The number further increased to RMB 761 billion by the end of March 2021.

The chart below shows the trend of RMB deposits in Hong Kong as of 30 March 2021.

Hong Kong RMB Deposits (RMB Billion)

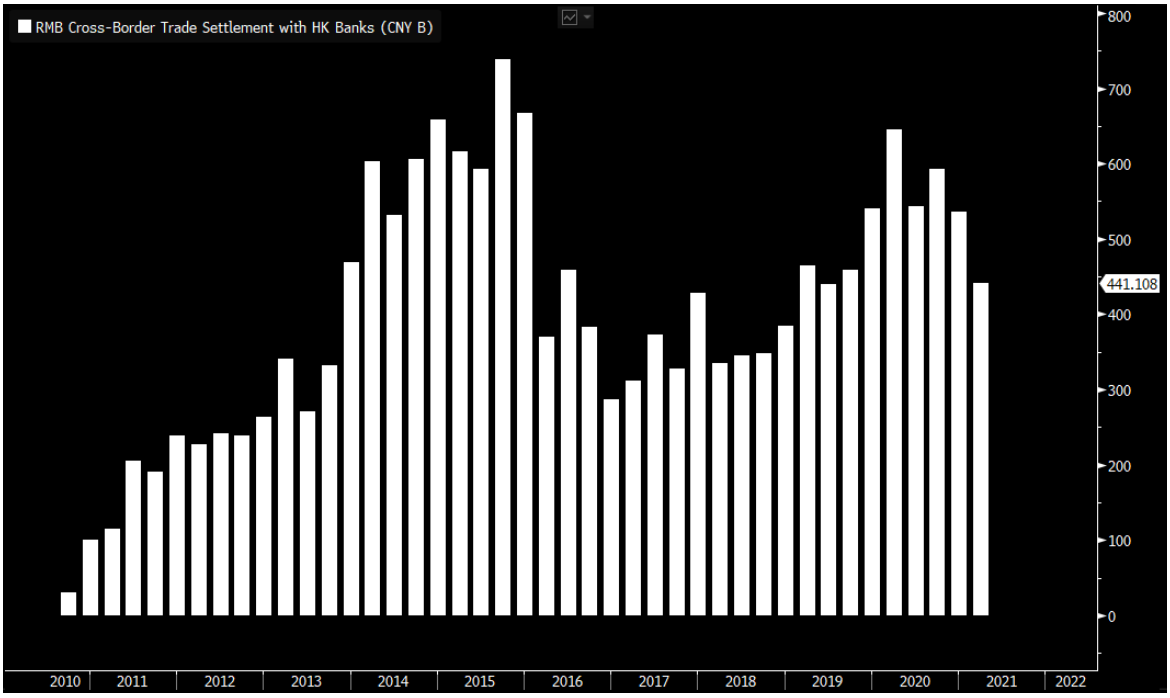


Source: Bloomberg, HKMA

The pace of RMB internationalisation has accelerated since 2009 when the PRC authorities permitted cross-border trade between Hong Kong/Macau and Shanghai/ four Guangdong cities, and between the Association of Southeast Asian Nations and Yunnan/Guangxi, to be settled in RMB. In June 2010, the arrangement was expanded to 20 provinces/municipalities in the PRC and to all countries/regions overseas. By March 2021, around RMB441 billion worth of cross-border trade was settled in Hong Kong with RMB.

The chart below shows the trend of RMB cross-border settlement as of 30 March 2021.

RMB Cross-Border Trade Settlement with Hong Kong Banks (RMB Billion)



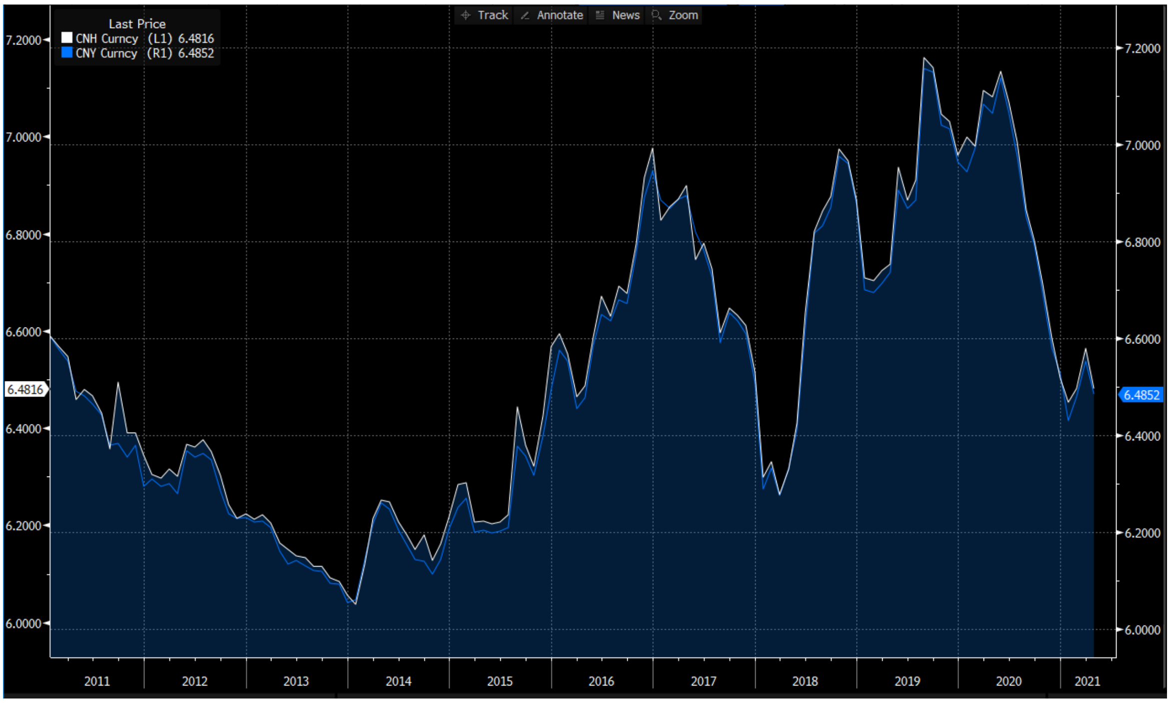
Source: Bloomberg, HKMA

1.10.3 Onshore versus Offshore RMB Market

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

Both onshore and offshore RMB are the same currency but are traded in different markets. Although highly correlated, the two RMB markets operate independently where the flow between them is highly restricted, thus onshore and offshore RMB are traded at different rates and their movement may not be in the exactly same direction. In recent years, CNH has been overall traded at a premium to onshore RMB due to the strong demand for offshore RMB. The relative strength of onshore and offshore RMB may change significantly, and such change may occur within a very short period of time.

Notwithstanding that the offshore RMB market showed a meaningful growth during the past several years, it is still at an early stage of the development and is relatively sensitive to negative factors or market uncertainties. For instance, the value of offshore RMB had once dropped by 0.8% against the US dollars within one trading session in New York in February 2018 due to weaker-than-expected Chinese trade data. In general, the offshore RMB market is more volatile than the onshore one due to its relatively thin liquidity.



Source: Bloomberg

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

1.10.4 Recent Measures

More measures to relax the conduct of offshore RMB business were announced in 2010. On 19 July 2010, interbank transfer of RMB funds was permitted for any purposes and corporate customers of banks in Hong Kong (including those not directly involved in trade with the PRC) may exchange foreign currencies for RMB without limit. One month later, the PRC authorities announced the partial opening up of PRC's interbank bond market for foreign central banks, RMB clearing banks in Hong Kong and Macau and other foreign banks participating in the RMB offshore settlement programme.

The National Twelfth Five-Year Plan adopted in March 2011 explicitly supports the development of Hong Kong as an offshore RMB business centre. In August 2011, PRC Vice Premier Li Keqiang announced more new initiatives during his visit, such as allowing investments on the PRC equity market through the RMB Qualified Foreign Institutional Investor scheme and the launch of an exchange-traded fund with Hong Kong stocks as the underlying constituents in the PRC. Also the PRC government has given approval for the first non-financial PRC firm to issue RMB-denominated bonds in Hong Kong.

The Shanghai-Hong Kong Stock Connect was launched in November 2014. It is a mutual market access programme that allows investment in eligible Shanghai-listed shares through the SEHK and eligible Hong Kong-listed shares through the SSE. The Shenzhen-Hong Kong Stock Connect (which was launched in December 2016) is also a mutual market access programme that allows investment in eligible Shenzhen-listed shares through the SEHK and eligible Hong Kong-listed shares through the SZSE. The connection between mainland China and Hong Kong market was further extended by Bond Connect, which was launched in July 2017.

1.10.5 RMB Internationalisation is a Long-Term Goal

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

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

1.11 China A-Share Market in the PRC

1.11.1 Background and Development of the China A-Share Market

China's A-Share market began with the establishment of the Shanghai Stock Exchange ("**SSE**") and Shenzhen Stock Exchange ("**SZSE**") in 1990. A-Shares (also referred to as "China A-Shares" in this Prospectus) are RMB-denominated shares listed on the SSE and SZSE. There were 4,286 companies listed on the two exchanges as of 22 April 2021.

Shares traded in the PRC market are classified into different categories according to ownership, two of which are A-Shares and B-shares. A-Shares are RMB-denominated shares listed on the SSE and SZSE. They are further classified into state shares, legal person shares and individual shares. Only individual shares under the A-Share category can be publicly transferred and traded on the stock exchanges in Shanghai and Shenzhen whereas state shares and legal person shares are not allowed to trade freely on the stock exchanges.

A-Shares were initially designed for domestic PRC investors only, but after reforms in December 2002, foreign investors can invest directly in the China A-Share market under the QFII program (launched in 2003) and the RQFII program (launched in 2011). Investors participating in the China A-Share market include retail and institutional investors, foreign investors through the Stock Connect and listed companies.

1.11.2 The SSE and SZSE

The PRC's A-Share market commenced in 1990 with 2 exchanges, namely the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE").

The SSE was established on 26 November 1990. As of 22 April 2021, there are 1,871 companies listed on the SSE with total market capitalisation of RMB 39 trillion. Stocks listed in SSE are further divided into class A-Shares and class B-Shares, with access to A-Shares limited to domestic investors as well as QFIs or through the Stock Connect only and B-Shares available to both domestic and foreign investors. The SSE also covers bond market. Bonds traded on the SSE include treasury bonds (T-bonds), local government bonds, corporate bonds (including those approved by the State Development and Reform Commission), corporate bonds with detachable warrants, and convertible corporate bonds. In addition, securities investment funds (including exchange traded funds) and warrants are available for trading on the SSE.

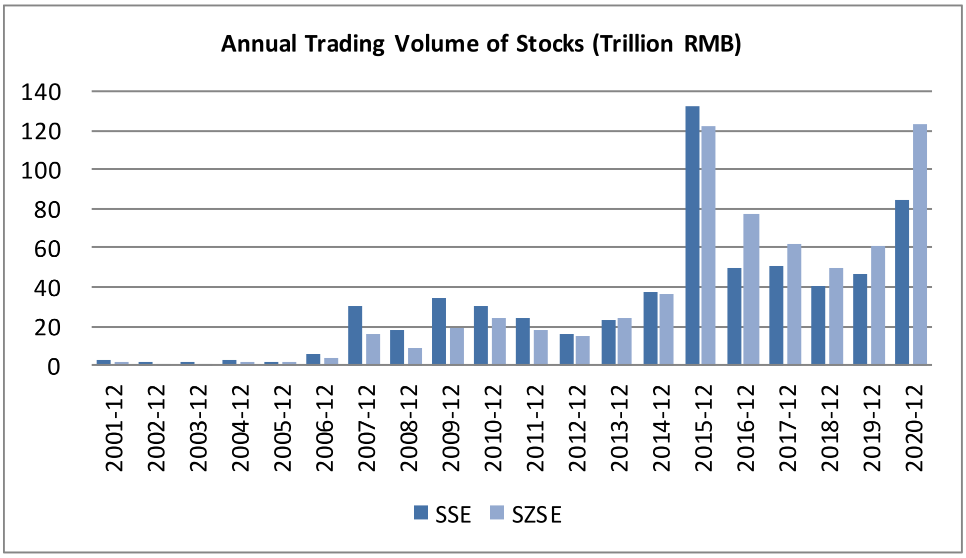
The SZSE was founded on 1 December 1990. One of SZSE's goals is to develop China's multi-tier capital market system. The framework for this has been developed, comprising the Main

Board, ChiNext (board for hi-tech companies), STAR Market (Sci-Tech innovation board), and the OTC market. The Main Board and the Small and Medium Enterprises Board were later on combined and consolidated in April 2021. As of 22 April 2021, there are 2, 415 listed companies:

- 1,474 are listed on the SZSE main board with total market capitalisation of RMB19 trillion,
- 941 are listed on the ChiNext (the board mainly for "hi-tech" companies) with total market capitalisation of RMB7 trillion.

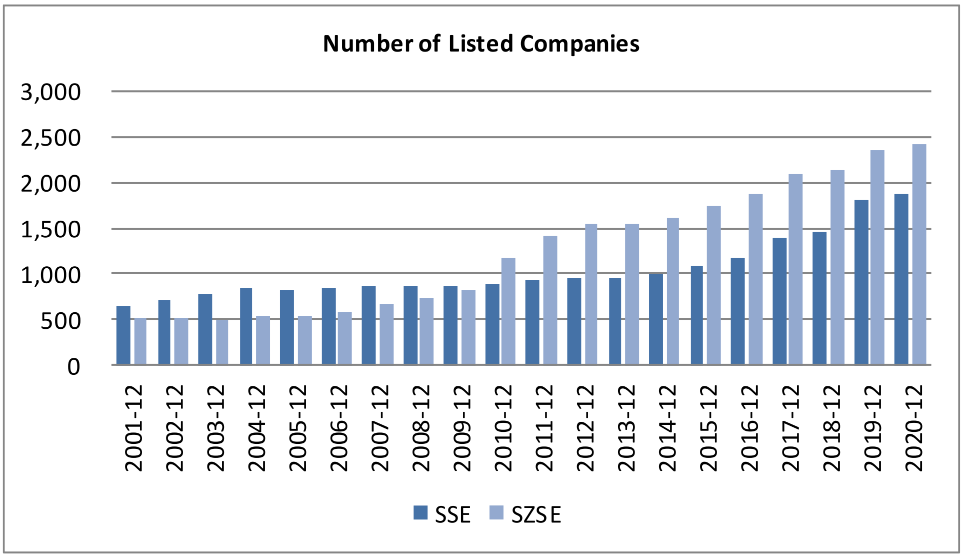
Stocks listed in SZSE are further divided into class A-Shares and class B-Shares, with access to A-Shares limited to domestic investors as well as QFIs or through the Stock Connect only and B-Shares available to both domestic and foreign investors. Other than A-Shares and B-Shares, the SZSE's products also cover indices, mutual funds (including exchange traded funds and listed open ended funds), fixed income products (including SME collective bonds and asset-backed securities), and diversified derivative financial products.

The chart below shows the annual trading turnover on the equity market of SSE and SZSE as of 31 December 2020.



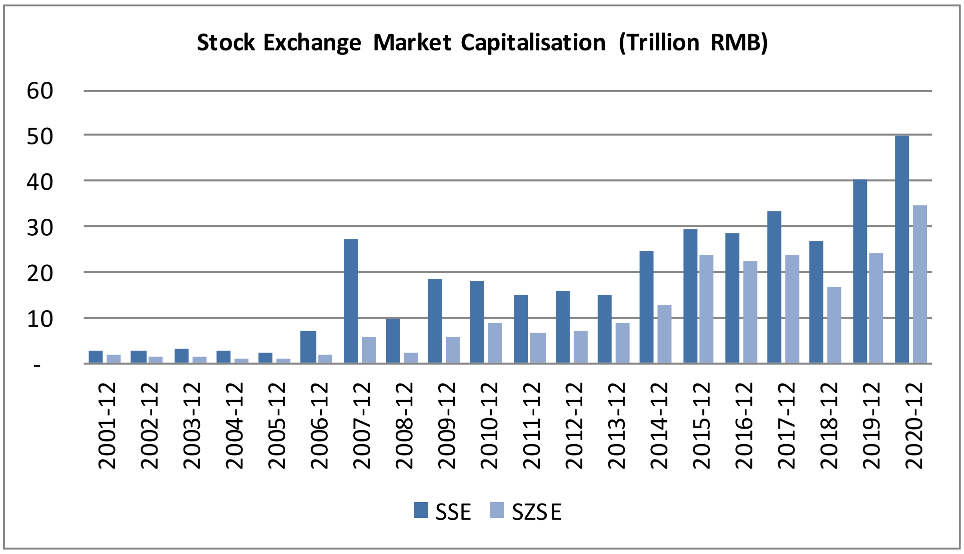
Data Source: Wind

The chart below shows the number of listed companies on the SSE and SZSE as of 31 December 2020.



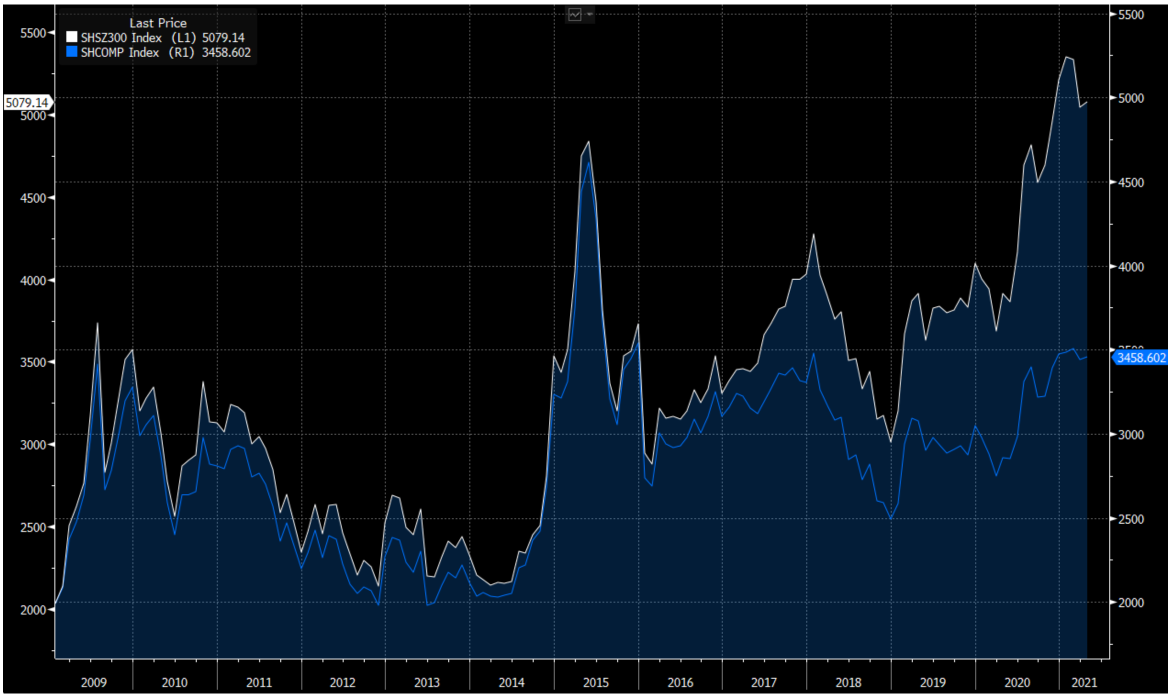
Data Source: Wind

The chart below shows the total market capitalisation of the SSE and SZSE as of 31 December 2020.



Data Source: Wind

The chart below shows the index price of Shanghai Composite Index and CSI300 Index up to 22 April 2021.



Data Source: Bloomberg

1.11.3 Organizational Structure

The Stock Exchange Council regulates the SSE and SZSE and decides the business agenda. The powers of the Stock Exchange Council include: convening the General Assembly; enacting and amending the SSE and SZSE's business rules; approving the admission and sanctioning of members; and deciding the SSE and SZSE's internal structure.

The Stock Exchange Council reports to the General Assembly, which is the highest decision-making body. The General Assembly can confer additional powers to the Stock Exchange Council.

1.11.4 Trading Hours

Both the SSE and the SZSE are regulated by the CSRC. Both exchanges are open from Monday to Friday each week. For the morning session, the period from 9:15 a.m. to 9:25 a.m. is for centralized competitive pricing and the period from 9:30 a.m. to 11:30 a.m. is for consecutive bidding. For the afternoon session, the period from 1:00 p.m. to 3:00 p.m. is for consecutive bidding. The stock exchanges are closed on Saturdays and Sundays and other holidays announced by the stock exchanges.

