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

E Fund ETFs Trust

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

E Fund (HK) MSCI China A50 Connect ETF

RMB Counter Stock Code: 83111
HKD Counter Stock Code: 03111

E Fund (HK) CSI Liquor Index ETF

RMB Counter Stock Code: 83189
HKD Counter Stock Code: 03189

PROSPECTUS

Manager

E Fund Management (Hong Kong) Co., Limited

Listing Agent for
E Fund (HK) CSI Liquor Index ETF

GF Capital (Hong Kong) Limited

5 May 2023

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

IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of units (the "Units") in the E Fund ETFs Trust (the "Trust"), an umbrella unit trust established under Hong Kong law by a trust deed dated 25 July 2012 as amended by supplemental deeds and restated from time to time (the "Trust Deed") between E Fund Management (Hong Kong) Co., Limited (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Trust will have a number of sub-funds (the "Sub-Funds" or individually a "Sub-Fund"). Each Sub-Fund is a physical exchange traded fund.

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

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and confirms having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. The Manager also confirms that this Prospectus includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Code on Unit Trusts and Mutual Funds (the "Code") and the "Overarching Principles" of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the Units of the Sub-Funds. The Trustee is not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus, except for the information regarding the Trustee itself under the paragraph headed "The Trustee and Registrar" in the section on "Management of the Trust".

The Sub-Funds are funds falling within Chapter 8.6 of the Code. The Trust and each Sub-Fund are authorised by the SFC in Hong Kong under Section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust, the Sub-Funds or for the correctness of any statements made or opinions expressed in this Prospectus. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

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

Dealings in the Units of E Fund (HK) MSCI China A50 Connect ETF have already commenced on the SEHK. The Units of E Fund (HK) MSCI China A50 Connect ETF have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the Central Clearing and Settlement System ("CCASS").

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units of E Fund (HK) CSI Liquor Index ETF. Subject to compliance with the admission requirements of HKSCC, the Units of E Fund (HK) CSI Liquor Index 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 the Units on the SEHK or such other date as may be determined by HKSCC.

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

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong and, accordingly, this Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any other United States Federal or State law and, except in a transaction which does not violate the U.S. Securities Act, may not be directly or indirectly offered to or sold in the United States of America or any of its territories or for the benefit of a US Person (as defined in Regulation S of the U.S. Securities Act). The Trust and the Sub-Funds have not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended. Units may not be acquired or owned by (i) an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Title I of ERISA, (ii) a plan, as defined in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), that is subject to Section 4975 of the Internal Revenue Code, (iii) a plan that is subject to any other law, regulation, rule or restriction that is substantially similar to ERISA or Section 4975 of the Internal Revenue Code ("Similar Law") or (iv) an entity whose assets are deemed to include the assets of such an employee benefit plan or plan for purposes of ERISA, Section 4975 of the Internal Revenue Code or Similar Law, unless the purchase, holding and disposition of units will not constitute a violation under ERISA, Section 4975 of the Internal Revenue Code and any applicable Similar Law.

Furthermore, distribution of this Prospectus shall not be permitted unless it is accompanied by a copy of the latest annual report and accounts of the Sub-Funds (where existing) and, if later, its most recent interim report.

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

Questions and Complaints

Investors may raise any questions on or make any complaints about the Trust (including the Sub-Funds) by contacting the Manager at its address as set out in the Directory of this Prospectus, or by phone at its telephone number: (852) 3929 0988.

DIRECTORY

Manager and QFI Holder
E Fund Management (Hong Kong) Co., Limited
Suites 3501-02, 35/F
Two International Finance Centre
8 Finance Street, Central
Hong Kong

Investment Adviser#
E Fund Management Co., Limited
25-28/F, City Development Plaza
189 Ti Yu Xi Road
Guangzhou 510620
China

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

*Participating Dealers**
Goldman Sachs (Asia) Securities LimitedX
68/F, Cheung Kong Center
2 Queen' s Road Central
Hong Kong

Citigroup Global Markets Asia LimitedX
50/F Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong

PD Agent to Citigroup Global Markets Asia Limited
Citibank. N.A., Hong Kong Branch
50/F Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong

China Merchants Securities (HK) Co., Ltd#
48/F One Exchange Square
8 Connaught Place
Central
Hong Kong

GF Securities (Hong Kong) Brokerage Limited#
29-30/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Haitong International Securities Company Limited#
22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

The Hongkong and Shanghai Banking

PRC Custodian
HSBC Bank (China) Company Limited
33/F, HSBC Building
Shanghai ifc
8 Century Avenue, Pudong
Shanghai 200120
China

Service Agent or Conversion Agent
HK Conversion Agency Services Limited
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

*RMB Counter Market Makers**
HSBC Securities Brokers (Asia) Ltd. X
HSBC Main Building
1 Queen's Road Central
Hong Kong

Flow Traders Hong Kong LimitedX
Room 2803, Hysan Place
500 Hennessy Road, Causeway Bay
Hong Kong

Jane Street Asia Trading LimitedX
15th Floor, Chater House
8 Connaught Rd.
Central, Hong Kong

Optiver Trading Hong Kong Limited#
25/F, 33 Des Voeux Road Central
Hong Kong

*HKD Counter Market Makers**

Corporation Limited[X]
Level 18, HSBC Main Building
1 Queens' Road
Central
Hong Kong

UBS Securities Hong Kong Limited[X]
52/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited[X]
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

BNP Paribas[X]
21/F PCCW Tower Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

Mirae Asset Securities (HK) Limited[#]
Units 8501, 8507-08, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

Changjiang Securities Brokerage (HK) Limited[X]
Suite 1908 19/F Cosco Tower
183 Queen's Road Central
Hong Kong

Barclays Bank PLC[X]
41/F Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

Valuable Capital Limited^
Room 2808, 28/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

HSBC Securities Brokers (Asia) Ltd.[X]
HSBC Main Building
1 Queen's Road Central
Hong Kong

Optiver Trading Hong Kong Limited[#]
25/F, 33 Des Voeux Road Central
Hong Kong

Flow Traders Hong Kong Limited[X]
Room 2803, Hysan Place
500 Hennessy Road, Causeway Bay
Hong Kong

Jane Street Asia Trading Limited[X]
15th Floor, Chater House
8 Connaught Rd.
Central, Hong Kong

Korea Investment & Securities Asia Limited[X]
Suites 3716-19, Jardine House, 1 Connaught Place, Central, Hong Kong

Vivienne Court Trading Pty. Ltd.[X]
Level 1, 188 Oxford St
Paddington, NSW 2021
Australia

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

Listing Agent for
E Fund (HK) CSI Liquor Index ETF
GF Capital (Hong Kong) Limited
29-30/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Legal Counsel to the Manager
Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

[X] *In respect of E Fund (HK) MSCI China A50 Connect ETF only.*
^ *In respect of E Fund (HK) CSI Liquor Index ETF only.*
[#] *In respect of E Fund (HK) MSCI China A50 Connect ETF and E Fund (HK) CSI Liquor Index ETF.*
* *Please refer to the Manager's website for the latest lists of HKD Counter Market Makers, RMB Counter Market Makers and Participating Dealers in respect of the Sub-Funds.*

CONTENTS

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

Part 1 of this Prospectus includes information relevant to the Trust and all Sub-Funds established under the Trust and listed on the SEHK.

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

DEFINITIONS

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

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

"A-Shares" means shares issued by companies incorporated in the PRC and listed on the SSE or the SZSE, traded in RMB and available for investment by domestic investors and QFIs.

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

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

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

"Business Day" in respect of a Sub-Fund, means, unless the Manager and the Trustee otherwise agree, a day on which (a)(i) the SEHK is open for normal trading; and (ii) the relevant securities market on which Securities comprised in the Index are traded is open for normal trading or if there are more than one such securities market, the securities market designated by the Manager is open for normal trading, and (b) the Index is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant 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.

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

"CBRC" means the China Banking Regulatory Commission (中國銀行業監督管理委員會) of the PRC.

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

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

"CCDCC" means China Central Depository & Clearing Co., Ltd (中央國債登記結算公司) of the PRC.

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

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

(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or

(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or

(c) any member of the group of which that company forms part; or

(d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

"Conversion Agent's Fee" means the fee which may be charged for the benefit of the Conversion Agent to each Participating Dealer or PD Agent (as the case may be) on each book-entry deposit or withdrawal transaction made by the relevant Participating Dealer or PD Agent (as the case may be), the maximum level of which shall be determined by the Conversion Agent and set out in this Prospectus.

"Creation Application" means an application by a Participating Dealer for the creation and issue of Units in an Application Unit size (or whole multiples thereof) in accordance with the Operating Guidelines and the Trust Deed.

"CSDCC" means the China Securities Depository and Clearing Co., Ltd (中國證券登記結算有限公司) of the PRC.

"CSRC" means the China Securities Regulatory Commission (中國證券監督管理委員會) of the PRC.

"Custodian" means The Hongkong and Shanghai Banking Corporation Limited appointed as custodian of the Sub-Funds pursuant to the PRC Custody Agreement.

"Dealing Day" means 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 with the approval of the Trustee.

"Dealing Deadline" in relation to any particular place and any particular Dealing Day, means the time on each Dealing Day specified in the "The Offering" section of this Prospectus.

"Default" means a failure by a Participating Dealer in respect of:

(a) a Creation Application to deliver the relevant cash amount; or

(b) a Redemption Application to deliver the Units the subject of the Redemption Application and/or relevant cash amount.

"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 such Sub-Fund excluding (i) the Income Property and (ii) any amount for the time being standing to the credit of the distribution account of such Sub-Fund.

"Dual Counter" means the facility by which the Units of a Sub-Fund traded in RMB and traded in HKD 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 (RMB or HKD) as described in the relevant Appendix of this Prospectus.

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

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

"entities within the same group" means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards.

"Extension Fee" means the fee payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participation Dealer an extended settlement in respect of a Creation Application or Redemption Application.

"AFRC" means the Accounting and Financial Reporting Council or its successors.

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

"H-Shares" means securities of companies incorporated in the PRC and listed on the SEHK.

"HK-Listed PRC Shares" means shares of companies based in the PRC (either incorporated in the PRC or the operation centre is in the PRC or at least 50% revenue is derived from the PRC) and listed on the SEHK.

"HKD" means Hong Kong dollars, the lawful currency of Hong Kong.

"HKEx" means Hong Kong Exchanges and Clearing Limited or its successors.

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

"IFRS" means International Financial Reporting Standards.

"Income Property" means, in respect of each Sub-Fund, (a) all interest, dividends and other sums deemed by the Trustee, (after consulting the auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the 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; and (d) all Cancellation Compensation received by the Trustee for the account of the relevant Sub-Fund; (e) any payments to be received or are receivable by the Trustee under any contractual agreements in the nature of investments for the benefit of the 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" means, in respect of a Sub-Fund, the index against which the relevant Sub-Fund is benchmarked as set out in the relevant Appendix.

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

"Index Securities" means the constituent securities of the Index.

"Initial Issue Date" means the date of the first issue of Units, which shall be the Business Day immediately before the relevant Listing Date as set out in the relevant Appendix.

"Initial Offer Period" means, in respect of each Sub-Fund, the period before the relevant Listing Date as set out in the relevant Appendix.

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

"Investment Adviser" means in respect of each Sub-Fund, unless otherwise stated in the relevant Appendix, E Fund Management Co., Ltd.

"Issue Price" means the price at which Units may be issued, determined in accordance with the Trust Deed.

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

"Manager" means E Fund Management (Hong Kong) Co., Limited or such other person or persons for the time being duly appointed pursuant to the Trust Deed as manager of the Trust in succession thereto being approved by the SFC under the Code.

"Market" means in any part of the world:

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

(b) in relation to any futures contract: the Hong Kong Futures Exchange or such other futures exchange from time to time determined by the Manager.

"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 (中華人民共和國財政部) of the PRC.

"NAFMII" means the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) of the PRC.

"NDRC" means the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) of the PRC.

"Net Asset Value" means the net asset value of a Sub-Fund or, as the context may require, the net asset value of a Unit in the relevant Sub-Fund calculated under the Trust Deed.

"Operating Guidelines" means the guidelines for the creation and redemption of Units of a class as set out in the schedule to each Participation Agreement as amended from time to time by the Manager with the approval of the Trustee, and where applicable, with the approval of HKSCC and the Conversion Agent, and following consultation, to the extent reasonably practicable, with the relevant Participating Dealers subject always, in respect of the relevant Operating Guidelines for a Participating Dealer, any amendment being notified in writing by the Manager in advance to the relevant Participating Dealer. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the relevant Sub-Fund applicable at the time of the relevant Application.

"Participating Dealer" means any licensed broker or dealer and who has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.

"Participation Agreement" means an agreement entered into between the Trustee, the Manager, a Participating Dealer and (where applicable) a PD Agent, and where applicable, HKSCC and the Conversion Agent, as amended and supplemented, setting out (amongst other things) the arrangements in respect of the issue of Units and the redemption and cancellation of Units.

"PD Agent" means a person who is admitted by HKSCC as either a Direct Clearing Participant or a General Clearing Participant (as defined in the General Rules of CCASS) in CCASS and who has been appointed by a Participating Dealer as its agent for the creation and redemption of Units.

"PBOC" means the People's Bank of China (中國人民銀行) of the PRC.

"PRC" means the People's Republic of China, excluding for the purposes of interpretation of this Prospectus only, Hong Kong, Macau and Taiwan.

"PRC Custodian" means HSBC Bank (China) Company Limited appointed as PRC custodian of the Sub-Funds pursuant to the PRC Participation Agreement and the PRC Custody Agreement.

"PRC Custody Agreement" means the custodian agreement entered into between the Trustee, the Manager, 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 Custodian and the PRC Custodian, as amended from time to time.

"PRC Treasury Bonds" means the bonds issued by the MOF.

"QFI" means a QFII and/or a RQFII (as the case may be).

"QFI Regulations" and "New QFI Measures" are as defined in the relevant Appendix.

"QFII" means a qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time).

"Recognised Futures Exchange" means an international futures exchange which is recognised by the SFC or which is approved by the Manager.

"Recognised Stock Exchange" means an international stock exchange which is recognised by the SFC or which is approved by the Manager.

"Redemption Application" means an application by a Participating Dealer for the redemption of Units in Application Unit size (or whole multiples thereof) in accordance with the Operating Guidelines and the Trust Deed.

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

"Registrar" means HSBC Institutional Trust Services (Asia) Limited or such other person appointed as registrar of the Sub-Funds to keep the register of the Unitholders of the Sub-Funds.

"Registrar Agreement" means, in respect of a Sub-Fund where applicable, the agreement entered into between the Trustee, the Manager and the Registrar, as amended from time to time.

"reverse repurchase transactions" means transactions whereby the relevant 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 Yuan, the lawful currency of the PRC.

"RQFII" means a Renminbi qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time).

"SAFE" means the State Administration of Foreign Exchange (國家外匯管理局) of the PRC.

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

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

(a) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust (as defined in the Trust Deed);

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

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

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

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

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

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

"Service Agent" or "Conversion Agent" means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent or conversion agent (as the case may be) in relation to the Sub-Funds.

"Service Agent's Fee" means the fee which may be charged for the benefit of the Service Agent to each Participating Dealer or PD Agent (as the case may be) on each book-entry deposit or withdrawal transaction made by the relevant Participating Dealer or PD Agent (as the case may be), the maximum level of which shall be determined by the Service Agent and set out in this Prospectus.

"Service Agreement" or "Conversion Agency Agreement" means the agreement entered into between the Manager, the Trustee, the Registrar, the Service Agent or the Conversion Agent (as the case may be), HKSCC and the Participating Dealer, setting out, amongst other things, the arrangements of book-entry deposit and withdrawal of Units into/from CCASS in respect of the Creation Applications / Redemption Applications effected outside CCASS as well as to perform daily reconciliation.

"Settlement Day" means the Business Day which is 2 Business Days after the relevant Dealing Day (or such Business Day as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers or as otherwise described in the relevant Appendix.

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

"SFO" means the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong.

"SSE" means the Shanghai Stock Exchange.

"STA" means the State Taxation Administration (國家稅務總局) of the PRC.

"Stock Connect" means the securities trading and clearing linked programme with an aim to achieve mutual stock market access between Mainland China and Hong Kong, comprising the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

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

"SZSE" means the Shenzhen Stock Exchange.

"Transaction Fee" means the fee, in respect of a Sub-Fund, which may be charged for the benefit of the Trustee, the Registrar and/or the Service Agent or the Conversion Agent (as the case may be) to each Participating Dealer on each Dealing Day upon which an Application has been or Applications have been made by the relevant Participating Dealer.

"Trust" means the umbrella Unit Trust constituted by the Trust Deed and called E Fund ETFs Trust or such other name as the Manager may from time to time determine upon prior notice to the Trustee.

"Trust Deed" means the trust deed dated 25 July 2012 between the Manager and the Trustee constituting the Trust (as amended and restated from time to time).

"Trust Fund" means all the property held by the Trustee in respect of each Sub-Fund, including the Deposited Property and Income Property attributable to the relevant Sub-Fund, except for amounts to be distributed, in accordance with the Trust Deed.

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

"Unit" means a unit representing an undivided share in a Sub-Fund.

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

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

INTRODUCTION

The Trust

The Trust is an umbrella unit trust created by the Trust Deed between the Manager and the Trustee made under Hong Kong law. The Trust and each Sub-Fund is authorised as a collective investment scheme by the SFC under Section 104 of the SFO and each Sub-Fund falls within Chapter 8.6 of the Code. SFC authorisation is not a recommendation or endorsement of a Sub-Fund nor does it guarantee the commercial merits of a Sub-Fund or its performance. It does not mean that a Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Sub-Funds

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

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

Information relating to E Fund (HK) MSCI China A50 Connect ETF is set out in Appendix 1.

Information relating to E Fund (HK) CSI Liquor Index ETF is set out in Appendix 2.

THE OFFERING

Initial Offer Period

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

To be dealt with during the Initial Offer Period, the relevant Participating Dealer must submit the Creation Applications to the Trustee and Registrar (with a copy to the Manager) on a Business Day no later than 5 Business Days prior to the Listing Date unless otherwise stated in the relevant Appendix.

If a Creation Application is received by the Trustee and Registrar after 5 Business Days prior to the Listing Date, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

Unless otherwise specified in the relevant Appendix, the current Dealing Deadline during the Initial Offer Period is 11:00 a.m. (Hong Kong time) on the last day of the Initial Offer Period, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK, the PRC inter-bank bond market, the SSE or the SZSE are reduced.

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

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

After Listing

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

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

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

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

Buying and selling of Units on the SEHK

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

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

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

Creations and redemptions through Participating Dealers

Units may be created by cash creation or a combination of cash and in-kind creation, and redeemed by cash redemption or a combination of cash and in-kind redemption (please refer to the relevant Appendix for details) at the Issue Price and Redemption Value respectively through Participating Dealers in Application Unit size or multiples thereof. The Application Unit size is as set out in the relevant Appendix.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Creation Applications to the Trustee (with a copy to the Manager) before the Dealing Deadline on the relevant Dealing Day. Unless otherwise specified in the relevant Appendix, the current Dealing Deadline After Listing is 11:00 a.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK, the PRC inter-bank bond market (where the Index includes PRC bonds), the SSE or the SZSE (as the case may be) are changed. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. Participating Dealers reserve the right to reject, acting in good faith, any creation or redemption request received from a client under exceptional circumstances and may charge their clients such fee or fees as such Participating Dealers determine.

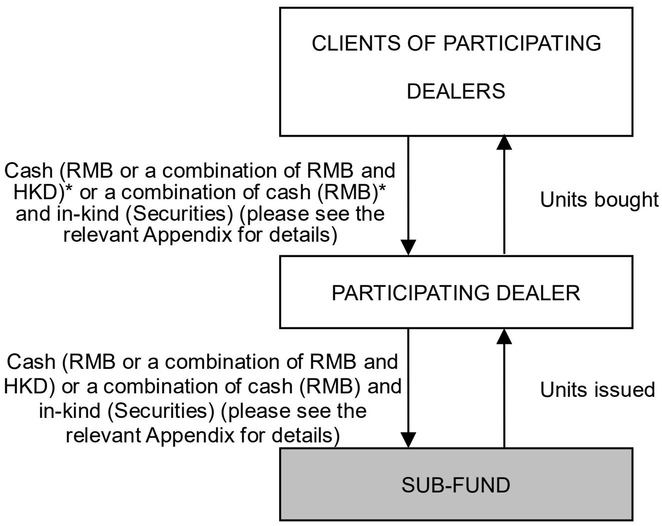
Settlement in cash for subscribing Units is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day or redeeming Units is due 2 Business Days (unless otherwise stated in the relevant Appendix) after the Dealing Day, unless the Manager agrees with the relevant Participating Dealer to accept later settlement generally or in any particular case.