1.11.5 Listing Requirements

The CSDCC is responsible for the central depository, registration and clearing of the A-Shares and other listed securities. CSDCC carries out T+1 settlement for A-Shares. Under PRC laws and regulations, a company applying for listing on the SSE or the SZSE must meet certain criteria, including the following:

- the A-Shares must have been publicly issued following approval by the securities regulatory authority under the State Council;
- the company's total share capital must be at least RMB 50 million;
- the company must have been in business for more than three years and have made a profit in the last three consecutive years;

- there must be at least 1,000 shareholders, each with holdings of value exceeding RMB 1,000;
- at least 25 per cent of the company's total share capital must be in public hands where the capital is RMB 400 million or less (or a lower "public float" of 15 per cent where the capital of the relevant company is more than RMB 400 million); and
- the company must not have been found guilty of any major illegal activities or false accounting records in the previous three years.

1.11.6 Special Treatment, Delisting and Suspension Risks

The daily price fluctuations of A-Shares are limited to 10% in both directions of the closing price on the previous day. Where there is abnormal financial position or other abnormal situations of a listed company which exposes the listed company to the risk that listing of its shares is likely to be terminated or makes investors unable to judge its prospects and therefore their rights and interests may be adversely affected, the stock exchange may put the shares of such company under special treatment. The special treatment is classified into risk alert that a listing could be terminated (i.e. delisting risk alert) and special treatment for other reasons.

Where a listed company is under circumstances of delisting risk such as:

1.11.6.1 the company suffers losses for the last two consecutive years;

1.11.6.2 the company is ordered by the CSRC to correct serious errors or falsehoods in its financial report but fails to make corrections within the specified time limit and trading in its shares has been suspended for two months; or

1.11.6.3 the court accepts the company's bankruptcy case and is likely to declare the company bankrupt,

the stock exchange will issue a delisting risk alert on the shares of the company, as a result of which the short name of the company will be prefixed by "*ST" and the daily up and down limit will be reduced to 5%.

Where a listed company is under circumstances deemed abnormal by the stock exchange such as:

(a) the shareholders' equity interest for the last fiscal year is negative as shown in the auditor's report;

(b) principal facilities suffer severe damage as a result of natural disasters or serious accidents, and business activities are seriously affected and unlikely to return to normal within three months;

(c) principal bank account is frozen; or

(d) board of directors is unable to convene meetings and comes to resolutions,

the shares of the company will be put under "special treatment for other reasons", as a result of which the short name of the company will be prefixed by "ST" and the daily up and down limit will be reduced to 5%.

A company's listing on the SSE or the SZSE may be suspended in a number of circumstances, including:

(a) after the company is put under delisting risk alert as a result of losses for the last two consecutive years, its first annual audit report continues to reveal losses;

(b) within two months after the company is put under delisting risk alert as a result of failure to correct its financial report, it still fails to correct its financial report as required; and

(c) within two months after the company is put under delisting risk alert as a result of failure to disclose annual report or half-yearly report, it still fails to disclose its annual or half-yearly report.

Where the circumstances are considered particularly serious and where a particular circumstance cannot be rectified, the listing of a company may be terminated.

1.11.7 Further Information

For further information, investors may visit the website of the SSE (www.sse.com.cn) and the website of the SZSE (www.szse.cn) (these websites have not been reviewed by the SFC).

1.12 Differences with the Hong Kong Stock Market

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

	PRC	**Hong Kong**
Key indexes	SHCOMP/SZCOMP/CSI 300	HSI/HSCEI
Trading band limits	. 10% for ordinary stocks . 5% for ST/S stocks*	No Limit
Trading lots	100 shares for BUY/1 share for SELL**	Each stock has its own individual board lot size (an online broker will usually display this along with the stock price when you get a quote). Purchases in amounts which are not multiples of the board lot size are done in a separate "odd lot market".
Trading hours	Pre-opening: 9:15 - 9:25 a.m. Morning session: 9:30 - 11:30 a.m. Afternoon session: 1:00 - 3:00 p.m. (2:57 - 3:00 p.m. is closing auction)	Pre-opening: 9:00 - 9:15 a.m. Pre-order matching: 9:15 - 9:20 a.m. Order matching: 9:20 - 9:28 a.m. Morning session: 9:30 a.m. - 12:00 p.m. Afternoon session: 1:00 - 4:00 p.m. Closing auction session: 4:00pm to a random closing between 4:08pm and 4:10pm
Settlement	T+1	T+2

Earnings reporting requirements	Annual report: . Full annual report must be disclosed within 4 months after the reporting period. Interim report: . Full report must be disclosed within 2 months after the reporting period. Quarterly report: . Full report must be disclosed within 1 month after the reporting period. The first quarterly report cannot be disclosed before last year's annual report.	Annual report: . Earnings must be disclosed within 3 months after the reporting period; . Full annual report must be disclosed within 4 months after the reporting period. Interim report: . Earnings must be disclosed within 2 months after the reporting period; . Full report must be disclosed within 3 months after the reporting period.

Note:

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

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

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

1.13 Measures Adopted by the Manager to Address the Differences between the China A-Share Market and the Hong Kong Market

The Manager has adopted the following measures to address the difference between the China A-Share market and the Hong Kong market:

(a) Trading hours: As regards the difference in trading hours, the shorter trading hours in the China A-Share market is not considered to present a major risk, as it is expected that there is a high level of liquidity for the Index Securities.

(b) Trading days: There is a difference in trading days between the China A-Share market and the Hong Kong market. It should be noted that applications for creations and redemptions of Units are accepted only on a Business Day (normally a day on which both markets are open).

If the Hong Kong market is open while the China A-Share market is closed, Units of this Sub-Fund will be traded in the Hong Kong market and the Manager will continue to publish information including prices in the manner set out in section 12.1 in Part I of the Prospectus. If the China A-Share market is open while Hong Kong market is closed, the Manager will trade the Index Securities when it is necessary, in order to limit the risk to investors. These trades will be properly settled even when the Hong Kong market is closed by the Trustee's arrangements in place.

(c) Trading band limits: The Manager will be prevented from trading certain Index Securities when they hit the "trading band limit". If this happens on a particular trading day, the Manager will continue to trade that stock on the subsequent two trading days if necessary. However if the Manager is still unable to trade that Index Security on the second trading day after the original trading day due to the trading band limit, the Manager will settle the Index Security on the latest closing price and the Sub-Fund will make up the trade whenever that Index Security resumes trading again. The Manager believes that the average impact to the Sub-Fund in such situations is immaterial.

1.14 The Underlying Index

1.14.1 The Underlying Index

The information on the Underlying Index set out below is extracted from or based on publicly available information and, in particular, information from the Index Provider as of 20 April 2020. The Manager has taken reasonable care to correctly extract, summarise and/or reproduce the information on the Underlying Index.

The information below is subject to revision from time to time by the Index Provider and before making investment decisions, investors should refer to the website of China Securities Index Co., Ltd. (www.csindex.com.cn; this website has not been reviewed by the SFC) for the latest information about the Underlying Index.

The CSI 300 Index was launched on 8 April 2005 and is a free-float adjusted category-weighted price return index which measures the performance of A-Shares traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. The CSI 300 consists of the top 300 stocks with the largest market capitalisation and liquidity from the entirety of listed A-Share companies in the PRC.

The CSI 300 is calculated and disseminated in RMB on a real-time basis and is quoted in RMB. The CSI 300 is a price return index which calculates the performance of the constituent stocks on the basis that any dividends or distributions are not reinvested. The base date of the CSI 300 was set at 31 December 2004 on 1,000 base points. As at 20 April 2023, the Underlying Index comprised 300 Index Securities, with a total free-float index market capitalisation of approximately RMB 19.8 trillion.

Investors can obtain the most updated list of the Index Securities together with their respective weightings and additional information of the Underlying Index from the website of China Securities Index Co., Ltd. (www.csindex.com.cn). This website has not been reviewed by the SFC.

1.14.2 Roles of the Index Provider and the Manager

CSI 300 is managed by China Securities Index Co., Ltd., which was established jointly by the Shanghai Stock Exchange and the Shenzhen Stock Exchange to provide services relating to securities indices. China Securities Index Co., Ltd. is independent of the Manager.

1.14.3 Selection of Index Securities

Index Universe

Inclusion in the index universe for the CSI 300 is subject to all of the following conditions:

1.14.3.1 in respect of a stock not listed on Chinext, the stock has been listed for more than three months, unless its average daily China A-Share market capitalization since its initial listing ranks among the top 30 of all China A-Shares;

1.14.3.2 in respect of a stock listed on Chinext, the stock has been listed for more than three years;

1.14.3.3 the stock is not a ST (special treatment) or *ST (special treatment with a warning of listing termination risk) stock, and its listing has not been suspended;

1.14.3.4 the company's operating condition is good; and it has committed no material violations of laws or regulations, and there have been no material problems with its financial reports, during the most recent year;

1.14.3.5 its stock price is not experiencing obvious abnormal fluctuations or market manipulation; and

1.14.3.6 it is not considered by the Index Advisory Committee of the Index Provider to be unsuitable for the CSI 300.

Selection Criteria

The constituent stocks selected should be large and liquid stocks.

Selection Methodology

The selection methodology is as follows:

(a) calculate the daily average trading value and daily average total market capitalization during the most recent year (or in case of new issue, during the time since its initial listing) for all the stocks in the stock universe;

(b) rank the stocks in the stock universe in descending order according to their average daily trading values, and exclude the bottom 50%; and

(c) rank the remaining stocks in descending order according to their average daily market capitalization and select those which rank top 300 as constituent stocks of the CSI 300.

Index Calculation

Calculation Method

The CSI 300 is weighted by adjusted capital stock and calculated using the Paasche weighted composite price index formula. The adjusted capital stock is obtained using the classification and rounding off method, as shown in the following table:

Free-float proportion (%)	≤15	(15, 20)	(20, 30)	(30, 40)	(40, 50)	(50, 60)	(60, 70)	(70, 80)	>80
Weighted proportion (%)	Rounded up to the nearest whole number percentage point	20	30	40	50	60	70	80	100

Note: The term "free-float proportion" means the proportion of capital stock remaining after excluding the following non-negotiable shares from the total capital stock: (1) shares held on a long-term basis by the company's founders, family members and senior management; (2) state-owned shares; (3) shares held by strategic investors; (4) frozen shares; (5) restricted employee shares:
(6) cross-holdings, etc.

Calculation Formula

$$\text{Index for a given reporting period} = \frac{\text{adjusted market cap of constituents during reporting period}}{\text{base period}} \text{ X 1000}$$

Where: adjusted market cap = Σ (market price X adjusted number of shares of the constituent's capital stock)

Index Maintenance

The CSI 300 is maintained using the "divisor adjustment methodology." In the event of a change in the list of constituents or in a constituent's equity structure, or a change in the adjusted market capitalization of a constituent stock due to non-trading factors, the old divisor is adjusted by means of the divisor adjustment methodology, so as to maintain the continuity of the index. The adjustment formula is as follows:

$$\frac{\text{adjusted market cap before divisor adjustment}}{\text{old divisor}} = \frac{\text{adjusted market cap after divisor adjustment}}{\text{new divisor}}$$

Where: "adjusted market cap after divisor adjustment" = adjusted market cap before divisor adjustment + increase (decrease) in adjusted market capitalization. The new divisor (i.e. the adjusted divisor, also known as the new base period) is obtained from this formula and used to calculate the CSI 300.

From 16 December 2013, circumstances under which maintenance of the CSI 300 is required include the following:

- stock dividends, rights issue, stock split and stock consolidation: the CSI 300 is adjusted on the ex-right day;
- suspension of trading: if a constituent stock is suspended from trading, its last trading price is used to calculate the CSI 300, until trading is resumed;
- delisted: the CSI 300 is adjusted on the day before the CSI constituent is delisted;
- change in capital stock: whenever a change occurs in the capital stock of a CSI 300 constituent (e.g. due to a second offering, exercise of warrants, etc.), if the accumulated change of the capital stock of the CSI constituent is more than 5%, the CSI 300 is adjusted immediately; if the accumulated change of the capital stock of the CSI constituent is less than 5%, the CSI 300 is adjusted in the next regular review; and
- CSI 300 constituent adjustment: the CSI 300 is adjusted before the effective day of periodical review or temporary adjustment.

Constituents Adjustment

Periodic Adjustments

1 In principle, the CSI 300 constituents are reviewed every six months and adjusted in middle of June and December each year. The planned adjustment is published two weeks in advance.

2 The percentage of each adjustment does not exceed 10%. A buffer zone rule is adopted, with new stocks ranking among the top 240 in the universe being given priority to be added to the CSI 300, and old constituent stocks, which have been ranked top 60% in the index universe according to their average daily trading values, ranking top 360 being given the priority to remain in the CSI 300.

3 In principle, the stock of a company that reported a loss in its most recent financial report is not added among the newly selected constituents, unless the stock affects the representativeness of the CSI 300.

4 At the time of the periodic adjustment, a reserve list is determined for use in ad hoc adjustments to the constituent stocks. If a vacancy occurs in the CSI 300 or an interim replacement of a constituent stock becomes necessary as a result of the delisting or merger etc. of a constituent stock, the stocks at the top of the reserve list are selected, in the order of their ranking, as constituent stocks. Generally, the number of stocks in the reserve list accounts for 5% of the number of the CSI 300 constituent stocks and the reserve list for the CSI 300 contains 15 stocks. The reserve list is replenished when more than half of the stocks in the reserve list have been used.

Temporary Adjustments

1 If a newly issued stock meets the conditions for inclusion in the stock universe and is ranked among the top 10 stocks on the Shanghai Stock Exchange or the Shenzhen

Stock Exchange in terms of market capitalization, it triggers the rule of accelerated addition to the CSI 300, which means that the stock is added to the CSI 300 after the end of the 10th trading day following its listing, and that the stock ranked lowest among the existing CSI 300 constituent stocks in terms of average daily market capitalization during the most recent year period is deleted at the same time.

2 If a newly issued stock meets the conditions for accelerated addition to the CSI 300 but there are less than 20 trading days between the time of its listing and the effective date of the next periodic adjustment to the CSI 300 constituents, then the rule of accelerated addition to the CSI 300 is not triggered and the addition will take place during the periodic adjustment.

3 If a stock meets the above-mentioned conditions for accelerated addition to the CSI 300 due to an increase in market capitalization resulting from the issue of additional shares, restructuring or merger, etc., it is handled in the same way as are newly issued stocks.

4 In the event of a merger between two or more constituents, the stock of the new, post-merger company will continue to qualify as a CSI 300 constituent, and the vacancy or vacancies occurring in the CSI 300 will be filled by the stock or stocks ranked at the top of the reserve list. The original constituents will remain in the CSI 300 until the stock of the new company is added.

5 In the event of a merger between a constituent and a non-constituent, the stock of the new, post-merger company will continue to qualify as a CSI 300 constituent. The original constituent will remain in the CSI 300 until the stock of the new company is added.

6 If a non-constituent acquires or takes over a constituent, the stock of the company ranked at the top of the reserve list will become a CSI 300 constituent on the date of delisting of the constituent acquired or taken over provided that the stock of the new, post-merger company ranks above the stock of the company ranked at the top of the reserve list, the stock of the new company will become a CSI 300 constituent. The original constituent will remain in the CSI 300 until the stock of the new company is added.

7 If a constituent is split into two or more companies, whether the post-division companies will qualify as the CSI 300 constituents will depend on their rankings as follows:

a) If the stocks of the post-division companies all rank above the constituent stocks which rank the lowest among the original constituent stocks of the CSI 300, the stocks of all post-division companies will be added to the CSI 300 as new constituents and the lowest ranking original constituent stocks will be deleted, so that the number of constituent stock remain unchanged. The stocks of the post-division companies will be included in the CSI 300 on the second day of their listings. The stock of the original, divided company will remain in the CSI 300 until the new constituent stocks are added.

b) If the stocks of some of the post-division companies ranks above the lowest ranking of the original constituent stocks, then the stocks of these companies will be added to the CSI 300 as new constituent stocks. The new constituent stocks will be included in the CSI 300 on the second day of their listings. The stock of the original, divided company will remain in the CSI 300 until the new constituent stocks are added.

c) If the stocks of all of the post-division companies rank below the lowest ranking of the original constituent stocks but the stocks of all or some of those companies rank above the stock at the top of the reserve list, the stock of the post-division company with the highest ranking will be added to the CSI 300 as a new constituent stock replacing the original divided company. The new constituent stock will be included in the CSI 300 on the second day of its listing. The stock of the original divided company will remain in the CSI 300 until the new constituent stock is added.

d) If the stocks of all of the post-division companies rank both below the lowest ranking of the original constituents and below the stock at the top of the reserve list, then the stock at the top of the reserve list will become a CSI 300 constituent on the date of delisting of the original, divided company.

8 If the issuer of a constituent stock files for bankruptcy, the constituent stock will be deleted from the CSI 300 as soon as possible and the resulting vacancy will be filled by the highest-ranking stock in the reserve list.

9 If the issuer of a constituent stock is delisted or has its listing suspended, the constituent stock will be deleted from the CSI 300 and replaced by the highest-ranking stock in the reserve list on the date of its delisting or suspension.

1.14.4 Index Codes

Shanghai Stock Exchange Quote System Code: 000300
Shenzhen Stock Exchange Quote System Code: 399300
Bloomberg Code: SHSZ300
Reuters Code: CSI300

1.14.5 Index Provider Disclaimer

The CSI 300 Index ("**Underlying Index**") is compiled and calculated by China Securities Index Co., Ltd. ("**CSI**"). All copyrights in the Underlying Index values and constituent list vest in CSI. CSI will apply all necessary means to ensure the accuracy of the Underlying Index. However, CSI does not guarantee its instantaneity, completeness or accuracy, nor shall it be liable (whether in negligence or otherwise) to any person for any error in the Underlying Index or under any obligation to advise any person of any error therein.

1.14.6 Index Licence Agreement

The Manager has entered into a Licence Agreement with CSI dated 1 March 2013 for the use of the Underlying Index for the Sub-Fund. The term of the Licence Agreement commenced on the date of the Licence Agreement and shall remain effective for 3 years. Upon the expiration of the initial 3 year term, the Licence Agreement shall renew automatically for successive terms of 2 years, subject to the terms of the Licence Agreement.

1.15 Specific Risks Applicable to the Haitong CSI300 Index ETF

In addition to the risk factors set out in "Part I: General Information relating to the Trust" of this Prospectus, investors should, in their assessment of the Sub-Fund, also consider the risk factors below, which are specific to the Sub-Fund. C2

1.15.1 QFI Risk

The Sub-Fund is not a QFI but will obtain access to China A-Shares directly using QFI status of the QFI Holder, which is the holding company of the Manager.

Investors should note that QFI status could be suspended or revoked, which may have an adverse effect on the Sub-Fund's performance as the Sub-Fund may be required to dispose of its securities holdings.

In addition, certain restrictions imposed by the Chinese government on QFIs may have an adverse effect on the Sub-Fund's liquidity and performance. The PBOC and the SAFE regulate and monitor the repatriation of funds out of the PRC by the QFI pursuant to the QFI Regulations. Repatriations by QFIs in respect of the Sub-Fund are currently not subject to repatriation restrictions or prior approval, although a review on authenticity and compliance will be conducted on each remittance and repatriation by the PRC Custodian. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests from the Unitholders. Furthermore, as the PRC Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the PRC Custodian in case of non-compliance with the QFI rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Unitholder as soon as practicable and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

Investors should note that there can be no assurance that a QFI will continue to maintain its QFI status, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations of the PRC. The Sub-Fund will not have exclusive use of the QFI status of the QFI Holder. Such restrictions may respectively result in a rejection of applications and a suspension of dealings of the Sub-Fund. In extreme circumstances, the Sub-Fund may incur significant losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to QFI investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The current QFI laws, rules and regulations are subject to change, which may take retrospective effect causing an adverse effect on investors' investment in the Sub-Fund. In addition, there can be no assurance that the QFI laws, rules and regulations will not be abolished or substantially modified due to policy changes in the PRC. The relevant Sub-Fund, which intends to invest in the China A-Share market through the QFI status held by the QFI Holder, may be adversely affected as a result of any such changes.

Cash Deposited with the PRC Custodian – Investors should note that cash deposited in the cash accounts of the Sub-Fund with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash that belongs to other clients or creditors of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the Sub-Fund will not have any proprietary rights to the cash deposited in such cash accounts, and the Sub-Fund will become an unsecured creditor, ranking equally with all other unsecured creditors, of the PRC Custodian. The Sub-

Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer.

Application of QFI Rules – The QFI Regulations are subject to frequent changes and their application may depend on the interpretation given by the relevant Chinese authorities. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund. In the worst scenario, the Manager may determine that the Sub-Fund shall be terminated if it is not legal or commercially viable to operate the Sub-Fund because of changes to the application of the relevant rules.

PRC Broker Risks – Investors should note that in practice, the Manager will appoint one primary PRC Broker and one alternative PRC Broker. Thus, the Sub-Fund may rely on only one primary PRC Broker for each stock exchange in the PRC, which may be the same PRC Broker for both SSE and SZSE. If the Manager is unable to use its designated primary PRC Broker in the PRC, the Manager (through the QFI Holder) will use the alternative PRC Broker. In the event the Manager (through the QFI Holder) is unable to use the alternative PRC Broker as well, the operation of the Sub-Fund will be adversely affected and may cause Units of the Sub-Fund to trade at a premium or discount to its Net Asset Value or the Sub-Fund may not be able to track accurately the Underlying Index. Further, the operation of the Sub-Fund may be adversely affected in case of any acts or omissions of the PRC Broker(s) which may cause a higher tracking error, or the Sub-Fund being traded at a significant premium or discount to its Net Asset Value.