After Listing, all Units shall be registered in the name of HKSCC Nominees Limited on the register of the relevant Sub-Fund. The register of the relevant Sub-Fund is the evidence of ownership of Units. The beneficial interests in Units of any client of the Participating Dealers shall be established through such client's account with the relevant Participating Dealer or PD Agent (as the case may be) or with any other CCASS participants if the client is buying from the secondary market.

Diagrammatic illustration of investment in a Sub-Fund

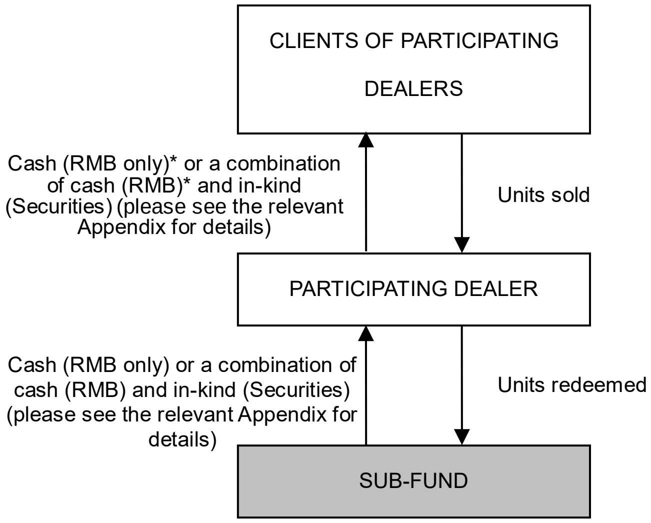
The diagrams below illustrate the issue or redemption and the buying or selling of Units:

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



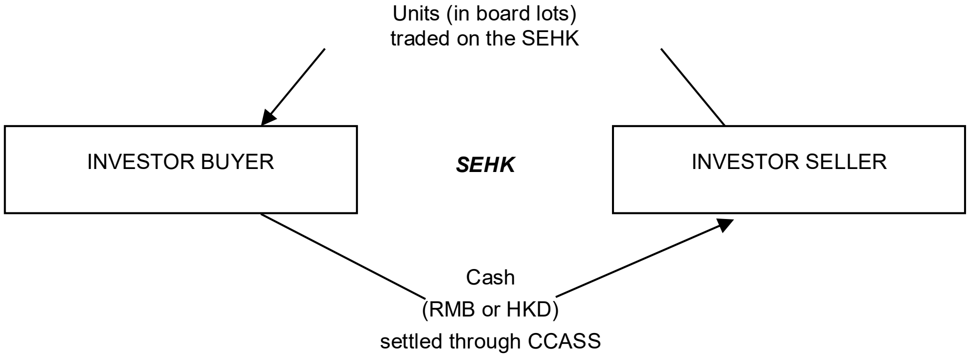
** Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.*

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



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

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



Summary of Offering Methods and Related Fees for Sub-Funds

Initial Offer Period

Method of Offering	Minimum Number of Units (or multiple thereof)	Channel	Available to	Consideration, Fees and Charges*
Cash creation or a combination of cash and in-kind creation (see the relevant Appendix)	Application Unit size (see the relevant Appendix)	Through Participating Dealers only	Participating Dealers or any person acceptable to the Participating Dealer as its client	Cash (RMB or a combination of RMB and HKD (see the relevant Appendix)) Transaction Fee (payable in RMB and HKD (see the relevant Appendix)) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges

After Listing

Method of Acquisition or Disposal of Units	Minimum Number of Units (or multiple thereof)	Channel	Available to	Consideration, Fees and Charges*
Purchase and sale in cash through brokers on the SEHK (secondary market) in RMB or, if Dual Counter, in RMB or HKD	Board lot size (see the relevant Appendix)	On the SEHK	Any investor	Market price of Units on SEHK (RMB for RMB traded Units and, if applicable, HKD for HKD traded Units) Brokerage fees and Duties and Charges
Cash creation and redemption, or a combination of cash and in-kind creation and redemption (see the relevant Appendix)	Application Unit size (see the relevant Appendix)	Through Participating Dealers only	Participating Dealers or any person acceptable to the Participating Dealer as its client	Cash (payable in RMB or a combination of RMB and HKD (see the relevant Appendix)) In-kind (HK-Listed PRC Shares (where applicable))

				Transaction Fee (payable in RMB or HKD (see the relevant Appendix)) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges

* *Please refer to "Fees and Expenses" for further details*

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Investment in a Sub-Fund

There are 2 methods of making an investment in a Sub-Fund and of disposing of Units to realise an investment in a Sub-Fund.

The first method is to create or to redeem Units at Net Asset Value directly with the relevant Sub-Fund in the primary market through a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the relevant Sub-Fund. Where a Sub-Fund has a Dual Counter, Units which are created must be deposited in CCASS as RMB counter Units (i.e. tradeable in RMB only) initially, and creation and redemption for all Units can be in cash (in RMB or in a combination of RMB and HKD) or in a combination of cash (in RMB) and in-kind (Securities) (please see the relevant Appendix for details). Because of the size of the capital investment (i.e. Application Unit size) required either to create or redeem Units through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals. Participating Dealers reserve the right to reject, acting in good faith, any creation or redemption request received from a client under exceptional circumstances and may impose terms, including charges, for handling creation or redemption orders as they determine appropriate, as described in more detail in this section.

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

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

Creation of Units through a Participating Dealer

Any application for the creation of Units of a Sub-Fund must only be made through a Participating Dealer in respect of an Application Unit size or whole multiple thereof in accordance with the Operating Guidelines of each Sub-Fund. Investors cannot acquire Units directly from a Sub-Fund. Only Participating Dealers may submit Creation Applications to the Trustee and Registrar (with a copy to the Manager).

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

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

(a) the prices used when valuing the Securities of the relevant Sub-Fund for the purpose of such issue of Units; and

(b) the prices which would be used when acquiring the same Securities if they were acquired by the relevant Sub-Fund with the amount of cash received by the relevant Sub-Fund upon such issue of Units.

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

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

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

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

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

(c) where acceptance of the creation request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer and/or any of its Connected Persons; or

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

Requirements relating to creation requests by potential investors

Cash creation or a combination of cash and in-kind creation is available to the Participating Dealers in respect of a Sub-Fund (please see the relevant Appendix for details).

Notwithstanding a Dual Counter being adopted for a Sub-Fund, any cash payable by a Participating Dealer in a cash Creation Application can be in RMB or in a combination of RMB and HKD (or, in respect of a Sub-Fund, in such other currency as may be stated in the relevant Appendix). Units which are created must be deposited in CCASS as RMB counter Units (i.e. tradeable in RMB only) initially.

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

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

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

Creation process

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

If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

To be effective, a Creation Application must:

(a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;

(b) specify the number of Units and the class of Units (where applicable) which is the subject of the Creation Application; and

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

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

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

(b) where in the opinion of the Manager, acceptance of the Creation Application would have an adverse effect on the relevant Sub-Fund;

(c) where, if relevant to a Sub-Fund, in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the A-Share or relevant market;

(d) where, if relevant to a Sub-Fund, the Manager does not maintain its QFI status to satisfy the Creation Application;

(e) 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 relevant Index;

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

(g) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application;

(h) the business operations of the Manager in relation to 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, riots, strikes or acts of God; or

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

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

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

Where for any reason there is a limit to the number of Units which can be created, priority will be given to Participating Dealers and the relevant Creation Applications as set out in the Operating Guidelines.

Where the Manager accepts a Creation Application from a Participating Dealer, it shall instruct the Trustee to effect (i) for the account of the relevant Sub-Fund, the creation of Units in Application Unit size in exchange for a transfer of cash (or cash and securities where permitted in respect of a Sub-Fund and set out in the relevant Appendix); and (ii) the issue of Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

Issue of Units

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

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

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

The creation and issue of Units pursuant to a Creation Application shall be effected on the Dealing Day on which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but (i) for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received, and (ii) the register will be updated on the Settlement Day or, if the settlement period is extended, the Dealing Day immediately following the Settlement Day. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. An Extension Fee may be payable in relation to such an extension. See the section on "Fees and Expenses" for further details.

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

Fees relating to Creation Applications

The Service Agent or Conversion Agent (as the case may be), the Registrar and/or the Trustee may charge a Transaction Fee in respect of Creation Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the same Sub-Fund). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units. See the section on "Fees and Expenses" for further details.

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the assets of any Sub-Fund.

Cancellation of Creation Applications

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

The Trustee, after consultation with the Manager may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application if it has not received the full amount of the cash (including Subscription Amount, Transaction Fee, Duties and Charges) (or cash and securities where permitted in respect of a Sub-Fund and set out in the relevant Appendix) relating to the Creation Application by the Settlement Day, provided that the Manager may at its discretion extend the settlement period and such extension to be on such terms and conditions (including as to the payment of any fees to the Manager or Extension Fee to the Trustee or their respective Connected Persons or otherwise) as the Manager may determine and in accordance with the provisions of the Operating Guidelines.

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

Upon the cancellation of any creation order of any Units deemed created pursuant to a Creation Application as provided for above or if a Participating Dealer otherwise withdraws subject to the Manager's consent a Creation Application (other than in certain circumstances contemplated in the Trust Deed such as when the Manager declares a suspension of creations of Units), any cash received by or on behalf of the Trustee in connection with a Creation Application shall be redelivered to the Participating Dealer (without interest) as soon as practicable and the relevant Units shall be deemed for all purposes never to have been created and the Participating Dealer shall have no right or claim against the Manager, the Trustee and/or the Service Agent or the Conversion Agent (as the case may be) in respect of such cancellation provided that:

(a) the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section on "Fees and Expenses" for further details);

(b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the relevant Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if the Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the relevant Sub-Fund as a result of such cancellation;

(c) the Transaction Fee in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent or the Conversion Agent (as the case may be) (see the section on "Fees and Expenses" for further details); and

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

Redemption of Units through a Participating Dealer

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

A Participating Dealer may redeem Units on any Dealing Day for its own account or for the account of its clients in accordance with the Operating Guidelines of each Sub-Fund.