There is also a risk that the Sub-Fund may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the Sub-Fund may not be able to execute any transaction. As a result, the Net Asset Value of the Sub-Fund may also be adversely affected.

Subject to the applicable laws and regulations, the Manager (through the QFI Holder) will make arrangements to satisfy itself that the PRC Broker(s) have appropriate procedures to properly segregate the Sub-Fund's securities from those of the relevant PRC Broker(s).

QFI Status Risks – The rules and restrictions under QFI regulations generally apply to the QFI Holder as a whole and not simply to the investments made by the Sub-Fund. Relevant PRC regulators are vested with the power to impose regulatory sanctions if the QFI Holder or the PRC Custodian violates any provision of the QFI Regulations. Any violations could result in the revocation of the QFI Holder's status or other regulatory sanctions.

1.15.1A Risks associated with Stock Connect

The Sub-Fund may invest through Stock Connect and is subject to the following additional risks:

Quota limitations - The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Sub-Fund's ability to invest in China A-Shares through the Stock Connect on a timely basis, and the Sub-Fund may not be able to effectively pursue its investment strategies.

Front-end Monitoring Risk - PRC regulations require that in order for an investor to sell any China A-Share on a certain trading day, there must be sufficient China A-Shares in the investor's account before market opens on that day. If there are insufficient China A-Share in the investor's account, the sell order will be rejected by the SSE or the SZSE. The SEHK carries out pre-trade checking on SSE Securities and SZSE Securities sell orders of its participants (i.e.

stock brokers) to ensure that this requirement is satisfied. This means that investors must transfer SSE Securities and SZSE Securities to the accounts of its brokers before the market opens on the day of selling (the "trading day"). If an investor fails to meet this deadline, it will not be able to sell SSE Securities or SZSE Securities on the relevant trading day. Because of this requirement, investors may not be able to dispose of holdings of SSE Securities or SZSE Securities in a timely manner. This also raises concerns as to counterparty risks as securities may need to be kept by brokers overnight.

To facilitate investors whose SSE Securities or SZSE Securities are maintained with custodians to sell their SSE Securities or SZSE Securities without having to pre-deliver the SSE Securities or SZSE Securities from their custodians to their executing brokers, the SEHK introduced an enhanced pre-trade checking model in March 2015, under which an investor may request its custodian to open a Special Segregated Account (SPSA) in CCASS to maintain its holdings in SSE Securities and SZSE Securities. Such investors only need to transfer SSE Securities or SZSE Securities from its SPSA to its designated broker's account after execution and not before placing the sell order. This enhanced model is novel and initial market reaction has been varied. If the Sub-Fund is unable to utilise this model, it would have to deliver SSE Securities or SZSE Securities to brokers before the trading day and the above risks may still apply.

Suspension risk – It is contemplated that the SEHK, SSE and SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Stock Connect is effected, the Sub-Fund's ability to access the PRC market will be adversely affected.

Differences in trading day risk - The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as the Sub-Fund) cannot carry out any China A-Shares trading. The Sub-Fund may be subject to a risk of price fluctuations in China A-Shares during the time when Stock Connect is not trading as a result.

Operational risk - The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Although market participants have taken steps to configure and adapt their operational and technical systems to meet such requirements, given that the securities regimes and legal systems of the two markets differ significantly, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The Sub-Fund's ability to access the China A-Share market (and hence to pursue its investment strategy) will be adversely affected.

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

Clearing and settlement risk - The HKSCC and CSDCC establish clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades.

For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, CSDCC operates a comprehensive network of clearing, settlement and stock holding infrastructure. CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of CSDCC default are considered to be remote.

Should the remote event of CSDCC default occur and the CSDCC be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against the CSDCC. HKSCC will in good faith seek recovery of the outstanding stocks and monies from the CSDCC through available legal channels or through the CSDCC's liquidation. In that event, the Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from the CSDCC.

Nominee arrangements in holding China A-Shares – HKSCC is the "nominee holder" of the SSE Securities and SZSE Securities acquired by Hong Kong and overseas investors through Stock Connect. The CSRC Stock Connect Rules provide that investors enjoy the rights and benefits of the SSE Securities and SZSE Securities acquired through Stock Connect in accordance with applicable laws. The CSRC Stock Connect Rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies.

It should be noted that, under the CCASS Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE Securities or the SZSE Securities in the PRC or elsewhere.

Therefore, although the Sub-Fund's ownership may be ultimately recognised, the Sub-Fund may suffer difficulties or delays in enforcing its rights in China A-Shares.

Participation in corporate actions and shareholders' meetings – HKSCC will keep the relevant brokers or custodians participating in CCASS informed of corporate actions of SSE Securities and SZSE Securities. Hong Kong and overseas investors (including the Sub-Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. the relevant CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be as short as one business day only. Therefore, the Sub-Fund may not be able to participate in some corporate actions in a timely manner.

Hong Kong and overseas investors (including the Sub-Fund) are holding SSE Securities or SZSE Securities traded via Stock Connect through their brokers or custodians. According to existing mainland practice, multiple proxies are not available. Therefore, the Sub-Fund may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of its SSE Securities or its SZSE Securities.

No Protection by Investor Compensation Fund risk – Investment through the Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. While the Sub-Fund is covered by the Investor Compensation Fund for defaults occurring on or after 1 January 2020 for northbound trading, it is not protected by the China Securities Investor Protection Fund in the PRC for northbound trading, as it carries out northbound trading through securities brokers in Hong Kong but not PRC brokers.

Regulatory risk - The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied, and are subject to change. There can be no assurance that the Stock Connect will not be abolished or amended. The Sub-Fund, which may invest in the PRC markets through the Stock Connect, may be adversely affected as a result of such changes.

Shenzhen-Hong Kong Stock Connect Specific Risks - The Shenzhen-Hong Kong Stock Connect is newly launched and does not have an operating history and the risks identified above are particularly relevant to the Shenzhen-Hong Kong Stock Connect due to the lack of an operating history. Investors should note that the performance of the Shenzhen-Hong Kong Stock Connect may not be the same as the performance of the Shanghai-Hong Kong Stock Connect to date.

1.15.1B RMB Related Risk

(a) RMB Currency Risk and Risk that the RMB may Devalue

Starting from 2005, the exchange rate of RMB is no longer pegged to US dollars. RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of RMB against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the PBOC. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. It should be noted that RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of the PRC government. Investors whose assets and liabilities are predominantly in Hong Kong dollars or in currencies other than RMB (being the currency in which the Units are denominated) should take into account the potential risk of loss arising from fluctuations in value between the such currencies and the RMB. There is no guarantee that the RMB will appreciate in value against the Hong Kong dollars or any other currency, or that the RMB may not be subject to devaluation. Any devaluation of RMB could adversely affect the value of investors' investments in the Sub-Fund. If investors wish or intend to convert the redemption proceeds or dividends (in RMB on both HKD traded Units and RMB traded Units) paid by the Sub-Fund or sale proceeds (in RMB on RMB traded Units) into Hong Kong dollars or any other currencies, they may suffer losses from such conversion as well as associated fees and charges. The Manager of the Sub-Fund(s) cannot guarantee that the PRC government will not alter its regulations in the future.

(b) Offshore RMB Market Risk

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

(c) Offshore RMB Remittance Risk

There has been significant relaxation over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions (under their current account activities) under a pilot scheme since July 2009. The RMB trade settlement pilot scheme was extended in June 2010, August 2011 and February 2012 to cover all PRC enterprises holding an export/import licence and to make RMB trade and other current account item settlement available in all countries worldwide. However, there is no assurance that the PRC government will continue to gradually liberalise the control over RMB trade and other current account item(s) settlement in the future or that the RMB trade settlement pilot scheme introduced in July 2009 (as extended in June 2010, August 2011 and February 2012) will be maintained.

In relation to remittance of RMB under capital accounts, on 12 October 2011, the Ministry of Commerce ("**MOFCOM**") promulgated the Circular on Relevant Issues on Cross-border RMB Direct Investment（商務部關於跨境人民幣直接投資有關問題的通知）(the "**MOFCOM Circular**"). The MOFCOM Circular officially formalised the channel of foreign direct investment denominated in RMB ("**RMB FDI**") and related procedures. While all application for RMB FDI previously required central MOFCOM approval on a case-by-case basis, the local branches of MOFCOM are now able to approve certain applications in accordance with currently applicable regulations under the MOFCOM Circular, provided that applications for investment involving special industries or which exceed a specified amount must still be approved by MOFCOM at the central level. While the MOFCOM Circular expressly sets out the requirement of obtaining MOFCOM's approval for remittance of RMB back in the PRC by a foreign investor, the foreign investor may also be required to obtain approvals from other PRC regulatory authorities, such as the PBOC and SAFE, for transactions under capital account items. There is no assurance that the PBOC or SAFE will not promulgate in the future any specific PRC regulation on the remittance of RMB into the PRC for settlement of capital account items. Foreign investors may only remit offshore RMB into the PRC for capital account purposes such as shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities. There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. Such an event could have a severe adverse effect on the operations of the Sub-Fund, including limiting the ability of the Sub-Fund or Participating Dealers to settle in RMB. In addition, such restrictions could cause Units to trade on the SEHK at a significant discount to the Net Asset Value per Unit.

(d) Limited Availability of RMB outside the PRC Risk

The RMB is not yet freely convertible. Pursuant to the restrictions imposed by the PRC government on cross-border RMB fund flows, there is limited availability of RMB outside of the PRC. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, authorised financial institutions in Hong Kong may offer limited RMB-denominated banking services to Hong Kong residents and corporate customers. The PBOC, the central bank of the PRC, has also established a RMB clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, the Settlement Agreement on the Clearing of Renminbi Business (the "**Settlement Agreement**") between the PBOC and Bank of China (Hong Kong) Limited (the "**Renminbi Clearing Bank**") was amended further to expand the scope of RMB business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporate customers are allowed to open RMB accounts with a participating bank in Hong Kong; there is no longer any limit on the ability of corporations to convert RMB; and there will no longer be any restriction on the transfer of

RMB funds between different accounts in Hong Kong.

The current size of RMB denominated financial assets outside the PRC is limited. As at the end of November 2013, the total amount of RMB deposit held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB 827 billion. In addition, participating banks are also required by the Hong Kong Monetary Authority to maintain a total amount of (i) RMB cash, (ii) settlement account balance with the Renminbi Clearing Bank, (iii) balance maintained in the fiduciary account (through the Renminbi Clearing Bank with the PBOC), (iv) holding of RMB sovereign bonds issued in Hong Kong by MOF, and (v) holding of RMB bond investment through the Mainland interbank bond market under arrangement as approved by the PBOC at no less than 25% of their RMB customer deposits, which further limits the availability of RMB that participating banks can utilise for conversion services for their customers. Participating banks in Hong Kong do not have direct RMB liquidity support from PBOC. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement for merchandise transactions and for individual customers. The Renminbi Clearing Bank is not obliged to square any open positions of the participating banks resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions. Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future resulting in further restriction on availability of offshore RMB. The limited availability of RMB outside the PRC may affect the Sub-Fund. To the extent the Manager is required to source RMB in the offshore market to operate the Sub-Fund, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

The amount of liquidity in RMB for investors in the Sub-Fund may be limited and investors may need to allow time for accumulating sufficient RMB to buy Units of the Sub-Fund. This may in turn adversely affect the market demand, the liquidity and trading price of the Units. Investors may not be able to sell the Units in the secondary market at prices, in the amounts and at the times at which they would wish to or which they may otherwise be able to do in respect of other securities denominated in Hong Kong dollars listed on the SEHK.

(e) Repatriation Risk

Repatriations by the Sub-Fund conducted in RMB are permitted daily and are not subject to any lock-up periods or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests.

(f) RMB Trading and Settlement Risk

The trading and settlement of RMB-denominated securities are recent developments in Hong Kong and there is no assurance that there will not be problem with the systems or that other logistical problems will not arise.

Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in March, September and October 2011, some brokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, and there is no assurance of their readiness for dealing in RMB denominated securities. Investors should note that not all brokers may be ready and able to carry out trading and settlement of RMB traded Units and thus they may not be able to deal in the RMB traded Units through some brokers.

In addition, the liquidity and trading price of the RMB traded Units of the Sub-Fund may be subject to market forces and may also be adversely affected by the limited availability of RMB outside the PRC and the restrictions on the conversion between foreign currency and the RMB. This may result in the Sub-Fund trading at a significant premium or discount to its Net Asset Value.

Due to extraordinary legal or regulatory circumstances beyond the control of the Trustee and the Manager, there is a risk that the remittance or payment of the RMB proceeds on the redemption of Units cannot be carried out, or if necessary, the proceeds may be paid in USD or HKD, instead of RMB (at an exchange rate determined by the Manager, after consultation with the Trustee). As such, Unitholders may receive settlement in RMB on a delayed basis or if necessary, in another currency (USD or HKD).

(g) RMB Distributions Risk

Distributions for each Unit will only be made in RMB. Thus, where a Unitholder has no RMB accounts, the Unitholder may have to bear the fees and charges associated with the conversion of the dividends in RMB to HKD or any other currency and may suffer foreign exchange losses. Such Unitholders are advised to check with their brokers concerning the arrangements for RMB currency conversion.

(h) PRC Government Exchange Control and Restrictions Risk

Various PRC companies derive their revenues in RMB but may have requirements for foreign currency, including for the import of materials, debt service on foreign currency denominated debt; purchases of imported equipment and payment of any interest or dividends. The existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. However, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency. Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE.

RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. The PRC government’s policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact the Sub-Fund. There can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future.

(i) QFI Late Settlement Risk

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

1.15.1C PRC/Emerging Market Related Risks

(a) Emerging Market Risk

In tracking the relevant Underlying Index, the Sub-Fund will invest in China A-Shares through the QFI status of the QFI Holder and accordingly have substantial exposure to the emerging PRC market. The Sub-Fund is thus subject to greater risk of loss compared with investments in developed markets due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity. The economy of the PRC is still in the early stages of modern development and may be subject to abrupt and unexpected change. The PRC government retains a high degree of direct control over the economy. The PRC government and its regulators may intervene in the market which may adversely affect the Underlying Index and the Sub-Fund. In addition, the regulatory framework and legal system in the PRC may not provide the same degree of investor information or protection as would generally apply to more developed markets. The China A-Share market may be more volatile and unstable (e.g. due to suspension of particular stocks or government intervention) than those in the more developed markets as it is undergoing development and has lower trading volumes than those in more developed markets. A Participating Dealer may not be able to create or redeem the Sub-Fund's Units if any Index Securities are not available.

(b) Risk of Government Intervention and Restriction

There may be substantial government intervention in the economy, including restrictions on investment in companies or industries deemed sensitive to relevant national interests. Governments and regulators may also intervene in the financial markets, such as by the imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks. Further, intervention or restrictions by governments and regulators may affect the trading of China A-Shares or Units of the Sub-Fund. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund. This may also lead to an increased tracking error for the Sub-Fund. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Underlying Index and as a result the performance of the Sub-Fund. In the worst case scenario, the investment objective of the Sub-Fund cannot be achieved.

(c) PRC Economic, Political and Social Risks

The economy of the PRC, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources. Although the majority of productive assets in the PRC are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of the PRC and a high level of management autonomy. The economy of the PRC has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth. For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Many of the economic policies are experimental or unprecedented and may be subject to adjustment and modification. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying Securities of the Sub-Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the Sub-

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

(d) PRC Laws and Regulations Risk

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce taxation and trade. Two examples are the promulgation of the Contract Law of the PRC to unify the various economic contract laws into a single code, which went into effect on 1 October 1999, and the Securities Law of the PRC, which went into effect on 1 July 1999. However, because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. Given the short history of the PRC system of commercial laws, the PRC regulatory and legal framework may not be as well developed as those of developed countries. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations or the ability of the Sub-Fund to acquire Index Securities.

(e) PRC Accounting and Reporting Standards Risk

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

(f) Restricted Markets Risk

The Sub-Fund may invest in Index Securities in respect of which the PRC imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of the Sub-Fund holdings as compared to the performance of the Underlying Index. This may increase the risk of tracking error, and at the worst, the Sub-Fund may not be able to achieve its investment objective.

1.15.1D China A-Share Market Risk

(a) Dependence on Trading on China A-Share Market

The Net Asset Value of the Sub-Fund may be adversely affected if markets for the China A-Shares are illiquid. The PRC securities markets have in the past experienced substantial price volatility, and there is no assurance that such volatility will not occur in future. Market volatility in the China A-Share markets may result in significant fluctuations in the value of the Sub-Fund. Besides, the settlement and clearing systems of the PRC securities markets may not be well tested and may be subject to increased risks of error or inefficiency.

In addition, to the extent the Underlying Index concentrates in China A-Shares of a particular industry or group of industries, the Manager may similarly concentrate the Sub-Fund's investments. The performance of the Sub-Fund could then depend heavily on the performance of that industry or group of industries.

(b) Risks relating to Suspension of the China A-Share Market

Securities exchanges in the PRC have the right to suspend or limit trading in any security traded on the relevant exchange. In the event that a significant number of the China A-Shares comprising the Underlying lndex are suspended, the Manager may suspend the creation and redemption of Units of the Sub-Fund and/or delay the payment of any redemption proceeds. If the trading of the Sub-Fund on the SEHK continues while the China A-Share market is suspended, the trading price of the Sub-Fund may deviate away from the Net Asset Value.

(c) Risks relating to the Differences between the Hong Kong and China Stock Markets

One of the key differences between the Hong Kong and PRC stock markets is that the PRC stock exchanges impose trading band limits on China A-Shares. In the event that the trading band limit has been exceeded for certain Index Securities, the Participating Dealers may not be able to create and/or redeem Units on a Business Day because Index Securities may not be available or it is impossible to liquidate positions. This may lead to higher tracking error and may expose the Sub-Fund to losses. Further, the price of the Units of the Sub-Fund may be traded at a premium or discount to its Net Asset Value. The Manager has put in place measures to tackle the trading band limit as disclosed under section 1.13 "**Measures Adopted by the Manager to Address the Differences between the China A-Share Market and the Hong Kong Market**" in Part II of this Prospectus.

The SSE and the SZSE may be open on days when Units in the Sub-Fund are not priced. Consequently, the value of the Securities in the Sub-Fund's portfolio may change on those days but investors will not be able to purchase or sell the Units of the Sub-Fund. Furthermore, the market prices of Index Securities listed on the above stock exchanges may not be available during part of or all of the SEHK trading sessions due to trading hour differences which may result in Units of the Sub-Fund being traded at a premium or discount to its Net Asset Value.

(d) Risks relating to Differences in Trading Hours between the SEHK and the PRC Stock Exchanges

Differences in trading hours between the PRC stock exchanges (i.e. Shanghai Stock Exchange and Shenzhen Stock Exchange) and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value because if a PRC stock exchange is closed while the SEHK is open, the Underlying Index level and the market prices of Index Securities listed on the above stock exchanges may not be available.

1.15.1E PRC Taxation Risk

The Manager will not make any PRC WHT provision on the gross unrealised and realised capital gains derived from investments in China A-Shares. Please refer to sub-section 10.3.2 "Capital Gains" for further information.

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised by the Sub-Fund on its investments in the PRC via QFI or the Stock Connect. It should also be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively. There is a risk that taxes may be levied in future on the Sub-Fund for which no provision is made, which may potentially cause substantial loss to the Sub-Fund.

Unitholders should note that the tax reporting and tax treaty relief application (detailed in sub-section 10.3.2 "Capital Gains") are made in accordance with the prevailing tax rules and practices of the Shanghai tax bureau at the time of submission. The Net Asset Value of the Sub-

Fund may require further adjustment to take into account any retrospective application of new tax regulations and development, including change in interpretation of the relevant regulations by the PRC tax authorities.

The Manager will closely monitor any further guidance by the relevant PRC and Hong Kong tax authorities and adjust the tax withholding policy of the Sub-Fund accordingly, taking into account independent professional tax advice. The Manager will act in the best interest of the Sub-Fund at all times.

Unitholders may be disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If no provision is made by the Manager in relation to all or part of the actual tax levied by the STA in future, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the existing Unitholders and subsequent Unitholders will be disadvantaged, as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to those borne at the time of investment in the Sub-Fund.

1.15.1F Risks relating to Investment in the Sub-Fund

(a) Reliance on RMB Market Maker(s) Risk

Units of the Sub-Fund on the RMB counter are traded and settled in RMB. There may be less interest by potential Market Makers making a market in Units denominated and traded in RMB. Any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for the Units.