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

(a) the prices used when valuing the Securities of the relevant Sub-Fund for the purpose of such redemption of Units; and

(b) the prices which would be used when selling the same Securities if they were sold by the relevant Sub-Fund in order to realize the amount of cash required to be paid out of the relevant Sub-Fund upon such redemption of Units.

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

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

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

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

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

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

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

(e) the business operations of the Manager in relation to 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, riots, strikes or acts of God.

Requirements relating to redemption requests by potential investors

Cash redemption or a combination of cash and in-kind redemption is available to the Participating

Dealers in respect of a Sub-Fund (please see the relevant Appendix for details).

Notwithstanding a Dual Counter being adopted for a Sub-Fund, any cash proceeds received by a Participating Dealer in a cash Redemption Application or a combination of cash and in-kind Redemption Application shall be paid in RMB unless otherwise stated in the relevant Appendix. Both RMB traded Units and, if applicable, HKD traded Units may be redeemed by way of a Redemption Application (through a Participating Dealer). Where (if applicable) a Participating Dealer wishes to redeem HKD traded Units the redemption process is the same as for RMB traded Units.

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

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

Redemption process

A Participating Dealer may from time to time submit Redemption Applications in respect of a Sub-Fund to the Trustee, following receipt of redemption requests from clients or where it wishes to redeem Units of the relevant Sub-Fund for its own account.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. Unless otherwise specified in the relevant Appendix, the current Dealing Deadline After Listing is 11:00 a.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK, the PRC inter-bank bond market, the SSE or the SZSE are reduced.

To be effective, a Redemption Application must:

(a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;

(b) specify the number of Units and the class of Units (where applicable) which is the subject of the Redemption Application; and

(c) include the certifications required in the Participation Agreement and Operating Guidelines (if any) in respect of redemptions of Units, together with such certifications and opinions of counsel (if any) as each of the Trustee and the Manager may separately consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

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

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

(b) where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on the relevant Sub-Fund;

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

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

(e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or

(f) the business operations of the Manager in relation to 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, riots, strikes or acts of God.

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

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

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

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

Redemption of Units

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

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

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

The interval between the receipt of a properly documented Redemption Application and payment of redemption proceeds (which shall be in RMB in the case of cash redemption or in a combination of RMB and Securities in the case of a combination of cash and in-kind redemption (please see the relevant Appendix for details)) may not exceed one calendar month provided that there is no delay in submitting all duly completed redemption documentation and the determination of the Net Asset Value or dealing in Units is not suspended.

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

Fees relating to Redemption Applications

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

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

Cancellation of Redemption Applications

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

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

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

(a) the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section on “Fees and Expenses” for further details);

(b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the relevant Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if the Participating Dealer had, on the actual date when the Manager is able to repurchase any replacement Securities made a Creation Application in accordance with the provisions of the Trust Deed plus such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;

(c) the Transaction Fee in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent or the Conversion Agent (as the case may be) (see the section on "Fees and Expenses" for further details); and

(d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

Deferred Redemption

In the event that redemption requests are received for the redemption of Units representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of a Sub-Fund and as permitted by the SFC) of the total number of Units in a Sub-Fund then in issue, the Manager may direct the Trustee to reduce the requests rateably and pro rata amongst all Unitholders seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10% (or such higher percentage as the Manager may determine in respect of a Sub-Fund) of the Units in the relevant Sub-Fund then in issue. Units which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests in respect of the relevant Sub-Fund themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Sub-Fund) of the Units in the relevant Sub-Fund then in issue) in priority to any other Units in the relevant Sub-Fund for which redemption requests have been received. Units will be redeemed at the Redemption Value prevailing on the Dealing Day on which they are redeemed.

Suspension of Creations and Redemptions

The Manager may, at its discretion, after consultation with the Trustee (and where practicable, after consultation with Participating Dealers), having regard to the best interests of the Unitholders, suspend the creation or issue of Units of any Sub-Fund, suspend the redemption of Units of any Sub-Fund and/or (subject to the approval of the SFC if such delay of payment of redemption proceeds exceeds one calendar month) delay the payment of any monies in respect of any Creation Application and/or Redemption Application in the following circumstances:

(a) during any period when trading on the SEHK or any other Recognised Stock Exchange or Recognised Futures Exchange is restricted or suspended;

(b) during any period when a market on which a Security (that is a component of the Index) 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 a Security (that is a component of the Index) has its primary listing is restricted or suspended;

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

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

(f) during any period when the relevant Index is not compiled or published;

(g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the Sub-Fund 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 opinion of the Manager, reasonably, promptly and fairly be ascertained;

(h) during any period when the determination of the Net Asset Value of the relevant Sub-Fund is suspended or if any circumstance specified in the section on "Suspension of Determination of Net Asset Value" below arises;

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

(j) during any period when the swap (if any) cannot be adjusted or reset for any reason.

The Manager will, after consultation with the Trustee, having regard to the best interests of the Unitholders, suspend the right to subscribe for Units of the relevant Sub-Fund if, or if as a result of the investment of the proceeds of issue of such Units in accordance with its investment objective, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer or such other percentage permitted under section of "Investment Objective, Investment Strategy, Investment Restrictions, Security Lending and Borrowing" below. In addition, where the relevant Sub-Fund under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single issuer and the SFC has not agreed to waive this prohibition under the Code, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders.

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

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

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

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

Evidence of Unitholding

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

Restrictions on Unitholders

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

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

(b) in the circumstances which, in the Manager’s opinion, may result in the Trust or any Sub-Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or the relevant 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.

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 SEHK or by an instrument in writing in such other form (and if the transferor or the transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution) as the Trustee may from time to time approve. The transferor will be deemed to remain the Unitholder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. Each instrument of transfer must relate to a single Sub-Fund only. If and to the extent that all Units are deposited, cleared and settled in CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Units for the persons admitted by HKSCC as a participant of CCASS and to whose account any Units are for the time being allocated in accordance with the General Rules of CCASS.

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

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

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

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units. Where a Dual Counter has been adopted in respect of a Sub-Fund the Manager will use its best endeavours to put in place arrangements so that there is at least one RMB Counter Market Maker for RMB counter and one HKD Counter Market Maker for HKD counter although these Market Makers may be the same entity. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the SEHK with the intention of providing liquidity. Given the nature of the Market Maker’s role, the Manager will make available to a Market Maker, the portfolio composition information made available to a Participating Dealer.

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

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

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

Please also refer to the sub-sections on “Renminbi Equity Trading Support Facility” and “Dual Counter” in the relevant Appendix of each Sub-Fund for additional disclosures on secondary market trading.

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

Investment Objective

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

Investment Strategy

Each Sub-Fund will adopt either a full replication or a representative sampling strategy. The investment strategy of each Sub-Fund is stated in the relevant Appendix.

Investment Restrictions

If any of the restrictions or limitations set out below is breached in respect of a Sub-Fund, the Manager will make it a priority objective to take all necessary steps within a reasonable period to remedy such breach, taking into account the Unitholders' interests of that Sub-Fund.

The Trustee will take reasonable care to ensure compliance with the investment and borrowing limitations set out in the constitutive documents and the conditions under which a Sub-Fund was authorised.

The investment restrictions applicable to each Sub-Fund that are included in the Trust Deed are summarised below:

(a) the aggregate value of a Sub-Fund's investments in, or exposure to, any single entity through the following may not exceed 10% of the total Net Asset Value of the Sub-Fund, save as permitted by Chapter 8.6(h) and as varied by Chapter 8.6(h)(a) of the Code:

   (1) investments in Securities issued by such entity;

   (2) exposure to such entity through underlying assets of financial derivative instrument ("FDI"); and

   (3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;

(b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of a Sub-Fund's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the total Net Asset Value of the Sub-Fund:

   (1) investments in Securities issued by such entities;

   (2) exposure to such entities through underlying assets of FDIs; and

   (3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;

(c) unless otherwise approved by the SFC, the value of a Sub-Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the total Net Asset Value of the Sub-Fund, unless:

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

   (2) the cash is proceeds from liquidation of investments prior to the merger or

termination of the Sub-Fund, whereby the placing of cash deposits with various financial institutions may not be in the best interest of investors; or

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

For the purpose of this sub-paragraph (3), 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.

(d) ordinary shares issued by any single entity (other than Government and other Public Securities) held for the account of a Sub-Fund, when aggregated with other ordinary shares of the same entity held for the account of all other Sub-Funds under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by the entity;

(e) not more than 15% of the total Net Asset Value of a Sub-Fund may be invested in Securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such Securities are regularly traded;

(f) notwithstanding (a), (b), (d) and (e), where direct investment by a Sub-Fund in a market is not in the best interests of investors, a Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:

(1) the underlying investments of the subsidiary, together with the direct investments made by the Sub-Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;

(2) any increase in the overall fees and charges directly or indirectly borne by the Unitholders or the Sub-Fund as a result must be clearly disclosed in the Prospectus; and

(3) the Sub-Fund must produce the reports required by the Code in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Sub-Fund;

(g) notwithstanding (a), (b) and (d), not more than 30% of the total Net Asset Value of a Sub-Fund may be invested in Government and other Public Securities of the same issue, except for a Sub-Fund which has be authorised by the SFC as an index fund, this limit may be exceeded with the approval of the SFC;

(h) subject to (g), a Sub-Fund may fully invest in Government and other Public Securities in at least six different issues. Subject to the approval of the SFC, a Sub-Fund which has been authorised by the SFC as an index fund may exceed the 30% limit in (g) and may invest all of its assets in Government and other Public Securities in any number of different issues;

(i) unless otherwise approved by the SFC, a Sub-Fund may not invest in physical commodities;

(j) for the avoidance of doubt, exchange traded funds that are:

(1) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or

(2) listed and regularly traded on internationally recognised stock exchanges open to

the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

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

(k) where a Sub-Fund invests in shares or units of other collective investment schemes ("underlying schemes"),

(1) the value of the Sub-Fund's investment in units or shares in underlying schemes which are non-eligible schemes (as determined by the SFC) and not authorised by the SFC may not in aggregate exceed 10% of the total Net Asset Value of the Sub-Fund; and

(2) the Sub-Fund may invest in one or more underlying schemes which are either schemes authorised by the SFC or eligible schemes (as determined by the SFC), but the value of the Sub-Fund's investment in units or shares in each such underlying scheme may not exceed 30% of the total Net Asset Value of the Sub-Fund, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the Prospectus of the Sub-Fund,

provided that in respect of (1) and (2) above:

(i) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, the Sub-Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total Net Asset Value, and exchange traded funds satisfying the requirements in paragraph (j) above in compliance with paragraph (k)(1) and (k)(2);

(ii) where the underlying schemes are managed by the Manager, or by other companies within the same group that the Manager belongs to, then paragraphs (a), (b), (d) and (e) above are also applicable to the investments of the underlying scheme;

(iii) the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s);

(3) where an investment is made in any underlying scheme(s) managed by the Manager or any of its Connected Persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and

(4) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the manager of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;

(l) a Sub-Fund may invest 90% or more of its total Net Asset Value in a single collective investment scheme and may be authorised as a feeder fund by the SFC. In this case:

(1) the underlying scheme ("master fund") must be authorised by the SFC;

(2) the Prospectus must state that:

(i) the Sub-Fund is a feeder fund into the master fund;

(ii) for the purpose of complying with the investment restrictions, the Sub-Fund (i.e. feeder fund) and its master fund will be deemed a single entity;

(iii) the Sub-Fund (i.e. feeder fund)'s annual report must include the investment portfolio of the master fund as at the financial year end date; and

(iv) the aggregate amount of all the fees and charges of the Sub-Fund (i.e. feeder fund) and its underlying master fund must be clearly disclosed;

(3) unless otherwise approved by the SFC, no increase in the overall total of initial charges, redemption charges, Manager's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders or by a Sub-Fund (i.e. feeder fund) may result, if the master fund in which the Sub-Fund (i.e. feeder fund) invests is managed by the Manager or by its Connected Person; and

(4) notwithstanding paragraph (k)(iii) above, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in paragraph (k); and

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

The Manager shall not on behalf of a Sub-Fund:

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

(B) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts (REITs)). In the case of investments in such shares and REITs, they shall comply with the relevant investment restrictions and limitations set out in Chapter 7.1, 7.1A, 7.2, 7.3 and 7.11 of the Code, where applicable;

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

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

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

(F) enter into any obligation in respect of a Sub-Fund or acquire any asset or engage in any transaction for the account of a Sub-Fund which involves the assumption of any liability which is unlimited; or

(G) apply any part of the Sub-Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of the Sub-Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs for the purposes of Chapters 7.29 and 7.30 of the Code.

Note: The investment restrictions set out above apply to each Sub-Fund, subject to the following: A collective investment scheme authorised by the SFC under the Code is usually restricted under Chapter 7.1 of the Code from making investments which would result in the value of that collective investment scheme's holdings of the Securities of any single entity exceeding 10% of the collective investment scheme's total net asset value. For a Sub-Fund authorised under Chapter 8.6 of the Code as an index tracking ETF, given the investment objective of the Sub-Funds and nature of the Index, the Sub-Funds are allowed under Chapter 8.6(h) of the Code to, notwithstanding Chapter 7.1 of the Code, hold investments in constituent Securities of any single entity exceeding 10% of the relevant Sub-Fund's total Net Asset Value if such constituent Securities account for more than 10% of the weighting of the Index and the relevant Sub-Fund's holding of any such constituent Securities does not exceed their respective weightings in the Index, except where the weightings are exceeded as a result of changes in the composition of the Index and the excess is only transitional and temporary in nature.

However, the restrictions in 8.6(h)(i) and (ii) (as described above) do not apply if:

(a) the relevant Sub-Fund adopts a representative sampling strategy which does not involve full replication of the constituent Securities of the Index in the exact weightings of such Index;

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

(c) the excess of the weightings of the constituent Securities held by the relevant Sub-Fund over the weightings in the Index is caused by the implementation of the representative sampling strategy;

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

(e) limits laid down by the relevant Sub-Fund pursuant to the point above must be disclosed in the relevant Appendix;

(f) disclosure must be made in the relevant Sub-Fund's interim and annual reports as to whether the limits imposed by such Sub-Fund itself pursuant to the above point (d) have been complied with in full. If there is non-compliance with the said limits during the relevant reporting period, this must be reported to the SFC on a timely basis and an account for such non-compliance should be stated in the report relating to the period in which the non-compliance occurs or otherwise notified to investors.

Securities Financing Transactions

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

A Sub-Fund which engages in securities financing transactions is subject to the following requirements:

- it shall have at least 100% collateralisation in respect of the securities financing transactions into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions;

- all the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions to the extent permitted by applicable legal and regulatory requirements, shall be returned to the Sub-Fund;

- it shall ensure that it is able to at any time to recall the securities or the full amount of cash / collateral (as the case may be) subject to the securities financing transactions or terminate the securities financing transactions into which it has entered.

Further, details of the arrangements are as follows:

(a) each counterparty for such transactions should be a financial institution subject to ongoing prudential regulation and supervision. There are no requirements imposed by the Manager on country of origin or minimum credit rating of counterparties;

(b) the Trustee, upon the instruction of the Manager, will take collateral, which can be cash or non-cash assets fulfilling the requirements under "Collateral" below;

(c) except related to borrowing, for sale and repurchase transactions, it is the intention of the Manager to sell the securities for cash equal to the market value of the securities provided to the counterparty, subject to appropriate haircut. Unless otherwise stated in the relevant Appendix, cash obtained in sale and repurchase transactions will be used for meeting redemption requests or defraying operating expenses, but will not be re-invested;

(d) the maximum and expected level of a Sub-Fund's assets available for these transactions will be as set out in the relevant Appendix; and

(e) where any securities lending transaction has been arranged through the Trustee or a Connected Person of the Trustee or the Manager, such transaction shall be conducted at arm's length and executed on the best available terms, and the relevant entity shall be entitled to retain for its own use and benefit any fee or commission it receives on a commercial basis in connection with such arrangement.

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

Financial Derivative Instruments

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

Where indicated in the relevant Appendix, a Sub-Fund may acquire FDIs for hedging purpose.

The FDIs shall meet all of the following criteria to be considered as being acquired for hedging purposes:

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

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

(c) they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

(d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

Unless otherwise stated in the relevant Appendix, each Sub-Fund may acquire FDIs for non-hedging purposes ("investment purposes"), subject to the limit that the Sub-Fund's net exposure relating to these FDIs ("net derivative exposure") does not exceed 50% of its total Net Asset Value (unless otherwise approved by the SFC for a Sub-Fund pursuant to Chapter 8.8 or Chapter 8.9 of the Code). For the avoidance of doubt:

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

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

(c) FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

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

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

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

(B) the counterparties to over-the-counter FDI transactions or their guarantors are substantial financial institutions or such other entity acceptable to the SFC on a case-by-case basis;

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

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

A Sub-Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis.

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

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

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

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

The above policies relating to FDIs apply to financial instruments which embeds a financial derivative as well. For the purposes herein, an "embedded financial derivative" is a financial derivative instrument that is embedded in another security.

Collateral

Collateral received from counterparties shall comply with the following requirements:

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

- Valuation – collateral should be marked-to-market daily by using independent pricing source;

- Issuer credit quality – asset used as collateral must be of high credit quality and should be replaced immediately as soon as the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral;

- Haircut - collateral should be subject to prudent haircut policy which should be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. For the avoidance of doubt the price volatility of the asset used as collateral should be taken into account when devising the haircut policy;

- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and a Sub-Fund's exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapters 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the Code;

- Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs in such a way that it would undermine the effectiveness of the collateral. As such, securities issued by the counterparty or the issuer of the FDIs or any of their related entities should not be used as collateral;

- Management of operational and legal risks – the Manager must have appropriate systems, operational capabilities and legal expertise for proper collateral management;

- Independent custody – collateral must be held by the Trustee;

- Enforceability – collateral must be readily accessible/enforceable by the Trustee without further recourse to the issuer of the FDIs, or the counterparty of the securities financing transactions;

- Cash collateral - cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. Non-cash collateral received may not be sold, re-invested or pledged;

- For the purpose herein, "money market instruments" refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account. Any re-investment of cash collateral shall be subject to the following further restrictions and limitations:

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

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

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

- Encumbrances - collateral should be free of prior encumbrances; and

- Collateral generally should not include (i) structured products whose payouts rely on embedded FDIs or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

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

- eligible collateral include cash, cash equivalents, government bonds, supranational bonds, corporate bonds, stocks, funds and money market instruments. For money market funds, 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. For a debt security which itself does not have a credit rating, the Manager will assess the debt security by reference to the credit rating of the issuer, the guarantor or the keepwell provider;

- the issuer of collateral must be of high quality, with an investment grade rating. Securities rated with a non-investment grade credit rating is not eligible for collateral purpose. There is no criteria for country of origin of the counterparty;

- no maturity constraints will apply to the collateral received;

- regular stress tests are carried out under normal and exceptional liquidity conditions to enable an adequate assessment of the liquidity risks attached to the collateral;

- the haircut policy takes account of market volatility, the foreign exchange volatility between collateral asset and underlying agreement, liquidity and credit risk of the collateral assets, and the counterparty's credit risk (for each eligible security type). Haircuts shall be set to cover the maximum expected decline in the market price of the collateral asset (over a conservative liquidation horizon) before a transaction can be closed out. Cash collateral will not be subject to haircut;

- the collateral would be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer;

- the collateral received would be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;

- collateral must be readily enforceable by the Trustee and may be subject to netting or set-off;

- except in relation to borrowing, cash collateral will generally not be used for reinvestment purposes unless otherwise determined by the Manager and notified to investors.

Where a Sub-Fund receives collateral, a description of holdings of collateral (including but not limited to a description of the nature of collateral, identity of the counterparty providing the collateral, value of the Sub-Fund (by percentage) secured/ covered by collateral with breakdown by asset class/nature and credit rating (if applicable)) will be disclosed in the Sub-Fund's annual and interim reports for the relevant period as required under Appendix E of the Code.

Borrowing Policy

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

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

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

(b) enabling the Manager to acquire Securities for the account of the relevant Sub-Fund; or

(c) for any other proper purpose as may be agreed by the Manager and the Trustee, except to enhance the performance of any Sub-Fund.

DETERMINATION OF NET ASSET VALUE

Calculation of Net Asset Value

The Net Asset Value of each Sub-Fund will be determined by the Manager, in consultation with the Trustee, in RMB as at each Valuation Point applicable to the relevant Sub-Fund by valuing the assets of the relevant Sub-Fund and deducting the liabilities of the relevant Sub-Fund, in accordance with the terms of the Trust Deed.

Set out below is a summary of how various Securities held by the relevant Sub-Fund are valued:

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

(b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available net asset value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the last available bid or offer price for such unit, share or other interest;

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

(d) except as provided for in paragraph (b), the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended on behalf of the relevant Sub-Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may at any time in consultation with the Trustee and shall at such times or at such intervals as the Trustee may request cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);

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

(f) notwithstanding the foregoing, the Manager after consultation with the Trustee may adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment is required to fairly reflect the value of the investment.

The Trustee will perform any currency conversion at rates as may be agreed between the Trustee and the Manager from time to time.

The value of the swap invested by a Sub-Fund, which is not listed or quoted on a recognised market, will be determined on each Dealing Day either by reference to electronic pricing systems (e.g. Bloomberg), or by the swap counterparty, which, in doing so, will be acting as the calculating agent. The value of the swap will be calculated based on the mark-to-market value of such swap (excluding any fees, commissions and other expenses in connection with the entry or negotiation of the swap, and initial margin or deposits). Where the value is determined by the swap counterparty, the

Manager will carry out an independent verification of this valuation on a daily basis. In addition, the Trustee will carry out an independent verification of the value of the swap in accordance with its internal policy and the terms of the swaps.

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

Suspension of Determination of Net Asset Value

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

(a) there exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the relevant Sub-Fund; or

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

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

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

(e) the business operations of the Manager, the Trustee or the Registrar in relation to 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, riots, strikes or acts of God; or

(f) the existence of any state of affairs prohibiting the normal disposal of any notional investment to which a swap is linked.

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

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

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 relevant Sub-Fund.

Issue Price and Redemption Value of Units

The Issue Price which is the subject of a Creation Application during the Initial Offer Period of a Sub-Fund will be a fixed amount per Unit, or a percentage of the closing level of the relevant Index (expressed in the base currency of the relevant Sub-Fund) as at the last day of the Initial Offer

Period, rounded to four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down), or such other amount from time to time determined by the Manager and approved by the Trustee. The Issue Price during the Initial Offer Period of each Sub-Fund will be set out in the relevant Appendix.

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

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

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

The latest Net Asset Value of the Units will be available on the Manager's website at www.efunds.com.hk/fund.html (the contents of this website and any other websites referred to in this Prospectus have not been reviewed by the SFC) or published in such other publications as the Manager decides.

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

FEES AND EXPENSES

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

(a)	**Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)**	**Amount** **Applicable to E Fund (HK) MSCI China A50 Connect ETF and E Fund (HK) CSI Liquor Index ETF**
	Transaction Fee (including Service Agent's Fee)	RMB3,250[1] per Application and HKD1,000[1] per book-entry deposit or book-entry withdrawal transaction
	Application cancellation fee	RMB5,000[2] per Application
	Extension Fee	RMB5,000[3] per Application
	Stamp duty	Nil
	All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption	As applicable[4]
(b)	**Fees and expenses payable by investors** ***(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the***	**Amount**

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1 *RMB3,250 is payable to the Trustee and HKD1,000 is payable to the Service Agent per book-entry deposit and book-entry withdrawal, unless otherwise stated in the relevant Appendix. The Registrar will charge a fee for each Creation Application and Redemption Application. All fees will be met out of the Transaction Fee. A Participating Dealer may pass on to the relevant investor such Transaction Fee.*

2 *An application cancellation fee is payable to the Trustee for the account of the Registrar in respect of either a withdrawn or failed Creation Application or Redemption Application (other than in certain circumstances such as a suspension of the creation and redemption of Units by the Manager).*

3 *An Extension Fee is payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participation Dealer an extended settlement in respect of a Creation Application or Redemption Application*

4 *Swap fees and unwinding fee (if any) do not form part of "Duties and Charges" payable by a Participating Dealer.*

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	Participating Dealer (applicable both during the Initial Offer Period and After Listing)	
	Fees and charges imposed by the Participating Dealer[5]	Such amounts as determined by the relevant Participating Dealer
	(ii) Fees payable by all investors in respect of dealings in the Units on SEHK (applicable After Listing)	
	Brokerage	Market rates
	Transaction levy	0.0027%[6]
	AFRC transaction levy	0.00015%[7]
	SEHK trading fee	0.00565%[8]
	Stamp duty	Nil
	Inter-counter transfers (where the relevant Sub-Fund adopts Dual Counter arrangement)	HKD5[9]
(c)	**Fees and expenses payable by the Sub-Funds**	(See further disclosure below)

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

Fees and Expenses Payable by the Sub-Funds

Manager's Fee

The Manager is entitled to receive a management fee of up to 0.99% per year of the Net Asset Value of each Sub-Fund.

If specified in the relevant Appendix, a Sub-Fund may employ a single management fee structure, with such Sub-Fund paying all of its fees, costs and expenses as a single flat fee ("**Single Management Fee**"). Fees and expenses taken into account in determining the Single Management Fee include, but are not limited to, the management fee, the Trustee's fee, the Registrar's fees, fees of the Service Agent, fund administration fees, custody fees, fees and expenses of the auditors, ordinary out-of-pocket expenses incurred by the Manager or the Trustee

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

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

7 *Transaction levy of 0.00015% of the trading price of the Units, payable by the buyer and the seller from 1 January 2022.*

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

9 *This fee is only applicable to Sub-Funds which have adopted a Dual Counter and have RMB and HKD traded Units. HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of a Sub-Fund between one counter and the other counter. Investors should check with their brokers regarding any additional fees.*

(and their delegates) and such other fees and expenses specified in the relevant Appendix. For the avoidance of doubt, the Single Management Fee will not include brokerage and transaction costs (including but not limited to fees, charges, commissions or spreads relating to the acquisition, holding or disposal of portfolio assets), stamp duty, taxes, fees and extraordinary items such as litigation expenses.

The current management fee percentage in respect of each Sub-Fund is set out in the relevant Appendix and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund.

The Manager may pay a distribution fee to any distributor or sub-distributors of the Trust out of the management fees it receives from the Trust. A distributor may re-allocate an amount of the distribution fee to the sub-distributors. The fees of the Investment Adviser, if any, will be paid by the Manager and not out of the assets of the relevant Sub-Fund.

Trustee's and Registrar's Fee

Unless it is specified in the relevant Appendix that the Sub-Fund employs a single management fee structure, the Trustee may receive out of the assets of each Sub-Fund a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day, together with any monthly fund administration and/or custody fees as disclosed in the relevant Appendix, of up to 1.00% per year of the Net Asset Value of a Sub-Fund. The Trustee fee may also be payable out of the management fee. Details concerning the payment of the Trustee fee and the current Trustee fee percentage in respect of each Sub-Fund are set out in the relevant Appendix.

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 Registrar is entitled to a registrar fee as set out in the relevant Appendix.

Service Agent's Fees

The Service Agent is entitled to receive a monthly reconciliation fee of HKD5,000 from the Manager. The Manager shall pass on to the relevant Sub-Fund such reconciliation fee (unless it is specified in the relevant Appendix that the Sub-Fund employs a single management fee structure).

For any period less than a month, the reconciliation fee is on a pro-rata basis and accrues on a daily basis. The Trustee, on behalf of the Trust, will pay all other expenses chargeable by the Service Agent or the Conversion Agent (as the case may be) in connection with the respective Service Agent's role or the Conversion Agent's role.

Promotional Expenses

The Sub-Funds 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 Sub-Funds will not be paid (either in whole or in part) out of the Trust Fund.

Other Expenses

The relevant Sub-Fund will bear all operating costs relating to the administration of that Sub-Fund including but not limited to stamp and other duties, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges and other costs and expenses payable in respect of the acquisition, holding and realisation of any investment (including, if applicable, any swap fees) or any monies, deposit or loan, charges and expenses of its legal counsel, auditors and other professionals, index licensing fees, the costs in connection with maintaining a listing of the Units on the SEHK (including, if considered appropriate by the Manager, any additional costs of determining the stock code which are estimated to be HKD1,000,000) and maintaining the Trust's and the relevant Sub-Fund's authorisation under the SFO, costs incurred in the preparation, printing and updating of any offering documents and the costs incurred in the preparation of supplemental deeds, any disbursements or out-of-pocket expenses properly incurred on behalf of the relevant Sub-Fund by the Trustee, the Manager or the Registrar or any of its service providers, the expenses incurred in convening meetings of Unitholders, printing and distributing annual and half-yearly financial reports and other circulars relating to the relevant Sub-Fund and the expenses of publishing Unit prices.

Establishment Costs

The costs of establishing the Trust and the first Sub-Fund including the preparation of the first Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs were RMB5,000,000 and were borne by the first Sub-Fund and will be amortised over the first 5 financial years of the first Sub-Fund or such other period as determined by the Manager after consulting the Auditor.

The costs of establishing the second Sub-Fund including the preparation of the relevant Appendix, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs, including, if considered appropriate by the Manager, any additional costs of determining the stock code, are estimated to be around RMB1,500,000, which will be borne by the second Sub-Fund and will be amortised over the first 5 financial years of the second Sub-Fund or such other period as determined by the Manager after consulting the Auditor.

The costs of establishing the third Sub-Fund including the preparation of the relevant Appendix, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs, including, if considered appropriate by the Manager, any additional costs of determining the stock code, are estimated to be around RMB1,624,800, which will be borne by the third Sub-Fund and will be amortised over the first 5 financial years of the third Sub-Fund or such other period as determined by the Manager after consulting the Auditor.

The costs of establishing subsequent Sub-Funds, including any updates to this Prospectus, are borne by that Sub-Fund as described in the relevant Appendix.

Increase in Fees

The current fees in respect of each Sub-Fund payable to the Manager and, if the Sub-Fund does not employ a single management fee structure, the Trustee, as described in the relevant Appendix may be increased on one month's notice to Unitholders (or such shorter period as approved by the SFC), subject to the maximum rates set out in the Trust Deed.

RISK FACTORS

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

Risks associated with investment in any Sub-Fund

Investment objective risk

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

Market risk

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

Asset class risk

Although the Manager is responsible for the continuous supervision of the investment portfolio of the relevant Sub-Fund, the returns from the types of Securities and/or swaps in which the relevant Sub-Fund invests may underperform or outperform returns from other Securities and/or swaps markets or from investment in other assets. Different types of securities and/or swaps tend to go through cycles of out-performance and underperformance when compared with other general Securities and/or swaps markets.