(b) Termination of Market Maker(s) Risk

A Market Maker may cease to act as a Market Maker for any counter of the Sub-Fund 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 Sub-Fund for each counter will be three months. The liquidity for the RMB traded Units and HKD traded Units of the Sub-Fund may be affected if there is no Market Maker for the RMB traded Units and the HKD traded Units respectively. The Manager will use its best endeavours to put in place arrangements so that there is at least one Market Maker for the Sub-Fund for each counter to facilitate efficient trading of Units of the relevant trading currency (i.e. RMB and HKD). It is possible that there is only one Market Maker for each counter of the Sub-Fund or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker.

(c) Lack of Operational History

The Sub-Fund has a minimal operating history by which investors can evaluate its previous performance. There can be no assurance that the Sub-Fund's investment objectives will be met. The level of fees and expenses payable by the Sub-Fund may fluctuate. Although the amounts of certain ordinary expenses of the Sub-Fund can be estimated, the returns of the Sub-Fund, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurances can be given as to the performance of the Sub-Fund or the actual level of its expenses.

1.15.1G Risks relating to the Underlying Index

(a) Licence Agreement in relation to Underlying Index may be Terminated

The Manager is licensed by the Index Provider to use and reference the Underlying Index to create the Sub-Fund. The Sub-Fund may not be able to fulfil its objective and may be terminated if the Licence Agreement between the Manager and the Index Provider is terminated. The Sub-Fund may be terminated if the Underlying Index ceases to be compiled and published, and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index. However, the Manager may, subject to the prior approval of the SFC and provided that in its reasonable opinion the interests of the Unitholders would not be adversely affected, replace the Underlying Index with another appropriate replacement index in accordance with the provisions of the offering and constitutive documents of the Sub-Fund.

(b) Geographical Concentration of CSI 300

The Underlying Index and the investments of the Sub-Fund are concentrated in China A-Share entities in China. By being concentrated in China A-Share entities in China, the Sub-Fund could suffer greater volatility compared to funds that follow a more diversified policy. The Sub-Fund is more likely to be more volatile than a broadly-based fund such as global or regional equity fund as it is more susceptible to fluctuation in value resulting from adverse conditions in that single region. Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect an issuer, industry, jurisdiction or market, and changes in general economic or political conditions can adversely affect the value of securities and result in price volatility. Such changes may have a negative impact on the securities held by the Sub-Fund.

(c) Change of Underlying Index

The Manager will consult the SFC on any events that may affect the acceptability of the Underlying Index (for example, the change in methodology/rules or compiling or calculating the Underlying Index, or a change in the objective or characteristics of the Underlying Index). The Manager shall notify Unitholders as soon as practicable of any significant events relating to any of the Underlying Index.

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

(i) the Underlying Index ceasing to exist;

(ii) 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;

(iii) investing in the Securities comprised within the Underlying Index becomes difficult; and

(iv) the quality (including accuracy and availability of the data) of the Underlying Index having in the reasonable opinion of the Manager, deteriorated.

The Manager may change the name of the Sub-Fund if the Underlying Index changes or for any other reasons including if the Licence Agreement in relation to the Underlying Index is terminated. Any change to the Underlying Index and/or the name of the Sub-Fund will be notified to investors by notice in writing.

If the Underlying Index is discontinued or there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index which can replace the Underlying Index, the Sub-Fund may not be able to fulfil its objectives and may be terminated, unless the Manager seeks the SFC's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the Underlying Index.

The price of Units and the Net Asset Value per Unit of the Sub-Fund may fall or rise. There can be no assurance that an investor will achieve any particular return, or any return at all, on his investment in the Units or receive his capital invested.

2 SPECIFIC INFORMATION RELATING TO HAITONG MSCI CHINA A ESG ETF

2.1 Key Features of the Haitong MSCI China A ESG ETF

The table below sets out the key features of the Haitong MSCI China A ESG ETF (referred to in this section as the "**Sub-Fund**"). You should read this section together with the remaining sections of this Prospectus before deciding whether to invest in the Sub-Fund:

Key Trading Information of Haitong MSCI China A ESG ETF	
Product Type	Physical RMB-denominated exchange traded fund investing directly in China A-Shares
Stock Code	09031 – USD counter 03031 – HKD counter 83031 – RMB counter
Short Stock Name	HT CH A ESG-U – USD counter HT CH A ESG – HKD counter HT CH A ESG-R – RMB counter
Underlying Index	MSCI China A ESG Universal Index
Investment Strategy	Full replication. Please refer the section headed "Investment Strategy" under section 2 of this Part II of the Prospectus for further details.
Base Currency	RMB
Trading Currency of the Units	USD – USD counter HKD – HKD counter RMB – RMB counter
Initial Offer Period	9:00 a.m. (Hong Kong time) on 9 October 2020 to 1:00 p.m. (Hong Kong time) on 12 October 2020
Initial Issue Date	14 October 2020
Exchange Listing	SEHK – Main Board
Initial Issue Price	RMB 10
Listing Date	Expected to be 15 October 2020, but may be postponed by the Manager to a date no later than 23 October 2020
Trading Board Lot Size	100 Units – USD counter 100 Units – HKD counter 100 Units – RMB counter
Dealing Day	Each Business Day on which both SEHK and the underlying China A-share market are open for normal trading and the Underlying Index is compiled and published.
Distribution Policy	The Manager intends to distribute income to Unitholders at its discretion annually (usually in July each year) having regard to the Sub-Fund's net income after fees and costs. **Distributions on all Units (whether USD traded Units, HKD traded Units or RMB traded Units) will be received in RMB only.***
Creation/Redemption Unit Blocks	Minimum 500,000 Units (or whole multiples thereof), or such other number of Units as the Manager may determine

Available Method of Creation/ Redemption	Cash in RMB only
Financial Year End	31 December.
Management Fee	0.60% per annum of the Net Asset Value of the Sub-Fund
*Trustee's Fee***	**Net Asset Value ("NAV")** **Annual rate (as a % of NAV)** First RMB 200 million 0.10% For the remaining balance 0.08% (subject to a minimum of RMB 20,000 per month) plus a fee of USD 4,000 per annum
Service Agent's Fee	HKD 5,000 monthly reconciliation fee
Registrar Fee	Registrar fee of RMB 120 per Participating Dealer per transaction and administrative transaction fee of RMB 10,000 per Participating Dealer per transaction
Performance Fee	Nil
Administration Fee	Included as part of Trustee's fee
Ongoing Charges	The ongoing charges figure is calculated based on the actual expenses charged to the Sub-Fund in a financial year and the figure may vary from year to year. For the ongoing charges figure of the last financial year, if available, please refer to the latest product key facts statement of the Sub-Fund or the Trust's website at www.haitongetf.com.hk***.
Trust's Website	www.haitongetf.com.hk*** (Information on the Sub-Fund is set out in the relevant Sub-Fund section of Trust's website.)
Key Parties	
Manager	Haitong International Asset Management (HK) Limited
Listing Agent	Haitong International Capital Limited
QFI Holder	Haitong International Holdings Limited
Trustee	HSBC Institutional Trust Services (Asia) Limited
Custodian	The Hongkong and Shanghai Banking Corporation Limited
PRC Custodian	HSBC Bank (China) Company Limited
Registrar	HSBC Institutional Trust Services (Asia) Limited
Service Agent	HK Conversion Agency Services Limited
Index Provider	MSCI Inc.

Initial Participating Dealers	ABN AMRO Clearing Hong Kong Limited China Merchants Securities (HK) Co., Limited China International Capital Corporation Hong Kong Securities Limited Citigroup Global Markets Asia Limited Goldman Sachs (Asia) Securities Limited Haitong International Securities Company Limited The Hongkong and Shanghai Banking Corporation Limited Merrill Lynch Far East Limited Mirae Asset Securities (HK) Limited Korea Investment & Securities Asia Limited Additional Participating Dealers may be appointed from time to time. An updated list of the Participating Dealers appointed
Initial Market Makers	For USD Counter: Flow Traders Hong Kong Limited Haitong International Securities Company Limited For HKD Counter: AP Capital Management (Hong Kong) Limited Flow Traders Hong Kong Limited Haitong International Securities Company Limited For RMB Counter: Flow Traders Hong Kong Limited Haitong International Securities Company Limited Additional Market Makers may be appointed from time to time. An updated list of the Market Makers appointed for the Sub-Fund is available at the SEHK's website at www.hkex.com.hk/eng/prod/secprod/etf/smmcontact.htm*** and the relevant Sub-Fund section of the Trust's website specified above.

* *USD traded Units and HKD traded Units will receive distributions in RMB only. If the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividends from RMB into USD, HKD or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions and to consider the relevant risks as set out in section 4 in Part I of this Prospectus and the section headed "Specific Risks Applicable to the Haitong MSCI China A ESG ETF" under section 2 of Part II of this Prospectus.*

** *The Sub-Fund pays a Trustee's fee to the Trustee (out of which the Trustee pays the Custodian and the PRC Custodian).*

*** *This website has not been reviewed by the SFC.*

2.2 Investment Objective

The Sub-Fund is a passively managed index-tracking fund. Its investment objective is to provide investment results, before the deduction of fees and expenses, that closely correspond to the performance of the MSCI China A ESG Universal Index (referred to in this section as the "**Underlying Index**").

2.3 Investment Strategy

The Manager seeks to achieve the investment objective by adopting a full replication strategy primarily. Using a full replication strategy, the Manager will invest directly in all or substantially all of the assets of the Sub-Fund in the Index Securities comprising the Underlying Index in substantially the same weightings in which they are included in the Underlying Index, through Stock Connect (as further described in the section headed "Stock Connect" below) and the QFI status of the QFI Holder.

Subject to the applicable laws and regulations, the Manager may invest up to 100% of the Sub-Fund's Net Asset Value through Stock Connect and less than 70% of its Net Asset Value through QFI in China A-Shares (including stocks listed on the ChiNext market). The QFI Holder, being the holding company of the Manager, has authorised the Manager to use the QFI status for the purposes of investments in the PRC Index Securities for the Sub-Fund.

Where the adoption of a full replication strategy is not efficient or practicable or where the Manager considers appropriate in its absolute discretion, the Manager may adopt a representative sampling strategy in lieu of a full replication strategy from time to time. A representative sampling strategy involves investing, directly or indirectly (including through the use of financial derivative instruments and/or depositary receipts), in a representative sample of securities selected by the Manager using quantitative analytical methods which collectively has an investment profile that reflects the profile of the Underlying Index and performance that is closely correlated with that of the Underlying Index, in order to achieve the investment objective. The securities constituting such representative sample may or may not themselves be constituents of the Underlying Index at the time. In pursuing a representative sampling strategy, the Manager may cause the Sub-Fund to deviate from the Underlying Index weighting on the condition that the maximum deviation from the Underlying Index weighting of any constituent will not exceed 2 percentage points above such weighting under normal circumstances.

Investors should note that the Manager may switch between the full replication strategy and the representative sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Sub-Fund by tracking the Underlying Index as closely (or efficiently) as possible for the benefit of investors.

The Manager reviews the Index Securities held in the Sub-Fund on each Business Day. In order to minimise tracking error, it closely monitors factors such as any changes in the weighing of each Index Security, suspension, dividend distributions and the liquidity of the Sub-Fund portfolio. The Manager will also conduct adjustment on the portfolio of the Sub-Fund regularly, taking into account tracking error reports, the methodology of the Underlying Index and any rebalance notification of the Underlying Index.

Apart from financial derivative instruments received as a result of corporation actions of Index Securities held by the Sub-Fund, the Sub-Fund may invest in financial derivative instruments for hedging or non-hedging (i.e. investment) purposes provided that the Sub-Fund's net derivative exposure does not exceed 10% of its Net Asset Value. The Sub-Fund may also hold cash and cash equivalents for ancillary purposes.

The Sub-Fund does not currently intend to engage in any security financing or other similar over-the-counter transactions.

The Manager will seek the prior approval of the SFC (if applicable) and provide at least one month's prior notice to Unitholders before the Manager engages in any security financing transactions or other similar over-the-counter transactions. The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in section 2 of Part I of this Prospectus.

2.4 Dealing of Units of the Haitong MSCI China A ESG ETF

Application for SEHK Listing

An application has been made to HKSCC for the Units in the Sub-Fund to be accepted as eligible securities in CCASS and to the SEHK for the Units in the Sub-Fund to be listed on the SEHK. Dealings of the Units in the Sub-Fund are expected to commence on the SEHK on 15 October 2020. To facilitate trading on the SEHK, Units may be deposited, cleared and settled in CCASS. All Units deposited in CCASS will be held in book-entry form only and will be registered in the name of HKSCC Nominees.

Issue Price and Redemption Price

The Issue Price per Unit for creation of Units shall be the Net Asset Value per Unit calculated as at the Valuation Point in respect of the relevant Dealing Day rounded to the nearest fourth decimal place (i.e. RMB 0.0001).

The Redemption Price per Unit for redemption of Units shall be the Net Asset Value per Unit calculated as at the Valuation Point of the relevant Dealing Day rounded to the nearest fourth decimal place (i.e. RMB 0.0001).

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

Dealing Deadline

For an application for creation of Units in respect of the Sub-Fund during the Initial Offer Period, the Dealing Deadline for the Trustee to receive the application will be at the close of the Initial Offer Period.

For dealing on each Dealing Day for an application for creation or redemption of Units in respect of the Sub-Fund after the Initial Offer Period, the Dealing Deadline is at 1:00 p.m. (Hong Kong time) on the relevant Dealing Day, as may be revised by the Manager from time to time.

If an application for creation or redemption of Units is received by the Trustee and accepted by the Manager after the Dealing Deadline on a Dealing Day, that application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that application, provided that the Manager may, subject to the satisfaction of the Trustee's operational requirements and upon prior consultation with the Trustee, agree to accept an application in respect of any Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to the relevant Dealing Day, provided further that, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not agree to accept any such application.

Multi Counter

Units of the Sub-Fund are denominated in RMB. Despite the Multi Counter arrangement the creation of new Units and redemption of Units in the primary market are settled in RMB only. The Sub-Fund offers three trading counters on the SEHK (i.e. USD counter, HKD counter and RMB counter) to investors for secondary trading purposes. Units traded in USD counter will be settled in USD, Units traded in HKD counter will be settled in HKD and Units traded in the RMB counter will be settled in RMB. Apart from settlement in different currencies, the trading prices of Units in the counters may be different as the USD counter, the HKD counter and RMB counter are distinct and separate markets. A Participating Dealer may elect to deposit created Units in the USD counter, the HKD counter or the RMB counter within CCASS for secondary trading purposes, although all creation and redemption of Units in the primary market must be in RMB only. USD traded Units, HKD traded Units and RMB traded Units may be redeemed by way of a redemption application (through a Participating Dealer). The redemption process for a Participating Dealer is the same as for USD traded Units, HKD traded Units and RMB traded Units.

Units traded on each counters are of the same class and all Unitholders of each counters are treated equally. The counters will have different stock codes, different stock short names and different ISIN numbers as follows:

	SEHK Stock Code	Short Stock Name	ISIN Number
USD counter	09031	HT CH A ESG-U	HK0000656931
HKD counter	03031	HT CH A ESG	HK0000656915
RMB counter	83031	HT CH A ESG -R	HK0000656923

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in another counter provided their brokers provide trading services in each relevant trading currency at the same time and offer inter-counter transfer services to support Multi Counter trading. Inter-counter buy and sell is permissible even if the trades take place within the same trading day. However, investors should note that the trading price of Units traded in each counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

More information is available in the frequently asked questions published on the SEHK's website: https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en (this website has not been reviewed by the SFC).

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Multi Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factor entitled "Multi Counter Risks" in section 4.1.1 in Part I of this Prospectus.

2.5 Distribution Policy

The Manager intends to distribute income to Unitholders annually (usually in July each year) having regard to the Sub-Fund's net income after fees and costs. The amount of any distribution will be calculated in July each year. Distributions of dividends are not guaranteed and the Manager may decide not to make any dividend distribution annually or otherwise. Distributions will not be paid out of the capital or effectively out of the capital of the Sub-Fund.

2.6 Fees and Expenses

2.6.1. Management Fee

The Management Fee is currently charged at a rate of 0.60% per annum of the Net Asset Value of the Sub-Fund, accrued daily and paid monthly in arrears as soon as reasonably practicable after the last Dealing Day in each month.

The Manager may pay a distribution fee to any distributor or sub-distributors of the Sub-Fund out of the Management Fees it receives from the Sub-Fund. A distributor may re-allocate an amount of the distribution fee to the sub-distributors. The Manager shall be responsible for paying the fees of any additional sub-managers or investment delegates appointed by the Manager.

2.6.2. Trustee and Registrar Fee

The Trustee's fee is currently calculated as a percentage per annum of the Net Asset Value of the Sub-Fund at a rate of 0.10% per annum for the first RMB 200 million of the Net Asset Value and 0.08% per annum for the remaining balance of the Net Asset Value, accrued daily and paid monthly in arrears as soon as reasonably practicable after the last Dealing Day in each month, subject to a monthly minimum of RMB 20,000 (in addition, a fee of USD4,000 per annum is payable to the Trustee in relation to the performance of its duties to the Sub-Fund).

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

The Registrar is entitled to a registrar fee of RMB 120 per Participating Dealer per transaction for updating the register record of the Sub-Fund and an administrative transaction fee of RMB 10,000 per Participating Dealer per transaction for handling any cash creation and redemption of Units of the Sub-Fund.

2.6.3. Service Agent's Fee

The Service Agent is entitled to receive a monthly reconciliation fee of HKD 5,000 from the Manager. The Manager shall pass on to the Sub-Fund such reconciliation fee. For any period less than a month, the reconciliation fee is on a pro-rata basis and accrues on a daily basis. The Service Agent is also entitled to receive a Transaction Fee for each book-entry deposit transaction or book-entry withdrawal transaction and may be passed on in whole or in part to the investor. The Trustee, on behalf of the Sub-Fund, will pay all other expenses chargeable by the Service Agent in connection with the Service Agent's role.

2.6.4. Ongoing charges

The ongoing charges figure is calculated based on the actual expenses charged to the Sub-Fund in a financial year and the figure may vary from year to year.

For the ongoing charges figure of the last financial year, if available, please refer to the latest product key facts statement of the Sub-Fund or the Trust's website at www.haitongetf.com.hk (this website has not been reviewed by the SFC).

2.6.5. Fees Payable by Participating Dealers

The following table sets out the fees payable by Participating Dealers on creation and redemption of Units:

Creation of Units

Transaction Fee by Trustee/Registrar	RMB 10,000 per application (See Note 1)
Transaction Fee by Service Agent	HKD 1,000 (See Note 2)
Application Cancellation Fee	RMB 5,000 (See Note 3)
Stamp Duty	Nil
Other Duties and Charges	As applicable and may include, inter alia, brokerage costs and stamp duty charges (See Note 4)

Redemption of Units

Transaction Fee by Trustee/Registrar	RMB 10,000 per application (See Note 1)
Transaction Fee by Service Agent	HKD 1,000 (See Note 2)
Extension Fee	RMB 5,000 (See Note 5)
Application Cancellation Fee	RMB 5,000 (See Note 3)
Stamp Duty	Nil
Other Duties and Charges	As applicable and may include, inter alia, brokerage costs and stamp duty charges (See Note 4)

Note 1 – The Transaction Fee is payable by each Participating Dealer to the benefit of the Trustee and/or the Registrar and may be passed on in whole or in part to the investor.

Note 2 – The Service Agent will charge a Transaction Fee of HKD 1,000 and is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction and may be passed on in whole or in part to the investor.

Note 3 – An application cancellation fee is payable to the Trustee for the account of the Registrar by a Participating Dealer in respect of either a withdrawn or failed application for creation or redemption of Units.

Note 4 – A Participating Dealer may pass on to the relevant investor such Duties and Charges. The actual Duties and Charges can only be determined after the relevant application for creation or redemption of Units has been effected.

Note 5 – An Extension Fee is payable by each Participating Dealer to the Trustee for the benefit of the Trustee on each occasion the Manager grants the request by the Participating Dealer for extended settlement in respect of an application for redemption of Units.

2.7 The Underlying Index and China A-Share Market

The Underlying Index of the Sub-Fund is a diversified index consisting of constituent China A-Shares. Please see the sections headed "China A-Share Market in the PRC" and "The Underlying Index" in section 2 of this Part II of the Prospectus for further information about the China A-Share market in the PRC and the Underlying Index respectively.

2.8 QFI and Stock Connect

2.8.1 *What is QFI Regime?*

Under the current PRC regulations, foreign investors outside the PRC can generally invest only in the PRC securities and futures market through certain qualified foreign investors that have obtained the status as QFI approved by the CSRC to remit foreign currencies which can be traded on the China Foreign Exchange Trade System (in case of a QFII) and offshore RMB (in case of an RQFII) into the PRC for the purpose of investing in the PRC's domestic securities and futures markets.

The PRC regulatory framework of the QFI regime is currently set out in the following QFI Regulations:

(a) the "Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors" jointly issued by the CSRC, the PBOC and the SAFE on 25 September 2020 and effective from 1 November 2020 (《合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法》);

(b) the "Provisions on Issues Concerning the Implementation of the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors" issued by the CSRC on 25 September 2020 and effective from 1 November 2020 (《關於實施<合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法>有關問題的規定》);

(c) the "Provisions on Fund Administration of Domestic Securities and Futures Investment by Foreign Institutional Investors" (《境外機構投資者境內證券期貨投資資金管理規定》) issued by the PBOC and the SAFE on 7 May 2020 and effective from 6 June 2020; and

(d) such other applicable regulations promulgated by the relevant authorities (collectively, the "**QFI Regulations**").

2.8.2 *How Does the Sub-Fund Invest in China A-Shares under the QFI Regime?*

The Sub-Fund may obtain exposure to China A-Shares by using the QFI status of Haitong International Holdings Limited, which holds a QFI status in China as the QFI Holder. The QFI Holder has the flexibility to apply its QFI status across different fund products.

The Custodian has been appointed by the QFI Holder on behalf of the Trustee to hold the assets of the Sub-Fund. The QFI Holder (in conjunction with the Manager) and the Custodian have appointed the PRC Custodian in respect of the China A-Shares invested by the Sub-Fund through the QFI Holder, pursuant to the relevant PRC laws and regulations.

All assets of the Sub-Fund located in the PRC, including its investment in the Index Securities, will be held by the Custodian (through the PRC Custodian) for the Sub-Fund in accordance with the terms of the PRC Custodian Agreement and the applicable PRC regulations.

The Manager will arrange for the opening of the following accounts in the PRC in the joint names of the QFI Holder and the Sub-Fund:

(a) securities account(s) ("**QFI Securities Account**") with the CSDCC and maintained by the PRC Custodian; and

(b) RMB cash account(s) ("**QFI Cash Account**") with the PRC Custodian, which will in turn maintain a cash clearing account with CSDCC for trade settlement in according to applicable regulations.

Investors should pay attention to the sections headed "QFI Risk", "RMB Related Risk" and "PRC/Emerging Market Related Risks" under section 2 of Part II of this Prospectus.

Repatriations in RMB conducted by the QFI Holder as QFI (acting through the Manager) on behalf of the Sub-Fund are permitted daily and are not subject to any lock-up periods or prior approval.

2.8.3 *Stock Connect*

Stock Connect is a securities trading and clearing linked programme developed by the SEHK, the SSE, the SZSE and the CSDCC, with an aim to achieve mutual stock market access between mainland China and Hong Kong. It comprises the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link (for investment in PRC shares) and a Southbound Trading Link (for investment in Hong Kong shares). Under the Northbound Trading Link, investors, through their Hong Kong brokers who are eligible participants of the Stock Connect, may be able to place orders to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through PRC securities firms who are eligible participants of the Stock Connect, may be able to place orders to trade eligible shares listed on the SEHK by routing orders to the SEHK.

All Hong Kong and overseas investors may be allowed to trade SSE-listed securities and SZSE-listed securities (as described below) through the Stock Connect (through the Northbound trading link), subject to rules and regulations issued from time to time.

The following summary presents some key points about the Northbound trading link (which may be utilized by the Sub-Fund to invest in the PRC):

Eligible securities

Among the different types of SSE-listed securities and SZSE-listed securities, only China A-Shares are currently permitted for Northbound trading under the Stock Connect. Other product types such as China B-Shares, Exchange Traded Funds (ETFs), bonds, and other securities are not included in the programme. Currently, Hong Kong and overseas investors are allowed to trade certain stocks listed on the SSE market ("SSE Securities") and the SZSE market (the "SZSE Securities").

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

a) SSE-listed shares which are not traded in RMB; and

b) SSE-listed shares which are included in the "risk alert board".

SZSE Securities will include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed China A-Shares which have corresponding H shares listed on SEHK, except the following:

a) SZSE-listed shares which are not traded in RMB; and

b) SZSE-listed shares which are included in the "risk alert board".

At the initial stage of the Shenzhen-Hong Kong Stock Connect, shares listed on the ChiNext Board of SZSE under Northbound Trading Link will be limited to institutional professional investors. Subject to resolution of related regulatory issues, other investors may subsequently be allowed to trade such shares.

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

Trading day

Due to differences in public holidays between Hong Kong and mainland China, there may be differences in the trading days in the two markets. Even if the mainland China markets are open on a certain day, the Sub-Fund may not necessarily be able to invest in China A-Shares through Northbound trading. For example, the Hong Kong market will close on Easter and Christmas every year, but those are trading days in mainland China. Likewise, during Lunar New Year and the National Day golden week periods, mainland China will usually arrange for seven-day consecutive holidays by reshuffling workdays and weekends. Even on days both markets are scheduled to be open for business, there could be differences because of other reasons such a typhoon number 8 signal in Hong Kong. Investors (including the Sub-Fund) will only be allowed to trade on the other market on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect will be subject to a daily quota ("**Daily Quota**"), which will be separate for Northbound and Southbound trading, for each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connect each day. The quotas do not belong to the Sub-Fund and are utilised on a first-come-first-serve basis. The SEHK monitors the quota and publishes the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website. The Daily Quota may change in future. The Manager will not notify investors in case of a change of quota.

Settlement and Custody

The HKSCC, a wholly owned subsidiary of SEHK, will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A-Shares traded through the Stock Connect are issued in scripless form, so investors will not hold any physical China A-Shares. Investors do not hold SSE Securities or SZSE Securities directly – these are held through their brokers' or custodians' accounts with CCASS.

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities or SZSE Securities held in its omnibus stock account in CSDCC, CSDCC as the share registrar for SSE or SZSE listed companies will still treat the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities. HKSCC will monitor the corporate actions affecting SSE Securities or SZSE Securities and keep the relevant CCASS participants informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

Currency

Hong Kong and overseas investors will trade and settle SSE Securities and SZSE Securities in RMB only. Hence, the Sub-Fund will need to use its RMB funds to trade and settle SSE Securities and SZSE Securities.

Trading fees and taxes

In addition to paying trading fees and stamp duties in connection with the trading of China A-Shares, the Sub-Fund may be subject to other fees and taxes concerned with income arising from stock transfers which are determined by the relevant authorities.

Coverage of Investor Compensation Fund

Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

For defaults occurring on or after 1 January 2020, the Investor Compensation Fund also covers investors' losses in relation to securities traded on a stock market operated by the Shanghai Stock Exchange or the Shenzhen Stock Exchange and in respect of which an order for sale or purchase is permitted to be routed through the northbound link of a Stock Connect arrangement.

On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund 《證券投資者保護基金管理辦法》, the functions of China Securities Investor Protection Fund （中國投資者保護基金） ("**CISPF**") include "indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by the CSRC and custodian operation" or "other functions approved by the State Council". As far as the Sub-Fund is concerned, since it is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, therefore they are not protected by CSIPF in the PRC.

Further information about the Stock Connect is available at the website: https://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en (this website has not been reviewed by the SFC).

2.9 RMB Creation and Trading

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

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

If any investors wish to buy or sell Units on the secondary market, they should contact their brokers and they are advised to check with their brokers regarding arrangements for distributions in RMB. CCASS Investor Participants who receive distributions in RMB should make sure that they have set up an RMB designated bank account with CCASS.

Investors should consult the banks for the account opening procedures as well as terms and conditions of the RMB bank account. Some banks may impose restrictions on their RMB cheque account and fund transfers to third party accounts. For non-bank financial institutions (e.g. brokers), however, such restriction will not be applicable and investors should consult their brokers as to the currency exchange service arrangement, if required. Investors without RMB accounts should note that distributions are made in RMB only and as such may suffer a foreign exchange loss and incur fees and charges associated with the conversion of distributions from RMB to USD, HKD or any other currency to receive their distributions.

The transaction costs of dealings in the Units on the SEHK include the SEHK trading fee and SFC transaction levy. All these secondary trading related fees and charges will be collected in HKD.

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

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

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

In particular, an investor who is a Hong Kong resident should allow sufficient time for conversion of other currency into RMB, or vice versa of any amount required to be paid to the Sub-Fund, or of any distribution amount received from the Sub-Fund or proceeds from the sale of any Units.

On the other hand, an individual investor who is a non-Hong Kong resident may open an RMB bank account in Hong Kong and may exchange other currencies for RMB without any limit. However, non-Hong Kong residents may not remit RMB to the PRC unless prior approval is obtained pursuant to PRC rules and regulations.

The above restrictions are not exhaustive as different banks could impose different and/or additional restrictions according to their internal policies.

2.10 Overview of the Offshore RMB Market

2.10.1 *What Led to RMB Internationalisation?*

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

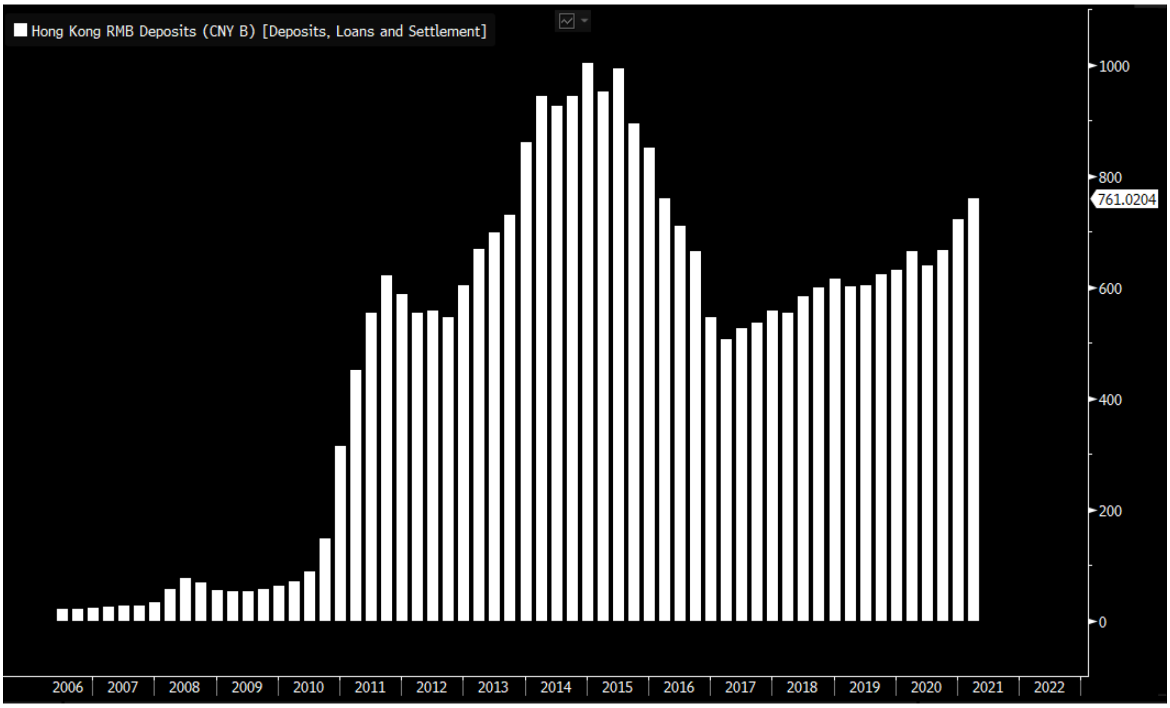
After double-digit economy average growth rate for over two decades, despite of the global economy slowdown, PRC maintains GDP growth over 6% till 2019, having become the second largest economy and trading country in the world. Even in year 2020 when the global economy was impacted by Covid-19, China maintained a year-on-year GDP growth at 2.3%. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

2.10.2 *Accelerating the Pace of the RMB Internationalisation*

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in offshore markets in recent years. Banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers since 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong, subject to regulatory approval. By the end of 2020, there are 206 authorised participating banks engaging in RMB clearing, with RMB deposits amounting to about RMB 722 billion, as compared to just RMB63 billion in 2009. The number further increased to RMB 761 billion by the end of March 2021.

The chart below shows the trend of RMB deposits in Hong Kong as of 30 March 2021.

Hong Kong RMB Deposits (RMB Billion)

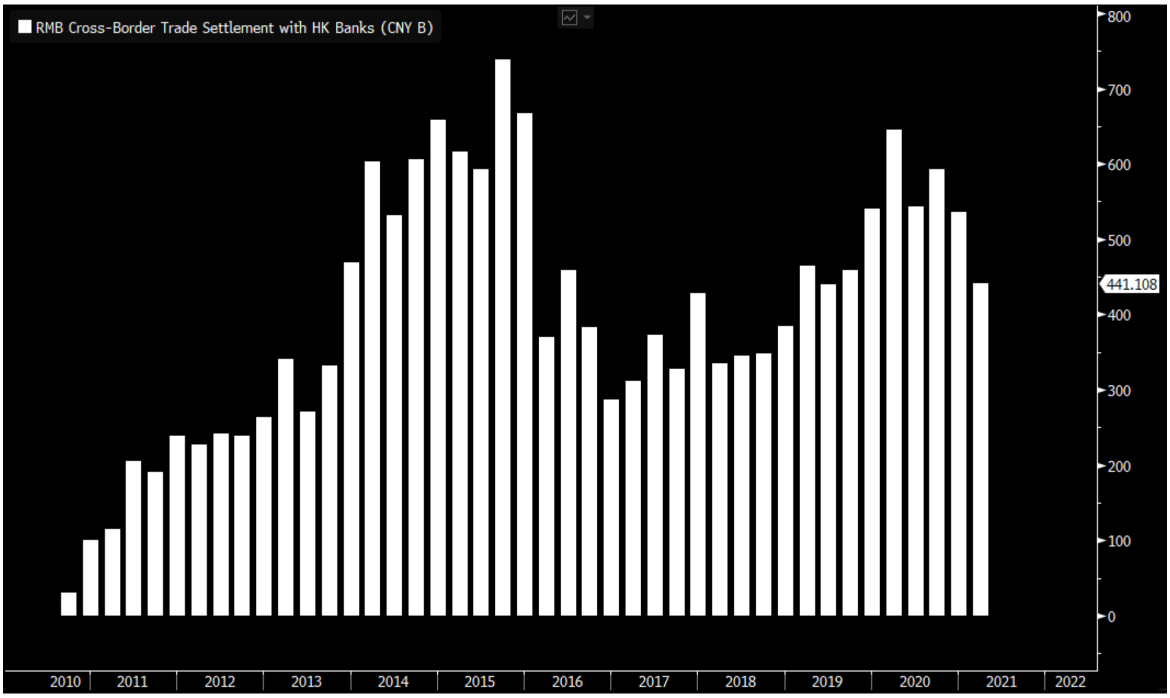


Source: Bloomberg, HKMA

The pace of RMB internationalisation has accelerated since 2009 when the PRC authorities permitted cross-border trade between Hong Kong/Macau and Shanghai/ four Guangdong cities, and between the Association of Southeast Asian Nations and Yunnan/Guangxi, to be settled in RMB. In June 2010, the arrangement was expanded to 20 provinces/municipalities in the PRC and to all countries/regions overseas. By March 2021, around RMB441 billion worth of cross-border trade was settled in Hong Kong with RMB.

The chart below shows the trend of RMB cross-border settlement as of 30 March 2021.

RMB Cross-Border Trade Settlement with Hong Kong Banks (RMB Billion)



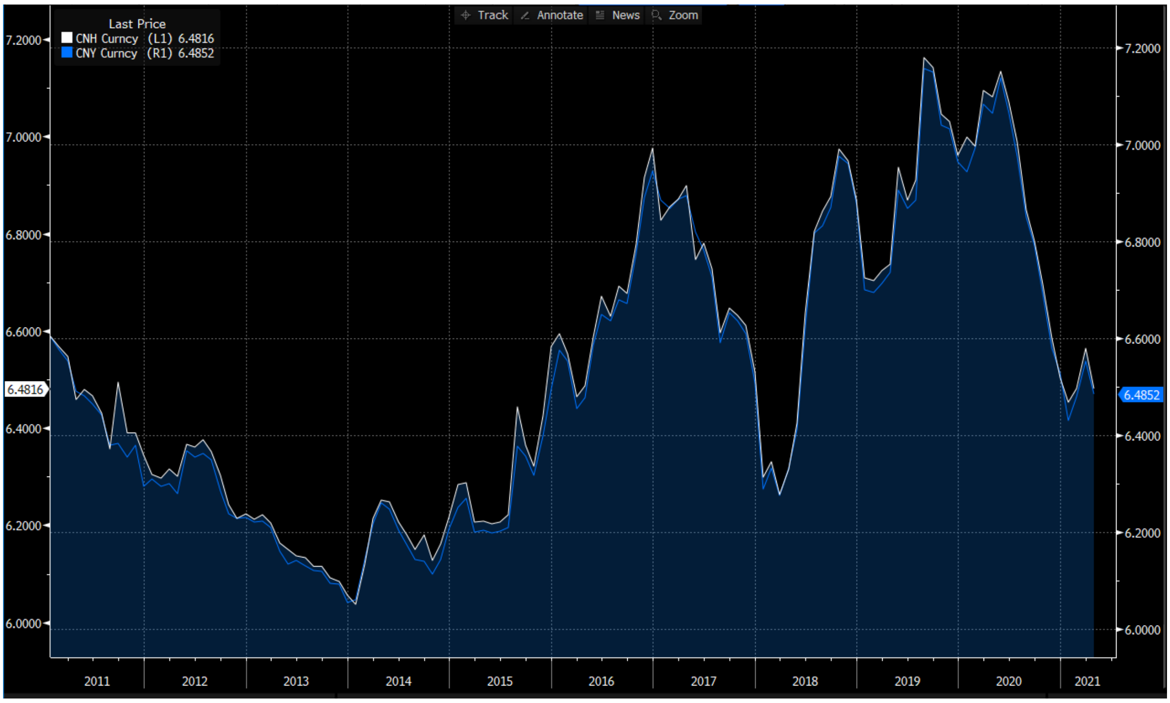
Source: Bloomberg, HKMA

2.10.3 *Onshore versus Offshore RMB Market*

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

Both onshore and offshore RMB are the same currency but are traded in different markets. Although highly correlated, the two RMB markets operate independently where the flow between them is highly restricted, thus onshore and offshore RMB are traded at different rates and their movement may not be in the exactly same direction. In recent years, CNH has been overall traded at a premium to onshore RMB due to the strong demand for offshore RMB. The relative strength of onshore and offshore RMB may change significantly, and such change may occur within a very short period of time.

Notwithstanding that the offshore RMB market showed a meaningful growth during the past several years, it is still at an early stage of the development and is relatively sensitive to negative factors or market uncertainties. For instance, the value of offshore RMB had once dropped by 0.8% against the US dollars within one trading session in New York in February 2018 due to weaker-than-expected Chinese trade data. In general, the offshore RMB market is more volatile than the onshore one due to its relatively thin liquidity.



Source: Bloomberg

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

2.10.4 *Recent Measures*

More measures to relax the conduct of offshore RMB business were announced in 2010. On 19 July 2010, interbank transfer of RMB funds was permitted for any purposes and corporate customers of banks in Hong Kong (including those not directly involved in trade with the PRC) may exchange foreign currencies for RMB without limit. One month later, the PRC authorities announced the partial opening up of PRC's interbank bond market for foreign central banks, RMB clearing banks in Hong Kong and Macau and other foreign banks participating in the RMB offshore settlement programme.

The National Twelfth Five-Year Plan adopted in March 2011 explicitly supports the development of Hong Kong as an offshore RMB business centre. In August 2011, PRC Vice Premier Li Keqiang announced more new initiatives during his visit, such as allowing investments on the PRC equity market through the RMB Qualified Foreign Institutional Investor scheme and the launch of an exchange-traded fund with Hong Kong stocks as the underlying constituents in the PRC. Also the PRC government has given approval for the first non-financial PRC firm to issue RMB-denominated bonds in Hong Kong.

The Shanghai-Hong Kong Stock Connect was launched in November 2014. It is a mutual market access programme that allows investment in eligible Shanghai-listed shares through the SEHK and eligible Hong Kong-listed shares through the SSE. The Shenzhen-Hong Kong Stock Connect (which was launched in December 2016) is also a mutual market access programme that allows investment in eligible Shenzhen-listed shares through the SEHK and eligible Hong Kong-listed shares through the SZSE. The connection between mainland China and Hong Kong market was further extended by Bond Connect, which was launched in July 2017.

2.10.5 *RMB Internationalisation is a Long-Term Goal*

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

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

2.11 China A-Share Market in the PRC

2.11.1 *Background and Development of the China A-Share Market*

China's A-Share market began with the establishment of the Shanghai Stock Exchange ("**SSE**") and Shenzhen Stock Exchange ("**SZSE**") in 1990. A-Shares (also referred to as "China A-Shares" in this Prospectus) are RMB-denominated shares listed on the SSE and SZSE. There were 4,286companies listed on the two exchanges as of 22 April 2021.