Passive investment risk

The Sub-Funds are not actively managed. Accordingly, the Sub-Funds may be affected by a decline in the market segments relating to the relevant Index or Indices. Each Sub-Fund invests in the Securities and/or swaps included in or representative of the relevant Index regardless of their investment merit, except to the extent of any representative sampling strategy. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets. You should note that the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of the Sub-Funds will mean that falls in the Index or Indices are expected to result in corresponding falls in the value of the Sub-Funds, and you may lose substantially all of your investment.

Possible business failure risk

In the current economic environment, global markets are experiencing very high level of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more of the constituents of the Index may have an adverse effect on the Index's and therefore the relevant Sub-Fund's performance. You may lose money by investing in such Sub-Fund.

Management risk

Because there can be no guarantee that each Sub-Fund will fully replicate the relevant Index, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results.

Securities risk

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

Equity risk

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

Tracking error risk

Although the Manager will adopt a full replication strategy in respect of certain Sub-Funds to reduce tracking error, the Manager may where stated in the relevant Appendix use representative sampling (for example where it is not possible to acquire certain Index Securities due to restrictions or limited availability), and there can be no assurance of exact or identical replication at any time of the performance of the Index. Because the Manager has no other strategy to minimise tracking error and representative sampling may not provide identical performance, the Net Asset Value of a Sub-Fund may not correlate exactly with the Index. Factors such as the fees and expenses of a Sub-Fund, imperfect correlation between a Sub-Fund's assets and the Securities constituting the Index, inability to rebalance a Sub-Fund's holdings of Securities in response to changes in the constituents of the Index, rounding of Security prices, and changes to the regulatory policies may affect the Manager's ability to achieve close correlation with the Index. These factors may cause a Sub-Fund's returns to deviate from the Index.

Concentration risk

A Sub-Fund may be subject to concentration risk as a result of tracking the performance of a single geographical region. Such a Sub-Fund is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the relevant region.

Trading risk

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

Loss of capital risk

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

No trading market in the Units risk

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

Financial derivative instruments risk

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

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

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

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

Where the Manager invests the relevant Sub-Fund's assets in financial derivative instruments that are not listed, quoted or dealt in on a market, those financial derivative instruments should comprise no more than 15% of the relevant Sub-Fund's Net Asset Value. The exposure of a Sub-Fund to financial derivative instruments is also subject to the other applicable investment restrictions set out in this Prospectus and the relevant Appendix.

With respect to the use of swaps, if the underlying Index has a dramatic intraday move in value that causes a material decline in the Sub-Fund's Net Asset Value, the terms of the swap agreement between a Sub-Fund and its swap counterparty may allow the swap counterparty to immediately close out of the transaction with the Sub-Fund. In such circumstances, the relevant Sub-Fund may be unable to enter into another swap agreement or invest in other derivatives to achieve the desired exposure consistent with the Sub-Fund's investment objective. Any financing, borrowing or other costs associated with using derivatives may also have the effect of lowering the Sub-Fund's return.

In a standard swap transaction, two parties agree to exchange the return (or differentials in rates of return) earned or realised on particular predetermined reference or underlying Securities or instruments. The gross return to be exchanged or swapped between the parties is calculated based on a notional amount or the return on or change in value of a particular dollar amount invested in a basket of Securities representing a particular Index. Total return swaps are subject to counterparty risk, which relates to credit risk of the swap counterparty and liquidity risk of the swaps themselves.

There are risks associated with management of collateral and re-investment of collateral. The value of any collateral received in respect of any derivative transactions may be affected by market events. In the case of collateral assets which are listed securities, the listing of such securities may be suspended or revoked or the trading of such securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may take longer to realise the relevant collateral assets. In the case of collateral assets which are debt securities, the value of such securities will be dependent on the creditworthiness of the issuers or obligors in respect of the relevant collateral assets. In the event any issuer or obligor of such collateral assets is insolvent, the value of the collateral assets will be reduced substantially and may cause the relevant Sub-Fund's exposure to such counterparty to be under-collateralised. If a Sub-Fund reinvests cash collateral, it is subject to investment risk including the potential loss of principal.

Counterparty risk

A Sub-Fund may invest in swaps involving counterparties for the purpose of attempting to gain exposure to a relevant Index without actually purchasing those Securities or investments. The use of these derivatives involves risks that are different from those associated with Securities. For example, the relevant Sub-Fund is exposed to the risk that the swap counterparty may be unwilling or unable to make timely payments to meet its contractual obligations or may fail to return holdings that are subject to the agreement with the swap counterparty. If the swap counterparty becomes bankrupt or defaults on its payment obligations to the Sub-Fund, it may not receive the full amount it is entitled to receive. In addition, a Sub-Fund may enter into swap agreements with a limited number of counterparties, which may increase the Sub-Fund's exposure to counterparty credit risk. A Sub-Fund does not specifically limit its counterparty risk with respect to any single counterparty and there is a chance for a Sub-Fund to have single counterparty. Further, there is a risk that no suitable counterparties are willing to enter into, or continue to enter into, transactions with a Sub-Fund and, as a result, the Sub-Fund may not be able to achieve its investment objectives.

Risks relating to sale and repurchase agreements

In the event of the failure of the counterparty with which collateral has been placed, a Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements. The relevant Sub-Fund may also be subject to legal risk, operational risk, liquidity risk of the counterparty and custody risk of the collateral.

Risks relating to reverse-repurchase agreements

In the event of the failure of the counterparty with which cash has been placed, a Sub-Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements. A Sub-Fund may also be subject to legal risk, operational risks, liquidity risk of the counterparty and custody risk of the collateral.

Indemnity risk

Under the Trust Deed, the Trustee and the Manager have the right to be indemnified against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in performing their respective duties except as a result of their own negligence, fraud, default, breach of duty or trust of which they may be liable in relation to their duties. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the relevant Sub-Fund and the value of the Units.

Dividends may not be paid risk

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

Possible early termination of a Sub-Fund risk

A Sub-Fund may be terminated early under certain circumstances, including but not limited to (i) the aggregate Net Asset Value of all the Units is less than RMB100 million; (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the relevant Sub-Fund; (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed; (iv) the relevant Index is no longer available for benchmarking or if the Units are no longer listed on the SEHK or any other Recognised Stock Exchange; or (v) at any time, the relevant Sub-Fund ceases to have any Participating Dealer. Upon a Sub-Fund being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the relevant Sub-Fund to the Unitholders in accordance with the Trust Deed. Any such amount distributed may be more or less than the capital invested by the Unitholder.

Risks associated with market trading

Absence of active market and liquidity risks

Although Units of each Sub-Fund 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 and/or swaps which comprise each Sub-Fund 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 you need to sell your Units at a time when no active market for them exists, the price you receive for your Units — assuming you are able to sell them — is likely to be lower than the price received if an active market did exist.

Suspension of trading risk

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

Effect of redemptions risk

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

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

Units may trade at prices other than Net Asset Value risk

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

Borrowing risks

The Trustee, at the request of the Manager, may borrow for the account of a Sub-Fund (up to 10% of the Net Asset Value of each Sub-Fund unless otherwise specified in the relevant Appendix) for various reasons, such as facilitating redemptions or to acquire investments for the account of the relevant Sub-Fund. Borrowing involves an increased degree of financial risk and may increase the exposure of a Sub-Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that a Sub-Fund will be able to borrow on favourable terms, or that the relevant Sub-Fund's indebtedness will be accessible or be able to be refinanced by the relevant Sub-Fund at any time.

Cost of trading Units risk

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

No right to control any Sub-Fund's operation risk

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

Secondary market trading risk

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

Reliance on the Manager risk

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

Reliance on the Investment Adviser risk

The Manager will substantially make use of and rely on the expertise and systems of the Investment Adviser to support the investments of the Sub-Funds in the relevant markets. In the event of a breakdown or disruption in communications with or the provision by the Investment Adviser of its assistance to the Manager, the operations of a Sub-Fund may be adversely affected. The occurrence of such events could cause a deterioration in a Sub-Fund's performance and investors may lose money in those circumstances.

Reliance on Market Makers risk

Although the Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units of each Sub-Fund or, where there is a Dual Counter, for the Units traded in each counter, it should be noted that liquidity in the market for the Units may be adversely affected if there is no Market Maker for the RMB traded Units or, where there is a Dual Counter, no Market Maker for the HKD traded Units or no Market Maker for the RMB traded Units of the relevant Sub-Fund. The Manager will seek to mitigate this risk by using its best endeavours to put in place arrangements so that at least one Market Maker for the Units of the relevant Sub-Fund or for the Units traded in each counter (where there is a Dual Counter) gives not less than 3 months notice prior to terminating market making arrangement under the relevant market making agreement(s). There may be less interest by potential market makers in making a market in Units denominated or traded in RMB. Furthermore, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for RMB traded Units. It is possible that there will only be one SEHK Market Maker to a Sub-Fund or to a counter of a Sub-Fund or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker. There is also no guarantee that any market making activity will be effective.

Reliance on Participating Dealers risk

The creation and redemption of Units may only be effected through Participating Dealers. A Participating Dealer may charge a fee for providing this service. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the

SEHK are restricted or suspended, settlement or clearing of Securities through the CCASS is disrupted or the Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs that impedes the calculation of the Net Asset Value of the relevant Sub-Fund or disposal of the relevant Sub-Fund's Securities or swaps cannot be effected. Where a Participating Dealer appoints a PD Agent to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative PD Agent, or if the PD Agent ceases to be a CCASS participant, the creation or redemption of Units by such Participating Dealer may also be affected.Since the number of Participating Dealers at any given time will be limited, and there may even be 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.

Risks associated with the Indices

Fluctuations risk

The performance of the Units should, before fees and expenses, correspond closely with the performance of the Index being tracked by a Sub-Fund. If the Index experiences volatility or declines, the price of the Units of that Sub-Fund will vary or decline accordingly.

Licence to use an Index may be terminated risk

The Manager is granted a licence by the relevant Index Provider to use each Index to create the relevant Sub-Fund based on the Index and to use certain trade marks and any copyright in the Index. A Sub-Fund may not be able to fulfil its objective and may be terminated if the licence agreement is terminated. Where a licence agreement is subject to an initial fixed term, such initial term may be limited in period and thereafter renewable for only short periods. There can be no guarantee that the relevant licence agreement will be perpetually renewed. Where a licence agreement is not subject to any fixed term, the relevant licence agreement may be terminated at anytime with or without prior notice. For further information on the grounds for terminating the licence agreement, please refer to the section on "Index Licence Agreement" in the relevant Appendix. Although the Manager will seek to find a replacement Index, a Sub-Fund may also be terminated if the relevant Index ceases to be compiled or published and there is no replacement Index using the same or substantially similar formula for the method of calculation as used in calculating the Index.