Shares traded in the PRC market are classified into different categories according to ownership, two of which are A-Shares and B-shares. A-Shares are RMB-denominated shares listed on the SSE and SZSE. They are further classified into state shares, legal person shares and individual shares. Only individual shares under the A-Share category can be publicly transferred and traded on the stock exchanges in Shanghai and Shenzhen whereas state shares and legal person shares are not allowed to trade freely on the stock exchanges.

A-Shares were initially designed for domestic PRC investors only, but after reforms in December 2002, foreign investors can invest directly in the China A-Share market under the QFII program (launched in 2003) and the RQFII program (launched in 2011). Investors participating in the China A-Share market include retail and institutional investors, foreign investors through the Stock Connect and listed companies.

2.11.2 *The SSE and SZSE*

The PRC's A-Share market commenced in 1990 with 2 exchanges, namely the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE").

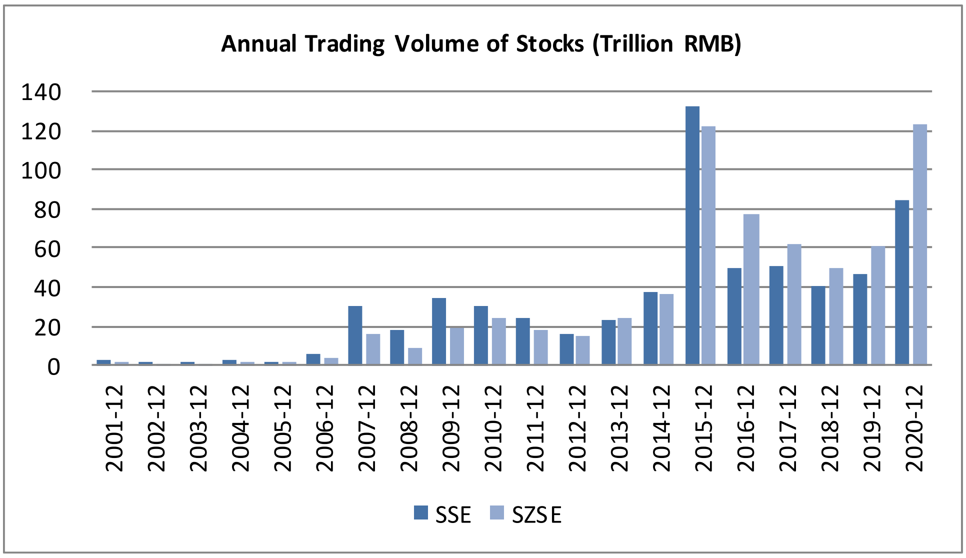
The SSE was established on 26 November 1990. As of 22 April 2021, there are 1,871 companies listed on the SSE with total market capitalisation of RMB 39 trillion. Stocks listed in SSE are further divided into class A-Shares and class B-Shares, with access to A-Shares limited to domestic investors as well as QFIs or through the Stock Connect only and B-Shares available to both domestic and foreign investors. The SSE also covers bond market. Bonds traded on the SSE include treasury bonds (T-bonds), local government bonds, corporate bonds (including those approved by the State Development and Reform Commission), corporate bonds with detachable warrants, and convertible corporate bonds. In addition, securities investment funds (including exchange traded funds) and warrants are available for trading on the SSE.

The SZSE was founded on 1 December 1990. One of SZSE's goals is to develop China's multi-tier capital market system. The framework for this has been developed, comprising the Main Board, , ChiNext (board for hi-tech companies), STAR Market (Sci-Tech innovation board), and the OTC market. The Main Board and the Small and Medium Enterprises Board were later on combined and consolidated in April 2021. As of 22 April 2021, there are 2,415 listed companies:

- 1,474 are listed on the SZSE main board with total market capitalisation of RMB19 trillion,
- 941 are listed on the ChiNext (the board mainly for "hi-tech" companies) with total market capitalisation of RMB7 trillion.

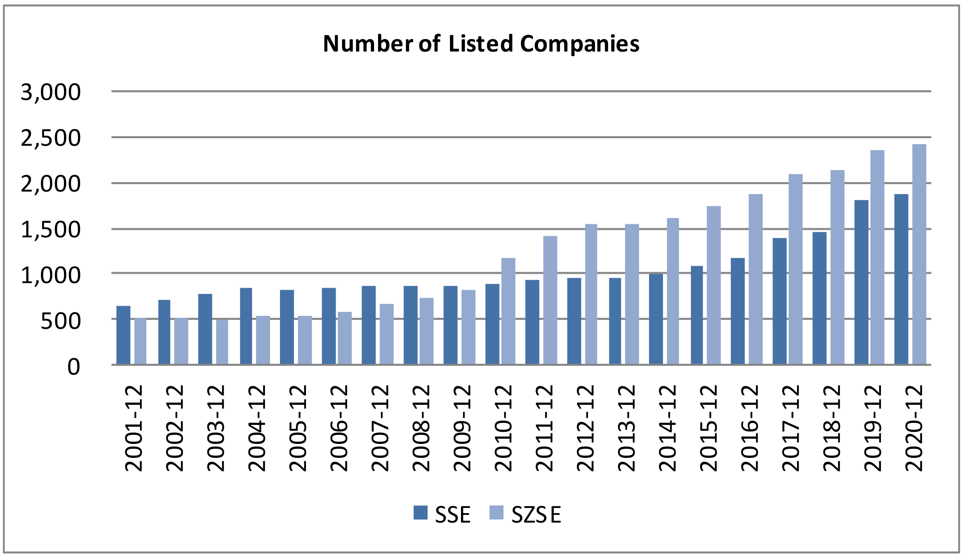
Stocks listed in SZSE are further divided into class A-Shares and class B-Shares, with access to A-Shares limited to domestic investors as well as QFIs or through the Stock Connect only and B-Shares available to both domestic and foreign investors. Other than A-Shares and B-Shares, the SZSE's products also cover indices, mutual funds (including exchange traded funds and listed open ended funds), fixed income products (including SME collective bonds and asset-backed securities), and diversified derivative financial products.

The chart below shows the annual trading turnover on the equity market of SSE and SZSE as of 31 December 2020.



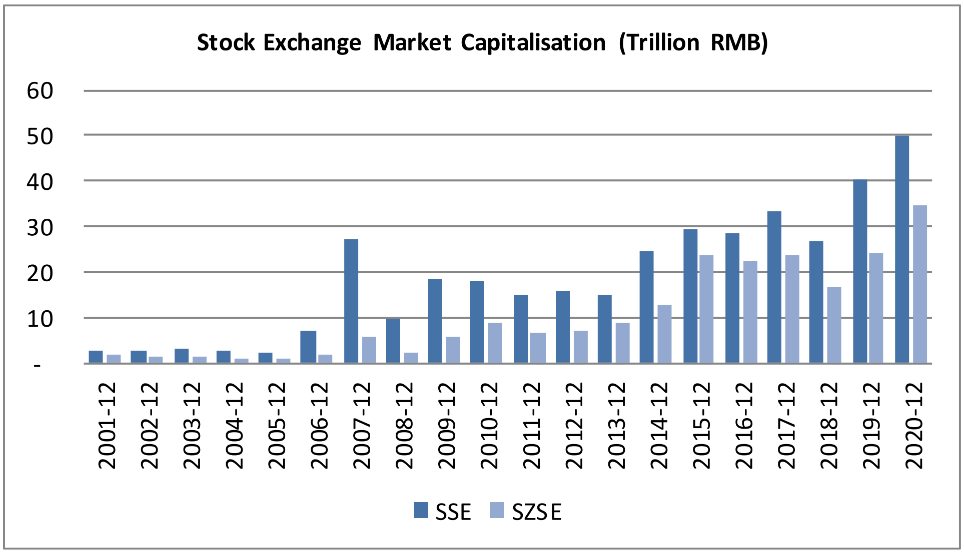
Data Source: Wind

The chart below shows the number of listed companies on the SSE and SZSE as of 31 December 2020.



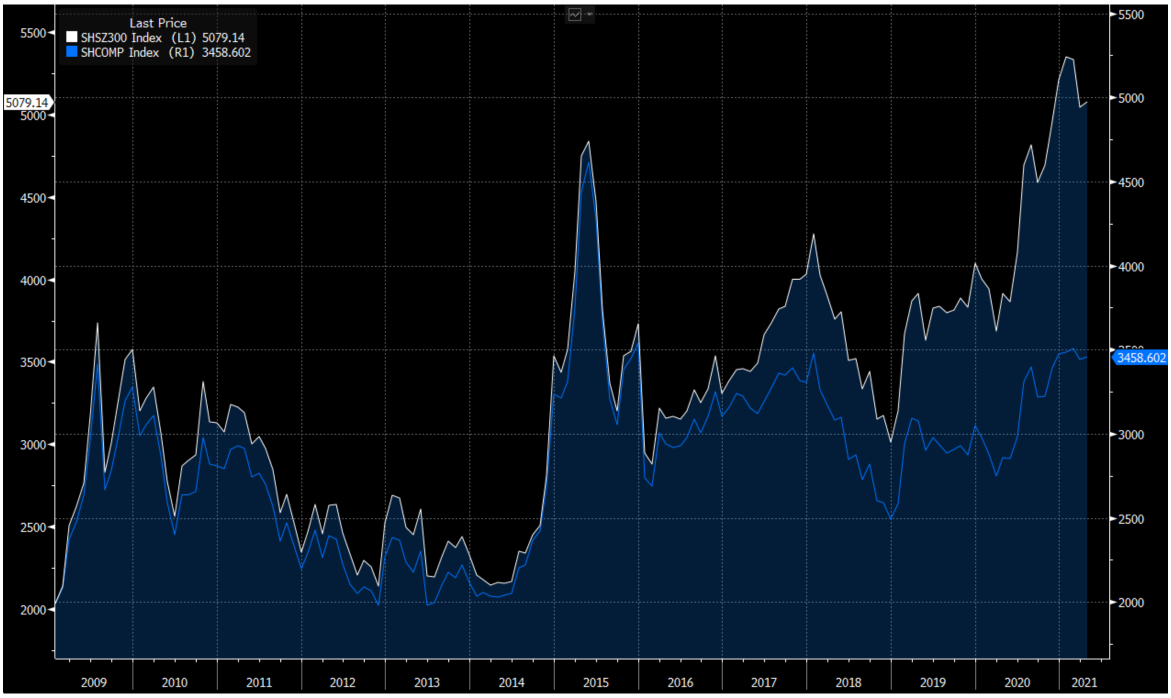
Data Source: Wind

The chart below shows the total market capitalisation of the SSE and SZSE as of 31 December 2020.



Data Source: Wind

The chart below shows the index price of Shanghai Composite Index and CSI300 Index up to 22 April 2021.



Data Source: Bloomberg

2.11.3 *Organizational Structure*

The Stock Exchange Council regulates the SSE and SZSE and decides the business agenda. The powers of the Stock Exchange Council include: convening the General Assembly; enacting and amending the SSE and SZSE's business rules; approving the admission and sanctioning of members; and deciding the SSE and SZSE's internal structure.

The Stock Exchange Council reports to the General Assembly, which is the highest decision-making body. The General Assembly can confer additional powers to the Stock Exchange Council.

2.11.4 *Trading Hours*

Both the SSE and the SZSE are regulated by the CSRC. Both exchanges are open from Monday to Friday each week. For the morning session, the period from 9:15 a.m. to 9:25 a.m. is for centralized competitive pricing and the period from 9:30 a.m. to 11:30 a.m. is for consecutive bidding. For the afternoon session, the period from 1:00 p.m. to 3:00 p.m. is for consecutive bidding. The stock exchanges are closed on Saturdays and Sundays and other holidays announced by the stock exchanges.

2.11.5 *Listing Requirements*

The CSDCC is responsible for the central depository, registration and clearing of the A-Shares and other listed securities. CSDCC carries out T+1 settlement for A-Shares. Under PRC laws and regulations, a company applying for listing on the SSE or the SZSE must meet certain criteria, including the following:

- the A-Shares must have been publicly issued following approval by the securities regulatory authority under the State Council;
- the company's total share capital must be at least RMB 50 million;
- the company must have been in business for more than three years and have made a profit in the last three consecutive years;

- there must be at least 1,000 shareholders, each with holdings of value exceeding RMB 1,000;
- at least 25 per cent of the company's total share capital must be in public hands where the capital is RMB 400 million or less (or a lower "public float" of 15 per cent where the capital of the relevant company is more than RMB 400 million); and
- the company must not have been found guilty of any major illegal activities or false accounting records in the previous three years.

2.11.6 *Special Treatment, Delisting and Suspension Risks*

The daily price fluctuations of A-Shares are limited to 10% in both directions of the closing price on the previous day. Where there is abnormal financial position or other abnormal situations of a listed company which exposes the listed company to the risk that listing of its shares is likely to be terminated or makes investors unable to judge its prospects and therefore their rights and interests may be adversely affected, the stock exchange may put the shares of such company under special treatment. The special treatment is classified into risk alert that a listing could be terminated (i.e. delisting risk alert) and special treatment for other reasons.

Where a listed company is under circumstances of delisting risk such as:

(a) the company suffers losses for the last two consecutive years;

(b) the company is ordered by the CSRC to correct serious errors or falsehoods in its financial report but fails to make corrections within the specified time limit and trading in its shares has been suspended for two months; or

(c) the court accepts the company's bankruptcy case and is likely to declare the company bankrupt,

the stock exchange will issue a delisting risk alert on the shares of the company, as a result of which the short name of the company will be prefixed by "*ST" and the daily up and down limit will be reduced to 5%.

Where a listed company is under circumstances deemed abnormal by the stock exchange such as:

(a) the shareholders' equity interest for the last fiscal year is negative as shown in the auditor's report;

(b) principal facilities suffer severe damage as a result of natural disasters or serious accidents, and business activities are seriously affected and unlikely to return to normal within three months;

(c) principal bank account is frozen; or

(d) board of directors is unable to convene meetings and comes to resolutions,

the shares of the company will be put under "special treatment for other reasons", as a result of which the short name of the company will be prefixed by "ST" and the daily up and down limit will be reduced to 5%.

A company's listing on the SSE or the SZSE may be suspended in a number of circumstances, including:

(a) after the company is put under delisting risk alert as a result of losses for the last two consecutive years, its first annual audit report continues to reveal losses;

(b) within two months after the company is put under delisting risk alert as a result of failure to correct its financial report, it still fails to correct its financial report as required; and

(c) within two months after the company is put under delisting risk alert as a result of failure to disclose annual report or half-yearly report, it still fails to disclose its annual or half-yearly report.

Where the circumstances are considered particularly serious and where a particular circumstance cannot be rectified, the listing of a company may be terminated.

2.11.7 *Further Information*

For further information, investors may visit the website of the SSE (www.sse.com.cn) and the website of the SZSE (www.szse.cn) (these websites have not been reviewed by the SFC).

2.12 Differences with the Hong Kong Stock Market

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

	PRC	**Hong Kong**
Key indexes	SHCOMP/SZCOMP/CSI 300	HSI/HSCEI
Trading band limits	. 10% for ordinary stocks . 5% for ST/S stocks*	No Limit
Trading lots	100 shares for BUY/1 share for SELL**	Each stock has its own individual board lot size (an online broker will usually display this along with the stock price when you get a quote). Purchases in amounts which are not multiples of the board lot size are done in a separate “odd lot market”.
Trading hours	Pre-opening: 9:15 - 9:25 a.m. Morning session: 9:30 - 11:30 a.m. Afternoon session: 1:00 - 3:00 p.m. (2:57 - 3:00 p.m. is closing auction)	Pre-opening: 9:00 - 9:15 a.m. Pre-order matching: 9:15 - 9:20 a.m. Order matching: 9:20 - 9:28 a.m. Morning session: 9:30 a.m. - 12:00 p.m. Afternoon session: 1:00 - 4:00 p.m. Closing auction session: 4:00pm to a random closing between 4:08pm and 4:10pm
Settlement	T+1	T+2

Earnings reporting requirements	Annual report: . Full annual report must be disclosed within 4 months after the reporting period. Interim report: . Full report must be disclosed within 2 months after the reporting period. Quarterly report: . Full report must be disclosed within 1 month after the reporting period. The first quarterly report cannot be disclosed before last year's annual report.	Annual report: . Earnings must be disclosed within 3 months after the reporting period; . Full annual report must be disclosed within 4 months after the reporting period. Interim report: . Earnings must be disclosed within 2 months after the reporting period; . Full report must be disclosed within 3 months after the reporting period.

Note:

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

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

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

2.13 Measures Adopted by the Manager to Address the Differences between the China A-Share Market and the Hong Kong Market

The Manager has adopted the following measures to address the difference between the China A-Share market and the Hong Kong market:

(d) Trading hours: As regards the difference in trading hours, the shorter trading hours in the China A-Share market is not considered to present a major risk, as it is expected that there is a high level of liquidity for the Index Securities.

(e) Trading days: There is a difference in trading days between the China A-Share market and the Hong Kong market. It should be noted that applications for creations and redemptions of Units are accepted only on a Business Day (normally a day on which both markets are open).

If the Hong Kong market is open while the China A-Share market is closed, Units of this Sub-Fund will be traded in the Hong Kong market and the Manager will continue to publish information including prices in the manner set out in section 12.1 in Part I of the Prospectus. If the China A-Share market is open while Hong Kong market is closed, the Manager will trade the Index Securities when it is necessary, in order to limit the risk to investors. These trades will be properly settled even when the Hong Kong market is closed by the Trustee's arrangements in place.

(f) Trading band limits: The Manager will be prevented from trading certain Index Securities when they hit the "trading band limit". If this happens on a particular trading day, the Manager will continue to trade that stock on the subsequent two trading days if necessary. However if the Manager is still unable to trade that Index Security on the second trading day after the original trading day due to the trading band limit, the Manager will settle the Index Security on the latest closing price and the Sub-Fund will make up the trade whenever that Index Security resumes trading again. The Manager believes that the average impact to the Sub-Fund in such situations is immaterial.

2.14 The Underlying Index

2.14.1 *The Underlying Index*

The information on the Underlying Index set out below is extracted from or based on publicly available information and, in particular, information from the Index Provider as of 1 June 2020. The Manager has taken reasonable care to correctly extract, summarise and/or reproduce the information on the Underlying Index.

The information below is subject to revision from time to time by the Index Provider and before making investment decisions, investors should refer to the website of MSCI Inc., www.msci.com (this website has not been reviewed by the SFC), for the latest information about the Underlying Index.

The Underlying Index was launched on 3 August 2018 and is designed to reflect the performance of an investment strategy that, by tilting away from free-float market cap weights, seeks to gain exposure to those companies demonstrating both a robust environmental, social and governance ("**ESG**") profile as well as a positive trend in improving that profile, using minimal exclusions from the MSCI China A Index (the "**Parent Index**").

The Underlying Index is denominated and quoted in CNH. The Underlying Index is a price return index which calculates the performance of the index constituents on the basis that any dividends or distributions (which are net of withholding tax) are not reinvested. The base date of the Underlying Index was set at 31 May 2018 on 1,000 base points. As at 20 April 2023, the Underlying Index comprised 465 constituent securities, with a total free-float index market capitalisation of approximately RMB 11.3 trillion.

The Underlying Index uses company ratings and research provided by MSCI ESG Research, in particular, the following three MSCI ESG Research products: (i) MSCI ESG Ratings (further details available at https://www.msci.com/esg-ratings; this website has not been reviewed by the SFC), (ii) MSCI ESG Controversies Score (further details available at https://www.msci.com/esg-integration; this website has not been reviewed by the SFC), and (iii) MSCI ESG Business Involvement Screening Research ("**BISR**") (further details available at http://www.msci.com/resources/factsheets/MSCI_ESG_BISR.pdf; this website has not been reviewed by the SFC). These three MSCI ESG Research products embed in their design and construction, among other globally recognized ESG criteria or principles, the United Nations Global Compact Principles, the United Nations Principles for Responsible Investment, the Universal Declaration of Human Rights, the United Nations Human Rights Norms for Business, the United Nations Framework Convention on Climate Change, United Nations Convention against Corruption, ISO 26000 Guidance on social responsibility and the International Finance Corporation Performance Standards.

Investors can obtain the most updated list of the Index Securities together with their respective weightings and additional information of the Underlying Index from the website of MSCI Inc. (www.msci.com/constituents). This website has not been reviewed by the SFC.

2.14.2 *Roles of the Index Provider and the Manager*

The Underlying Index is managed by MSCI Inc., which is independent of the Manager.

2.14.3 *Selection of Index Securities*

Index Universe

The construction of the Underlying Index starts with the Parent Index. ESG methodology and tilting are then applied (as described below) to reach the Underlying Index. The Parent Index provides the starting universe for the Underlying Index, which is a subset portfolio of the Parent Index that aims to enhance the exposure to ESG while maintaining a broad and diversified universe to invest in.

The Parent Index is constructed in accordance with the MSCI Global Investable Market Indexes Methodology (available at https://www.msci.com/eqb/methodology/meth_docs/MSCI_Nov19_GIMIMethod.pdf; this website has not been reviewed by the SFC). The Parent Index captures large and mid-cap Chinese securities listed on the SSE and SZSE that are accessible through Stock Connect.

First, as an exclusion policy, the MSCI ESG Controversies Scores and MSCI ESG BISR are taken into consideration in excluding the following types of stocks with the weakest ESG profile from the Underlying Index universe :

(a) Unrated Companies: (i) Missing Controversy Score – Companies not assessed by MSCI ESG Research on MSCI ESG Controversies Score; or (ii) Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment.

(b) Companies having faced very severe ESG controversies: Companies having faced very severe controversies pertaining to ESG issues in the last three year. This is defined as companies with an ESG Controversy Score of 0 as assessed by MSCI ESG Controversies Score. MSCI ESG Controversies Scores are measured on a scale from 0 to 10, with "0" being the most severe controversy score. Companies having a score of "0" will be excluded from the Underlying Index universe and those with a score between "1" to "10" will remain in the Underlying Index universe.

(c) Companies involved in controversial weapons businesses: Companies involved in Controversial Weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes (available at https://www.msci.com/eqb/methodology/meth_docs/MSCI_Global_ex_Controversial_Weapons_Indexes_Methodology_Nov2019.pdf; this website has not been reviewed by the SFC). A company will be considered as being involved in Controversial Weapons if it: (i) is a producer of the weapons; (ii) is a producer of key components of the weapons with ownership of 20% or more of a weapons or components producer; or (iii) is 50% or more owned by a company involved in weapons or components production or (iv) has any identifiable revenues from Controversial Weapons (i.e. zero tolerance)

After applying the exclusion policy, the remaining companies form the "eligible universe" for the Underlying Index.

Index Calculation

Each company in the eligible universe is assigned a Combined ESG score, which is calculated by taking into account a company's MSCI ESG Rating and its MSCI ESG Rating Trend, calculated as set out below.

(a) ESG Rating Score

Using the MSCI ESG Rating, the Index Provider groups companies so as to assign an ESG Rating score to each company in the eligible universe as illustrated in the table below:

Rating Group	ESG Rating	ESG Category	ESG Rating Score
1	AAA	Leaders	2
2	AA		2
3	A	Neutral	1
4	BBB		1
5	BB		1
6	B	Laggards	0.5
7	CCC		0.5

(b) ESG Rating Trend Score

MSCI ESG Rating Trend shows the ESG rating change from prior to current: it is expressed as the number of levels between the current rating and the previous rating. The rating trend is positive for a ratings upgrade (for example, the company's ESG rating changed from BBB to AAA), negative for ratings downgrade (for example company's ESG rating changed from AA to A) and zero for no change in the rating.

An "ESG Rating Trend Score" is assigned to each company based on its ESG Rating Trend as per the following table:

Trend group	ESG Rating Trend*	ESG Rating Trend Score
1	Upgrade	1.25
2	Neutral	1
3	Downgrade	0.75

*The ESG Rating Trends are defined as:

- Upgrade – Company's latest ESG Rating has increased by at least one level compared to previous assessment.
- Neutral – Company's latest ESG Rating has stayed the same as its ESG Rating from previous assessment or MSCI ESG Research has initiated coverage on the company.
- Downgrade – Company's latest ESG Rating has decreased by at least one level compared to its previous assessment.

(c) Combined ESG Scores

The Combined ESG Score is calculated for each company as follows:

Combined ESG Score = ESG Rating Score * ESG Rating Trend Score

(d) Combined ESG Score capping

In order to reduce reverse turnover in the Underlying Index, the Combined ESG Score of a company is capped between the ESG Rating Scores corresponding to MSCI ESG Rating of 'AAA' (best rating) and 'CCC' (worst rating).

Reverse turnover is the turnover in holdings which the Underlying Index will be exposed to when a constituent's weighting (which increased in the preceding year) decreases due to a fall in its Combined ESG Score – Uncapped, even when the constituent's ESG Rating remains unchanged from the preceding year, as illustrated below:

Rows	Company A	Year 1	Year 2	Year 3
1	ESG Rating	A	AAA	AAA
2	ESG Rating Trend	Neutral	Upgrade	Neutral
3	ESG Rating Score	1	2	2
4	ESG Rating Trend Score	1	1.25	1
5	Combined ESG Score – Uncapped (= 3*4)	1	2.5	2
6	Combined ESG Score – Capped	1	2	2

According to the MSCI ESG Universal Indexes Methodology, the weight of a constituent is directly proportional to its Combined ESG Score. The table above shows a hypothetical example of Company A and its ESG Rating progression over 3 years. Due to the ESG Rating upgrade of Company A in year 2, its Combined ESG Score – Uncapped increases from 1 in year 1 to 2.5 in year 2. As a result of the increase in Company A's Combined ESG Score – Uncapped, its weighting in the Underlying Index will increase in year 2 compared to year 1. This increase in Company A's weighting will expose the Underlying Index to some turnover. However, "AAA" is the highest ESG Rating a company can receive. Hence Company A's ESG Rating cannot be further improved. In year 3, Company A retains its "AAA" ESG Rating but its ESG Rating Trend Score in Year 3 falls to 1 from 1.25 in Year 2, which then leads to a fall in its Combined ESG Score – Uncapped to 2 in year 3 from 2.5 in year 2. A fall in its Combined ESG Score – Uncapped then leads to a drop in Company A's weighting in the Underlying Index from that in year 2.

As such the Underlying Index will have to reduce (i.e. reverse) Company A's weighting in year 3, which was built in year 2, exposing the Underlying Index to additional turnover. Please note that the fall in Company A's weighting in year 3 is not due to any change in its ESG Rating. This example illustrates the effect of reverse turnover.

At initial Index construction and at each rebalancing, all the securities from the eligible universe are weighted by the product of their market capitalization weight in the Parent Index and the Combined ESG Score:

Respective Security Weight of each Index Security = Combined ESG Score * Market Capitalization Weight in the Parent Index

The above weights are then normalized to 100%.

Additionally, constituent weights are capped 5% at the issuer level to mitigate concentration risk. Note that the capping of the issuer weight is done for the pro forma index as of the effective date, based on the closing prices as of the index review announcement date (which will generally be nine business days prior to the effective date). In cases where the issuer weight breaches the cap as a result of market price movements or corporate events between the announcement date and the effective date, the capping is not applied again. Similarly, even if any issuer weight breaches the cap as a result of market price movements or corporate events between two semi-annual index reviews, no capping is applied.

2.14.4 *Index Maintenance and Reviews*

Semi-annual Index Reviews

The Underlying Index is rebalanced on a semi-annual basis, as of the close of the last business day of May and November, coinciding with the May and November semi-annual index reviews in accordance with the MSCI Global Investable Market Indexes methodology (available at https://www.msci.com/eqb/methodology/meth_docs/MSCI_Nov19_GIMIMethod.pdf; this website has not been reviewed by the SFC) which is followed by the Parent Index. The pro forma index is in general announced nine business days before the effective date.

In general, the Index Provider uses MSCI ESG Research data (including MSCI ESG Ratings, MSCI ESG Controversies Scores and MSCI ESG BISR) as of the end of the month preceding the index reviews for the rebalancing of the Underlying Index.

For some securities, such data may not be published by MSCI ESG Research by the end of the month preceding the index review. For such securities, the Index Provider will use ESG data published after the end of the month preceding the index review (but before the rebalancing), when available, for the rebalancing of the Underlying Index. This approach aims to capture timely updates to ESG Ratings of the constituents and coincides with the rebalancing of the Parent Index.

Quarterly Index Reviews

The Underlying Index is reviewed on a quarterly basis to coincide with the regular quarterly index reviews in accordance with the MSCI Global Investable Market Indexes methodology (available at https://www.msci.com/eqb/methodology/meth_docs/MSCI_Nov19_GIMIMethod.pdf; this website has not been reviewed by the SFC) which is followed by the Parent Index, as of the close of the last business day of February and August. At quarterly reviews, the Underlying Index is not re-constituted, but existing constituents will be deleted from the Underlying Index if they are involved in controversial weapons or have received a red flag based on MSCI ESG Controversy research. The ESG Controversy Score and controversial weapon are used as of January and July for the February and August quarterly index reviews, respectively. For some securities, this data may not be published by MSCI ESG Research by the end of the month preceding the index review. For such securities, MSCI will use ESG data published after the end of the month preceding the index review (but before the rebalancing), when available, for the rebalancing of Underlying Index.

Ongoing events related changes

The general aim of the Index Provider is to minimise turnover of constituents (such as the addition or deletion of securities from the Underlying Index) outside of the regular index reviews. The methodology aims to appropriately represent an investor's participation in an event based on relevant deal terms and pre-event weighting of the index constituents that are involved. Further, changes in index market capitalization that occur as a result of corporate event implementation will be offset by a corresponding change in the Variable Weighting Factor (VWF) of the constituent. The VWF provides an adjustment factor that is designed to offset market capitalization changes that occur as a result of a corporate event implementation.

Additionally, if the frequency of index reviews in the Parent Index is greater than the frequency of index reviews of the Underlying Index, the changes made to the Parent Index during intermediate index reviews will be neutralized in the Underlying Index.

No new securities will be added (except where noted in the index methodology) to the Underlying Index between index reviews. Parent Index deletions will be reflected simultaneously.

Event types include new additions to the Parent Index, spin-offs, merger or acquisition and changes in security characteristics. Further details of the index methodology are available at MSCI's website, https://www.msci.com/index-methodology (this website has not been reviewed by the SFC).

2.14.5 *Index Codes*

Bloomberg Code: MXCAECHP
Reuters Code: .dMICHA002UPCY

2.14.6 *Index Provider Disclaimer*

The Haitong MSCI China A ESG ETF is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). the MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by the manager. none of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of the Haitong MSCI China A ESG ETF or any other person or entity regarding the advisability of investing in funds generally or in the Haitong MSCI China A ESG ETF particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to the Haitong MSCI China A ESG ETF or the issuer or owners of the Haitong MSCI China A ESG ETF or any other person or entity. none of the MSCI Parties has any obligation to take the needs of the issuer or owners of the Haitong MSCI China A ESG ETF or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. none of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Haitong MSCI China A ESG ETF to be issued or in the determination or calculation of the equation by or the consideration into which the Haitong MSCI China A ESG ETF is redeemable. further, none of the MSCI Parties has any obligation or liability to the issuer or owners of the Haitong MSCI China A ESG ETF or any other person or entity in connection with the administration, marketing or offering of the Haitong MSCI China A ESG ETF.

Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indexes from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. none of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the fund, owners of the fund, or any other person or entity, from the use of any MSCI index or any data included therein. none of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

2.14.7 *Index Licence Agreement*

The Manager has entered into a Licence Agreement with the Index Provider dated 30 June 2020 for the use of the Underlying Index for the Sub-Fund. The term of the Licence Agreement commenced on the date of the Licence Agreement and shall remain effective for 1 year. Upon the expiration of the initial 1-year term, the Licence Agreement shall renew automatically for successive terms of 1 year at a time, subject to the terms of the Licence Agreement.

2.15 Specific Risks Applicable to the Haitong MSCI China A ESG ETF

In addition to the risk factors set out in "Part I: General Information relating to the Trust" of this Prospectus, investors should, in their assessment of the Sub-Fund, also consider the risk factors below, which are specific to the Sub-Fund.

Risks associated with ESG investing

The use of ESG criteria in the construction of the Underlying Index may affect the Sub-Fund's investment performance and, as such, the Sub-Fund may perform differently compared to similar funds that do not use such criteria. ESG-based exclusionary criteria used in selection methodology of the Underlying Index may result in the Underlying Index excluding certain securities when it might otherwise be advantageous for the Sub-Fund to invest in those securities.

The construction of the Underlying Index (including constituent selection and index calculation) is based on, among others, the results from various ESG assessment and ratings as well as the application of certain ESG based exclusion factors. It is possible that the Underlying Index (and hence the Sub-Fund's portfolio) may perform less well than portfolios with similar investment objectives that are not engaged in similar (or any) ESG rating assessment and ESG based exclusions.

The Sub-Fund investments may be concentrated in companies with a greater ESG focus, therefore its value may be more volatile than that of a fund with having a more diverse portfolio of investments.

The constituent selection and Underlying Index calculation process involves analysis and exclusions based on ESG criteria. Such assessment by the Index Provider is subjective in nature and it is thus possible that the relevant investment criteria may not be applied correctly.

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

In addition, there is a lack of standardised taxonomy in relation to ESG investing strategies. The standard of disclosure adopted by funds in relation to the relevant ESG factors or principles may vary.

Risks associated with Stock Connect

The Sub-Fund will invest through Stock Connect and is subject to the following additional risks:

Quota limitations - The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Sub-Fund's ability to invest in China A-Shares through the Stock Connect on a timely basis, and the Sub-Fund may not be able to effectively pursue its investment strategies.

Front-end Monitoring Risk - PRC regulations require that in order for an investor to sell any China A-Share on a certain trading day, there must be sufficient China A-Shares in the investor's account before market opens on that day. If there are insufficient China A-Share in the investor's account, the sell order will be rejected by the SSE or the SZSE. The SEHK carries out pre-trade checking on SSE Securities and SZSE Securities sell orders of its participants (i.e. stock brokers) to ensure that this requirement is satisfied. This means that investors must transfer SSE Securities and SZSE Securities to the accounts of its brokers before the market opens on the day of selling (the "trading day"). If an investor fails to meet this deadline, it will not be able to sell SSE Securities or SZSE Securities on the relevant trading day. Because of this requirement, investors may not be able to dispose of holdings of SSE Securities or SZSE Securities in a timely manner. This also raises concerns as to counterparty risks as securities may need to be kept by brokers overnight.

To facilitate investors whose SSE Securities or SZSE Securities are maintained with custodians to sell their SSE Securities or SZSE Securities without having to pre-deliver the SSE Securities or SZSE Securities from their custodians to their executing brokers, the SEHK introduced an enhanced pre-trade checking model in March 2015, under which an investor may request its custodian to open a Special Segregated Account (SPSA) in CCASS to maintain its holdings in SSE Securities and SZSE Securities. Such investors only need to transfer SSE Securities or SZSE Securities from its SPSA to its designated broker's account after execution and not before placing the sell order. This enhanced model is novel and initial market reaction has been varied. If the Sub-Fund is unable to utilise this model, it would have to deliver SSE Securities or SZSE Securities to brokers before the trading day and the above risks may still apply.

Suspension risk – It is contemplated that the SEHK, SSE and SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Stock Connect is effected, the Sub-Fund's ability to access the PRC market will be adversely affected.

Differences in trading day risk - The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as the Sub-Fund) cannot carry out any China A-Shares trading. The Sub-Fund may be subject to a risk of price fluctuations in China A-Shares during the time when Stock Connect is not trading as a result.

Operational risk - The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Although market participants have taken steps to configure and adapt their operational and technical systems to meet such requirements, given that the securities regimes and legal systems of the two markets differ significantly, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The Sub-Fund's ability to access the China A-Share market (and hence to pursue its investment strategy) will be adversely affected.

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

Clearing and settlement risk - The HKSCC and CSDCC establish clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, CSDCC operates a comprehensive network of clearing, settlement and stock holding infrastructure. CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of CSDCC default are considered to be remote.

Should the remote event of CSDCC default occur and the CSDCC be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against the CSDCC. HKSCC will in good faith seek recovery of the outstanding stocks and monies from the CSDCC through available legal channels or through the CSDCC's liquidation. In that event, the Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from the CSDCC.

Nominee arrangements in holding China A-Shares – HKSCC is the "nominee holder" of the SSE Securities and SZSE Securities acquired by Hong Kong and overseas investors through Stock Connect. The CSRC Stock Connect Rules provide that investors enjoy the rights and benefits of the SSE Securities and SZSE Securities acquired through Stock Connect in accordance with applicable laws. The CSRC Stock Connect Rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies.

It should be noted that, under the CCASS Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE Securities or the SZSE Securities in the PRC or elsewhere.

Therefore, although the Sub-Fund's ownership may be ultimately recognised, the Sub-Fund may suffer difficulties or delays in enforcing its rights in China A-Shares.

Participation in corporate actions and shareholders' meetings – HKSCC will keep the relevant brokers or custodians participating in CCASS informed of corporate actions of SSE Securities and SZSE Securities. Hong Kong and overseas investors (including the Sub-Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. the relevant CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be as short as one business day only. Therefore, the Sub-Fund may not be able to participate in some corporate actions in a timely manner.

Hong Kong and overseas investors (including the Sub-Fund) are holding SSE Securities or SZSE Securities traded via Stock Connect through their brokers or custodians. According to existing mainland practice, multiple proxies are not available. Therefore, the Sub-Fund may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of its SSE Securities or its SZSE Securities.

No Protection by Investor Compensation Fund risk – Investment through the Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. While the Sub-Fund is covered by the Investor Compensation Fund for defaults occurring on or after 1 January 2020 for northbound trading, it is not protected by the China Securities Investor Protection Fund in the PRC for northbound trading, as it carries out northbound trading through securities brokers in Hong Kong but not PRC brokers.

Regulatory risk - The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied, and are subject to change. There can be no assurance that the Stock Connect will not be abolished or amended. The Sub-Fund, which may invest in the PRC markets through the Stock Connect, may be adversely affected as a result of such changes.

Shenzhen-Hong Kong Stock Connect Specific Risks - The Shenzhen-Hong Kong Stock Connect is newly launched and does not have an operating history and the risks identified above are particularly relevant to the Shenzhen-Hong Kong Stock Connect due to the lack of an operating history. Investors should note that the performance of the Shenzhen-Hong Kong Stock Connect may not be the same as the performance of the Shanghai-Hong Kong Stock Connect to date.

QFI Risk

The Sub-Fund is not a QFI but will obtain access to China A-Shares directly using QFI status of the QFI Holder, which is the holding company of the Manager.

Investors should note that QFI status could be suspended or revoked, which may have an adverse effect on the Sub-Fund's performance as the Sub-Fund may be required to dispose of its securities holdings.

In addition, certain restrictions imposed by the Chinese government on QFIs may have an adverse effect on the Sub-Fund's liquidity and performance. The PBOC and the SAFE regulate and monitor the repatriation of funds out of the PRC by the QFI pursuant to the QFI Regulations. Repatriations by QFIs in respect of the Sub-Fund are currently not subject to repatriation restrictions or prior approval, although a review on authenticity and compliance will be conducted on each remittance and repatriation by the PRC Custodian. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests from the Unitholders. Furthermore, as the PRC Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the PRC Custodian in case of non-compliance with the QFI rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Unitholder as soon as practicable and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

Investors should note that there can be no assurance that a QFI will continue to maintain its QFI status or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations of the PRC. The Sub-Fund will not have exclusive use of the QFI status of QFI Holder. Such restrictions may respectively result in a rejection of applications and a suspension of dealings of the Sub-Fund. In extreme circumstances, the Sub-Fund may incur significant losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to QFI investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The current QFI laws, rules and regulations are subject to change, which may take retrospective effect causing an adverse effect on investors' investment in the Sub-Fund. In addition, there can be no assurance that the QFI laws, rules and regulations will not be abolished or substantially modified due to policy changes in the PRC. The relevant Sub-Fund, which intends to invest in the China A-Share market through the QFI status held by the QFI Holder, may be adversely affected as a result of any such changes.

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

Application of QFI Rules – The QFI Regulations are subject to frequent changes and their application may depend on the interpretation given by the relevant Chinese authorities. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund. In the worst scenario, the Manager may determine that the Sub-Fund shall be terminated if it is not legal or commercially viable to operate the Sub-Fund because of changes to the application of the relevant rules.

PRC Broker Risks – Investors should note that in practice, the Manager will appoint one primary PRC Broker and one alternative PRC Broker. Thus, the Sub-Fund may rely on only one primary PRC Broker for each stock exchange in the PRC, which may be the same PRC Broker for both SSE and SZSE. If the Manager is unable to use its designated primary PRC Broker in the PRC, the Manager (through the QFI Holder) will use the alternative PRC Broker. In the event the Manager (through the QFI Holder) is unable to use the alternative PRC Broker as well, the operation of the Sub-Fund will be adversely affected and may cause Units of the Sub-Fund to trade at a premium or discount to its Net Asset Value or the Sub-Fund may not be able to track accurately the Underlying Index. Further, the operation of the Sub-Fund may be adversely affected in case of any acts or omissions of the PRC Broker(s) which may cause a higher tracking error, or the Sub-Fund being traded at a significant premium or discount to its Net Asset Value.

There is also a risk that the Sub-Fund may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the Sub-Fund may not be able to execute any transaction. As a result, the Net Asset Value of the Sub-Fund may also be adversely affected.

Subject to the applicable laws and regulations, the Manager (through the QFI Holder) will make arrangements to satisfy itself that the PRC Broker(s) have appropriate procedures to properly segregate the Sub-Fund's securities from those of the relevant PRC Broker(s).

QFI Status Risks – The rules and restrictions under QFI regulations generally apply to the QFI Holder as a whole and not simply to the investments made by the Sub-Fund. Relevant PRC regulators are vested with the power to impose regulatory sanctions if the QFI Holder or the PRC Custodian violates any provision of the QFI Regulations. Any violations could result in the revocation of the QFI Holder's status or other regulatory sanctions.

RMB Related Risk

(a) RMB Currency Risk and Risk that the RMB may Devalue

Starting from 2005, the exchange rate of RMB is no longer pegged to US dollars. RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of RMB against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the PBOC. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. It should be noted that RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of the PRC government. Investors whose assets and liabilities are predominantly in Hong Kong dollars or in currencies other than RMB (being the currency in which the Units are denominated) should take into account the potential risk of loss arising from fluctuations in value between the such currencies and the RMB. There is no guarantee that the RMB will appreciate in value against the Hong Kong dollars or any other currency, or that the RMB may not be subject to devaluation. Any devaluation of RMB could adversely affect the value of investors' investments in the Sub-Fund. If investors wish or intend to convert the redemption proceeds or dividends (in RMB) paid by the Sub-Fund into USD, HKD or any other currencies, they may suffer losses from such conversion as well as associated fees and charges. The Manager of the Sub-Fund(s) cannot guarantee that the PRC government will not alter its regulations in the future.

(b) Offshore RMB Market Risk

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

(c) Offshore RMB Remittance Risk

There has been significant relaxation over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions (under their current account activities) under a pilot scheme since July 2009. The RMB trade settlement pilot scheme was extended in June 2010, August 2011 and February 2012 to cover all PRC enterprises holding an export/import licence and to make RMB trade and other current account item settlement available in all countries worldwide. However, there is no assurance that the PRC government will continue to gradually liberalise the control over RMB trade and other current account item(s) settlement in the future or that the RMB trade settlement pilot scheme introduced in July 2009 (as extended in June 2010, August 2011 and February 2012) will be maintained.

In relation to remittance of RMB under capital accounts, on 12 October 2011, the Ministry of Commerce ("**MOFCOM**") promulgated the Circular on Relevant Issues on Cross-border RMB Direct Investment（商務部關於跨境人民幣直接投資有關問題的通知）(the "**MOFCOM Circular**"). The MOFCOM Circular officially formalised the channel of foreign direct investment denominated in RMB ("**RMB FDI**") and related procedures. While all application for RMB FDI previously required central MOFCOM approval on a case-by-case basis, the local branches of MOFCOM are now able to approve certain applications in accordance with currently applicable regulations under the MOFCOM Circular, provided that applications for investment involving special industries or which exceed a specified amount must still be approved by MOFCOM at the central level. While the MOFCOM Circular expressly sets out the requirement of obtaining MOFCOM's approval for remittance of RMB back in the PRC by a foreign investor, the foreign investor may also be required to obtain approvals from other PRC regulatory authorities, such as the PBOC and SAFE, for transactions under capital account items. There is no assurance that the PBOC or SAFE will not promulgate in the future any specific PRC regulation on the remittance of RMB into the PRC for settlement of capital account items. Foreign investors may only remit offshore RMB into the PRC for capital account purposes such as shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities. There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. Such an event could have a severe adverse effect on the operations of the Sub-Fund, including limiting the ability of the Sub-Fund or Participating Dealers to settle in RMB. In addition, such restrictions could cause Units to trade on the SEHK at a significant discount to the Net Asset Value per Unit.

(d) Limited Availability of RMB outside the PRC Risk

The RMB is not yet freely convertible. Pursuant to the restrictions imposed by the PRC government on cross-border RMB fund flows, there is limited availability of RMB outside of the PRC. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, authorised financial institutions in Hong Kong may offer limited RMB-denominated banking services to Hong Kong residents and corporate customers. The PBOC, the central bank of the PRC, has also established a RMB clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, the Settlement Agreement on the Clearing of Renminbi Business (the "**Settlement Agreement**") between the PBOC and Bank of China (Hong Kong) Limited (the "**Renminbi Clearing Bank**") was amended further to expand the scope of RMB business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporate customers are allowed to open RMB accounts with a participating bank in Hong Kong; there is no longer any limit on the ability of corporations to convert RMB; and there will no longer be any restriction on the transfer of RMB funds between different accounts in Hong Kong.

The current size of RMB denominated financial assets outside the PRC is limited. As at the end of November 2013, the total amount of RMB deposit held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB 827 billion. In addition, participating banks are also required by the Hong Kong Monetary Authority to maintain a total amount of (i) RMB cash, (ii) settlement account balance with the Renminbi Clearing Bank, (iii) balance maintained in the fiduciary account (through the Renminbi Clearing Bank with the PBOC), (iv) holding of RMB sovereign bonds issued in Hong Kong by MOF, and (v) holding of RMB bond investment through the Mainland interbank bond market under arrangement as approved by the PBOC at no less than 25% of their RMB customer deposits, which further limits the availability of RMB that participating banks can utilise for conversion services for their customers. Participating banks in Hong Kong do not have direct RMB liquidity support from PBOC. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement for merchandise transactions and for individual customers. The Renminbi Clearing Bank is not obliged to square any open positions of the participating banks resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions. Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future resulting in further restriction on availability of offshore RMB. The limited availability of RMB outside the PRC may affect the Sub-Fund. To the extent the Manager is required to source RMB in the offshore market to operate the Sub-Fund, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

The amount of liquidity in RMB for investors in the Sub-Fund may be limited and investors may need to allow time for accumulating sufficient RMB to buy Units of the Sub-Fund. This may in turn adversely affect the market demand, the liquidity and trading price of the Units. Investors may not be able to sell the Units in the secondary market at prices, in the amounts and at the times at which they would wish to or which they may otherwise be able to do in respect of other securities denominated in Hong Kong dollars listed on the SEHK.

(e) Repatriation Risk

Repatriations by the Sub-Fund conducted in RMB are permitted daily and are not subject to any lock-up periods or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests.

(f) RMB Trading and Settlement Risk

The trading and settlement of RMB-denominated securities are recent developments in Hong Kong and there is no assurance that there will not be problem with the systems or that other logistical problems will not arise.

Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in March, September and October 2011, some brokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, and there is no assurance of their readiness for dealing in RMB denominated securities. Investors should note that not all brokers may be ready and able to carry out trading and settlement of RMB traded Units and thus they may not be able to deal in the RMB traded Units through some brokers.

In addition, the liquidity and trading price of the RMB traded Units of the Sub-Fund may be subject to market forces and may also be adversely affected by the limited availability of RMB outside the PRC and the restrictions on the conversion between foreign currency and the RMB. This may result in the Sub-Fund trading at a significant premium or discount to its Net Asset Value.

Due to extraordinary legal or regulatory circumstances beyond the control of the Trustee and the Manager, there is a risk that the remittance or payment of the RMB proceeds on the redemption of Units cannot be carried out, or if necessary, the proceeds may be paid in USD or HKD, instead of RMB (at an exchange rate determined by the Manager, after consultation with the Trustee). As such, Unitholders may receive settlement in RMB on a delayed basis or if necessary, in another currency (USD or HKD).

(g) RMB Distributions Risk

Distributions for each Unit will only be made in RMB. Thus, where a Unitholder has no RMB accounts, the Unitholder may have to bear the fees and charges associated with the conversion of the dividends in RMB to USD, HKD or any other currency and may suffer foreign exchange losses. Such Unitholders are advised to check with their brokers concerning the arrangements for RMB currency conversion.

(h) PRC Government Exchange Control and Restrictions Risk

Various PRC companies derive their revenues in RMB but may have requirements for foreign currency, including for the import of materials, debt service on foreign currency denominated debt; purchases of imported equipment and payment of any interest or dividends. The existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. However, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency. Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE.

RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. The PRC government’s policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact the Sub-Fund. There can be no assurance that the RMB exchange rate will not fluctuate widely against the USD or any other foreign currency in the future.

(i) QFI Late Settlement Risk

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

PRC/Emerging Market Related Risks

(a) Emerging Market Risk

In tracking the relevant Underlying Index, the Sub-Fund will invest in China A-Shares through the QFI status of the QFI Holder and the Stock Connect, and accordingly have substantial exposure to the emerging PRC market. The Sub-Fund is thus subject to greater risk of loss compared with investments in developed markets due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity. The economy of the PRC is still in the early stages of modern development and may be subject to abrupt and unexpected change. The PRC government retains a high degree of direct control over the economy. The PRC government and its regulators may intervene in the market which may adversely affect the Underlying Index and the Sub-Fund. In addition, the regulatory framework and legal system in the PRC may not provide the same degree of investor information or protection as would generally apply to more developed markets. The China A-Share market may be more volatile and unstable (e.g. due to suspension of particular stocks or government intervention) than those in the more developed markets as it is undergoing development and has lower trading volumes than those in more developed markets. A Participating Dealer may not be able to create or redeem the Sub-Fund's Units if any Index Securities are not available.

(b) Risk of Government Intervention and Restriction

There may be substantial government intervention in the economy, including restrictions on investment in companies or industries deemed sensitive to relevant national interests. Governments and regulators may also intervene in the financial markets, such as by the imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks. Further, intervention or restrictions by governments and regulators may affect the trading of China A-Shares or Units of the Sub-Fund. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund. This may also lead to an increased tracking error for the Sub-Fund. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Underlying Index and as a result the performance of the Sub-Fund. In the worst case scenario, the investment objective of the Sub-Fund cannot be achieved.

(c) PRC Economic, Political and Social Risks

The economy of the PRC, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources. Although the majority of productive assets in the PRC are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of the PRC and a high level of management autonomy. The economy of the PRC has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation.

The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth. For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Many of the economic policies are experimental or unprecedented and may be subject to adjustment and modification. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying Securities of the Sub-Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the Sub-Fund. Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the Index Securities.

(d) PRC Laws and Regulations Risk

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce taxation and trade. Two examples are the promulgation of the Contract Law of the PRC to unify the various economic contract laws into a single code, which went into effect on 1 October 1999, and the Securities Law of the PRC, which went into effect on 1 July 1999. However, because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. Given the short history of the PRC system of commercial laws, the PRC regulatory and legal framework may not be as well developed as those of developed countries. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations or the ability of the Sub-Fund to acquire Index Securities.

(e) PRC Accounting and Reporting Standards Risk

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

(f) Restricted Markets Risk

The Sub-Fund may invest in Index Securities in respect of which the PRC imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of the Sub-Fund holdings as compared to the performance of the Underlying Index. This may increase the risk of tracking error, and at the worst, the Sub-Fund may not be able to achieve its investment objective.

China A-Share Market Risk

(a) Dependence on Trading on China A-Share Market

The Net Asset Value of the Sub-Fund may be adversely affected if markets for the China A-Shares are illiquid. The PRC securities markets have in the past experienced substantial price volatility, and there is no assurance that such volatility will not occur in future. Market volatility in the China A-Share markets may result in significant fluctuations in the value of the Sub-Fund. Besides, the settlement and clearing systems of the PRC securities markets may not be well tested and may be subject to increased risks of error or inefficiency.

In addition, to the extent the Underlying Index concentrates in China A-Shares of a particular industry or group of industries, the Manager may similarly concentrate the Sub-Fund's investments. The performance of the Sub-Fund could then depend heavily on the performance of that industry or group of industries.

(b) Risks relating to Suspension of the China A-Share Market

Securities exchanges in the PRC have the right to suspend or limit trading in any security traded on the relevant exchange. In the event that a significant number of the China A-Shares comprising the Underlying Index are suspended, the Manager may suspend the creation and redemption of Units of the Sub-Fund and/or delay the payment of any redemption proceeds. If the trading of the Sub-Fund on the SEHK continues while the China A-Share market is suspended, the trading price of the Sub-Fund may deviate away from the Net Asset Value.

(c) Risks relating to the Differences between the Hong Kong and China Stock Markets

One of the key differences between the Hong Kong and PRC stock markets is that the PRC stock exchanges impose trading band limits on China A-Shares. In the event that the trading band limit has been exceeded for certain Index Securities, the Participating Dealers may not be able to create and/or redeem Units on a Business Day because Index Securities may not be available or it is impossible to liquidate positions. This may lead to higher tracking error and may expose the Sub-Fund to losses. Further, the price of the Units of the Sub-Fund may be traded at a premium or discount to its Net Asset Value. The Manager has put in place measures to tackle the trading band limit as disclosed under the section headed "**Measures Adopted by the Manager to Address the Differences between the China A-Share Market and the Hong Kong Market**" in section 2 of Part II of this Prospectus.

The SSE and the SZSE may be open on days when Units in the Sub-Fund are not priced. Consequently, the value of the Securities in the Sub-Fund's portfolio may change on those days but investors will not be able to purchase or sell the Units of the Sub-Fund. Furthermore, the market prices of Index Securities listed on the above stock exchanges may not be available during part of or all of the SEHK trading sessions due to trading hour differences which may result in Units of the Sub-Fund being traded at a premium or discount to its Net Asset Value.

(d) Risks relating to Differences in Trading Hours between the SEHK and the PRC Stock Exchanges

Differences in trading hours between the PRC stock exchanges (i.e. Shanghai Stock Exchange and Shenzhen Stock Exchange) and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value because if a PRC stock exchange is closed while the SEHK is open, the Underlying Index level and the market prices of Index Securities listed on the above stock exchanges may not be available.

PRC Taxation Risk

The Manager will not make any PRC WHT provision on the gross unrealised and realised capital gains derived from investments in China A-Shares. Please refer to sub-section 10.3.2

"Capital Gains" in Part I of this Prospectus for further information.

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised by the Sub-Fund on its investments in the PRC via QFI or the Stock Connect. It should also be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively. Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value. There is a risk that taxes may be levied in future on the Sub-Fund for which no provision is made, which may potentially cause substantial loss to the Sub-Fund, and the Sub-Fund's Net Asset Value will be adversely affected. In this case, the then existing and subsequent investors will be disadvantaged.

The Net Asset Value of the Sub-Fund may require further adjustment to take into account any retrospective application of new tax regulations and development, including change in interpretation of the relevant regulations by the PRC tax authorities.

The Manager will closely monitor any further guidance by the relevant PRC and Hong Kong tax authorities and adjust the tax withholding policy of the Sub-Fund accordingly, taking into account independent professional tax advice. The Manager will act in the best interest of the Sub-Fund at all times.

Unitholders may be disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If no provision is made by the Manager in relation to all or part of the actual tax levied by the STA in future, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the existing Unitholders and subsequent Unitholders will be disadvantaged, as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to those borne at the time of investment in the Sub-Fund.

<u>ChiNext market risks</u>

The Sub-Fund's investments in the ChiNext board of the SZSE may result in significant losses for the Sub-Fund and its investors.

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

Over-valuation risk – Stocks listed on ChiNext market may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

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

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

<u>Risk associated with mid-capitalisation companies</u>

The Sub-Fund may invest in mid-capitalisation companies, the stock of which may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

Risk associated with financial derivative instruments

The risks associated with the use of financial derivative instruments are different from, or possibly greater than, the risks associated with investing directly in Securities and other traditional investments. Generally, a derivative is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indices. Compared to equity securities, financial derivative instruments can be more sensitive to changes in market prices of the underlying assets and thus market prices of financial derivative instruments may fall in value as rapidly as they may rise. Investors investing in the Sub-Fund are exposed to a higher degree of fluctuation in value than a fund which does not invest in financial derivative instruments.

The Sub-Fund may utilise both exchange-traded and over-the-counter derivatives. Transactions in over-the-counter financial derivative instruments may involve additional risk such as the risk that a counterparty defaults as there is no regulated market for such financial derivative instruments.

Investing in financial derivatives instruments also involves other types of risks including, but not limited to, the risk of adopting different valuation methodologies and imperfect correlation between the financial derivatives instrument and its underlying securities, rates and indices. Risks associated with financial derivatives instruments also include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivatives instrument can result in a loss significantly greater than the amount invested in the financial derivatives instrument by the Sub-Fund. Exposure to financial derivatives instruments may lead to a high risk of significant loss by the Sub-Fund. There is no assurance that any derivative strategy used by a Sub-Fund will succeed.

Risks relating to Investment in the Sub-Fund

(a) Reliance on RMB Market Maker(s) Risk

Units of the Sub-Fund on the RMB counter are traded and settled in RMB. There may be less interest by potential Market Makers making a market in Units denominated and traded in RMB. Any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for the Units.

(b) Termination of Market Maker(s) Risk

A Market Maker may cease to act as a Market Maker for any counter of the Sub-Fund 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 Sub-Fund for each counter will be three months. The liquidity for the Units trading in a counter may be affected if there is no Market Maker for the Units traded in that counter. The Manager will use its best endeavours to put in place arrangements so that there is at least one Market Maker for the Sub-Fund for each counter to facilitate efficient trading of Units of the relevant trading currency (i.e. USD, HKD and RMB). It is possible that there is only one Market Maker for each counter of the Sub-Fund or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker.

(c) Lack of Operational History

The Sub-Fund has a minimal operating history by which investors can evaluate its previous performance. There can be no assurance that the Sub-Fund's investment objectives will be met. The level of fees and expenses payable by the Sub-Fund may fluctuate. Although the amounts of certain ordinary expenses of the Sub-Fund can be estimated, the returns of the Sub-Fund, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurances can be given as to the performance of the Sub-Fund or the actual level of its expenses.

Risks relating to the Underlying Index

(a) Licence Agreement in relation to Underlying Index may be Terminated

The Manager is licensed by the Index Provider to use and reference the Underlying Index to create the Sub-Fund. The Sub-Fund may not be able to fulfil its objective and may be terminated if the Licence Agreement between the Manager and the Index Provider is terminated. The Sub-Fund may be terminated if the Underlying Index ceases to be compiled and published, and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index. However, the Manager may, subject to the prior approval of the SFC and provided that in its reasonable opinion the interests of the Unitholders would not be adversely affected, replace the Underlying Index with another appropriate replacement index in accordance with the provisions of the offering and constitutive documents of the Sub-Fund.

(b) Geographical Concentration of the Underlying Index

The Underlying Index and the investments of the Sub-Fund are concentrated in China A-Share entities in China. By being concentrated in China A-Share entities in China, the Sub-Fund could suffer greater volatility compared to funds that follow a more diversified policy. The Sub-Fund is more likely to be more volatile than a broadly-based fund such as global or regional equity fund as it is more susceptible to fluctuation in value resulting from adverse conditions in that single region. Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect an issuer, industry, jurisdiction or market, and changes in general economic or political conditions can adversely affect the value of securities and result in price volatility. Such changes may have a negative impact on the securities held by the Sub-Fund.

(c) Change of Underlying Index

The Manager will consult the SFC on any events that may affect the acceptability of the Underlying Index (for example, the change in methodology/rules or compiling or calculating the Underlying Index, or a change in the objective or characteristics of the Underlying Index). The Manager shall notify Unitholders as soon as practicable of any significant events relating to any of the Underlying Index.

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

(i) the Underlying Index ceasing to exist;

(ii) 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;

(iii) investing in the Securities comprised within the Underlying Index becomes difficult; and

(iv) the quality (including accuracy and availability of the data) of the Underlying Index having in the reasonable opinion of the Manager, deteriorated.

The Manager may change the name of the Sub-Fund if the Underlying Index changes or for any other reasons including if the Licence Agreement in relation to the Underlying Index is terminated. Any change to the Underlying Index and/or the name of the Sub-Fund will be notified to investors by notice in writing.

If the Underlying Index is discontinued or there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index which can replace the Underlying Index, the Sub-Fund may not be able to fulfil its objectives and may be terminated, unless the Manager seeks the SFC's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the Underlying Index.

The price of Units and the Net Asset Value per Unit of the Sub-Fund may fall or rise. There can be no assurance that an investor will achieve any particular return, or any return at all, on his investment in the Units or receive his capital invested.

Parties

Manager
Haitong International Asset Management (HK) Limited
22/F., Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Website of the Trust:
www.haitongetf.com.hk (this website has not been reviewed by the SFC)

Directors of the Manager
Poon Mo Yiu
Sun Tong
Yan Suping
Wang Shengzu
Zhou Hongliang

QFI Holder
Haitong International Holdings Limited
22/F., Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Listing Agent
Haitong International Capital Limited
22/F., Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

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

Custodian
The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Service Agent
HK Conversion Agency Services Limited
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

PRC Custodian
HSBC Bank (China) Company Limited
33/F, HSBC Building
Shanghai IFC
8 Century Avenue, Pudong
Shanghai 200120, China

Participating Dealers

An updated list of the Participating Dealers appointed for each Sub-Fund is available at the relevant Sub-Fund section of the Trust's websites specified above.

Market Makers

An updated list of the Market Makers appointed for each Sub-Fund is available at the SEHK's website at www.hkex.com.hk/eng/prod/secprod/etf/smmcontact.htm (this website has not been reviewed by the SFC) and the relevant Sub-Fund section of the Trust's website specified above.

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

Auditor
Ernst & Young
22/F, Citic Tower
1 Tim Mei Avenue
Central, Hong Kong