Compilation of Index risk

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

Composition of an Index may change risk

The Securities constituting an Index will change as the Securities of the Index are delisted, or as the Securities mature or are redeemed or as new Securities are included in the Index. When this happens the weightings or composition of the Securities owned by the Sub-Funds will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. However, there can be no guarantee that the Sub-Funds will, at any given time accurately reflect the composition of the Index (refer to the section on "Tracking error risk").

Risks associated with regulation

Withdrawal of SFC authorisation risk

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

General legal and regulatory risk

Each Sub-Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objectives followed by such 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 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 relevant Sub-Fund. In the worst case scenario, a Unitholder may lose a material part of its investments in such Sub-Fund.

Units may be delisted from the SEHK risk

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

Taxation risk

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

Valuation and accounting risk

The Manager intends to adopt IFRS in drawing up the financial reports of the Sub-Funds. However, the calculation of the Net Asset Value in the manner described under the section on "Determination of Net Asset Value" will not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Under IFRS, (i) investments should be valued at fair value (bid and offer pricings are considered to be representative of fair value for listed investments) rather than last traded price; and (ii) establishment costs should be expensed as incurred rather than amortised over a period of time. Accordingly, the Net Asset Value as described in this Prospectus will not necessarily be the same as the net asset value to be reported in the financial reports as the Manager will make necessary adjustments in the financial reports to comply with IFRS (although the Manager does not consider the differences between IFRS and the calculation of Net Asset Value are material). Any such adjustments will be disclosed in the financial reports, including a reconciliation. Otherwise, non-compliance with IFRS may result in the auditors issuing a qualified or an adverse opinion on the financial reports depending on the nature and level of materiality of the non-compliance.

Contagion across Sub-Funds risk

The Trust Deed allows the Trustee and the Manager to issue Units in separate Sub-Funds as separate trusts. The Trust Deed provides for the manner in which the liabilities are to be attributed across the various Sub-Funds under the Trust (liabilities are to be attributed to the specific Sub-Fund in respect of which the liability was incurred). A person to whom such a liability is owed has no direct recourse against the assets of the relevant Sub-Fund (in the absence of the Trustee granting that person a security interest). However, the Trustee will have a right of reimbursement and indemnity out of the assets of the Trust as a whole or any part thereof, against any action, costs, claims, damages, expenses or demands relating to the Trust as a whole, which may result in Unitholders of one Sub-Fund being compelled to bear the liabilities incurred in respect of other Sub-Fund(s) in which such Unitholders do not themselves own units, if there are insufficient assets in that other Sub-Fund to satisfy the amount due to the Trustee. Accordingly, there is a risk that liabilities of one Sub-Fund may not be limited to that particular Sub-Fund and may be required to be paid out of one or more other Sub-Funds.

Non-recognition of Sub-Fund segregation risk

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

Foreign Account Tax Compliance

Sections 1471 – 1474 of the US Internal Revenue Code of 1986, as amended ("US Code") (commonly known as the Foreign Account Tax Compliance Act or "FATCA") will impose new rules with respect to certain payments to non-United States persons, such as the Sub-Funds, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service ("US IRS") to identify certain United States persons (within the meaning of the US Code) that own, directly or indirectly, Units in the Sub-Funds. To avoid such withholding on payments made to it, a foreign financial institution (an "FFI"), such as the Sub-Funds (and, generally, other investment funds organised outside the US), generally will be required to enter into an agreement (an "FFI Agreement") with the US IRS under which it will agree to identify its direct or indirect owners who are United States persons and report certain information concerning such United States person owners to the US IRS.

In general, an FFI which does not sign an FFI Agreement and is not otherwise exempt will face a 30% withholding tax on "withholdable payments", including dividends, interest and certain derivative payments derived from US sources made on or after 1 July 2014. In addition, starting from 1 January 2017, gross proceeds such as sales proceeds and return of principal derived from stocks and debt obligations generating US source dividends or interest will be treated as "withholdable payments." It is expected that certain non-U.S. source payments attributable to amounts that would be subject to FATCA withholding (referred to as "foreign passthru payments") may also be subject to FATCA withholding starting no earlier than 1 January 2017, though the US tax rules on "foreign passthru payments" are currently pending.

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

It is expected that FFIs in Hong Kong (such as the Sub-Funds) complying with the terms of an FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments to "nonconsenting US accounts" (i.e. certain accounts of which the holders 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-compliant FFIs.

The Sub-Funds will endeavour to satisfy the requirements imposed under FATCA and the terms of the FFI Agreement to avoid any withholding tax. The Sub-Funds have agreed to be subject to the terms of an FFI Agreement and have registered with the US IRS to be treated as "reporting financial institutions under a Model 2 IGA". In the event that a Sub-Fund is not able to comply with the requirements imposed by FATCA or the terms of an FFI Agreement and such Sub-Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value of such Sub-Fund may be adversely affected and the Fund and such Sub-Fund may suffer significant loss as a result.

In the event a Unitholder does not provide the requested information and/or documentation related to FATCA, whether or not that actually leads to FATCA compliance failures by the relevant Sub-Fund, or a risk of the relevant Sub-Fund being subject to withholding tax under FATCA, the Manager on behalf of the Fund and each of such relevant Sub-Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, (i) reporting the relevant information of such Unitholder to the US IRS (subject to applicable laws or regulations in Hong Kong); (ii) deeming such Unitholder to have given notice to redeem all his Units in the relevant Sub-Fund; and/or (iii) bringing legal action against such Unitholder for losses suffered by the Fund or the relevant Sub-Fund as a result of such withholding tax. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds and in accordance with all applicable laws and regulations.

In cases where Unitholders invest in the Sub-Funds through an intermediary, Unitholders are reminded to check whether such intermediary is FATCA compliant and in accordance with all applicable laws and regulations. Each Unitholder and prospective investor should consult with his own tax advisor as to the potential impact of FATCA in its own tax situation and in respect of its investment in the Sub-Funds, as well as the potential impact of FATCA on the Sub-Funds.

MANAGEMENT OF THE TRUST

The Manager and Investment Adviser

The Manager of the Trust is E Fund Management (Hong Kong) Co., Limited.

The Manager was incorporated with limited liability in August 2008 in Hong Kong and is licensed to conduct Types 4 (Advising on Securities) and 9 (Asset Management) regulated activities under Part V of the SFO with CE number ARO593. It is principally engaged in fund management and the provision of investment advisory services to corporations, institutions and individual investors.

The Manager undertakes the management of the assets of the Trust. Under the Trust Deed, the monies forming part of a Sub-Fund are invested, at the direction of the Manager, in accordance with the Trust Deed. The Manager is responsible for placing purchase and sale orders and providing continuous supervision of the investment portfolio of the Trust.

Without limiting the other powers mentioned in this Prospectus, the Manager may purchase and sell investments for the account of a Sub-Fund and subject to the provisions of the Trust Deed and enter into such contracts including sale and purchase agreements, loans and broker and trading agreements in accordance with the Trust Deed, as it deems appropriate in the performance of its role as Manager.

The Manager is a wholly owned subsidiary of E Fund Management Co., Limited which was established on 17 April 2001. E Fund Management Co., Limited acts as the Investment Adviser in respect of the Trust and each Sub-Fund (unless otherwise stated in the relevant Appendix). The Investment Adviser will advise the Manager in respect of the investment of each Sub-Fund and will not exercise investment discretion in respect of the investments of the relevant Sub-Funds.

The Investment Adviser is a fund management company licensed with China Securities Regulatory Commission and at the end of December 2012, assets under the Investment Adviser's management was around RMB250 billion, making it one of the largest index fund managers (Source: Wind Information Co. Ltd.) and one of the three largest asset managers in China, and is also qualified for managing investment portfolios for both the National Council for Social Security Fund and Ministry of Labour and Social Security of China Decree 23 compliant enterprise annuity schemes. The Investment Advisor's advisory fees will be reimbursed out of the Manager's management fee.

The Directors of the Manager

The Directors of the Manager are:

Ma Jun

Mr. Ma Jun, Master of Business Administration (EMBA). Mr Ma has previously served under Sales Department of Junan Securities Co., Ltd., he has also served as Deputy General Manager of the Investment Department of Shenzhen Zhongda Investment Co., Ltd., Analyst of GF Securities Co., Ltd. He has also served various roles in E Fund Management Co., Ltd. As Fund Manager, General Manager of the Fixed Income Department, General Manager of the Cash Management Department, and General Manager of the Fixed Income Head Office, Assistant to the President, Director of Fixed Income Department, Chief Investment Officer of Fixed Income. He was also Director of E Fund Asset Management Co., Ltd. He is current the Executive Vice President of E Fund Management Co., Ltd., member of the Fixed Income Investment Committee, the Chairman of E Fund Management (Hong Kong) Co., Ltd., the Person-in-Charge of RMB Qualified Foreign Investor (RQFII) business, Responsible Officer (RO) of dealing in securities, Responsible Officer (RO) of advising on securities, Responsible Officer (RO) of asset management, and member of Product Approval Committee.

Chen Rong

Ms. Chen Rong, PhD in Economics. Ms. Chen has previously served under the Statistical Research Department of the People's Bank of China Guangzhou Branch, she has also served various roles in E Fund Management Co., Ltd. as Manager of the Operation Support Department, Assistant to the General Manager of the Accounting Department, Deputy General Manager of the Accounting Department, General Manager of the Accounting Department, General Manager of the Investment Risk Management Department, Assistant to the President, Secretary of the board of directors, Director of Financial Centre of the company. She is currently a Deputy General Manager level senior management of E Fund Management Co., Ltd., Director of E Fund International Holdings Co., Ltd., Director of E Fund Management (Hong Kong) Co., Ltd., Supervisor of E Fund Asset Management Co., Ltd., and Supervisor of E Fund Overseas Investment (Shenzhen) Co., Ltd.

Lou Lizhou

Ms. Lou Lizhou, Master of Business Administration (EMBA), Master of Economics. Ms. Lou has previously served various roles in United Securities Co., Ltd. as Analyst of the Securities Business Department of, Analyst of the Research Department, Senior Manager of the Brokerage Business Department. She has also served various roles in E Fund Management Co., Ltd. as the Manager of the Sales Support Center, the Assistant General Manager of the Marketing Department, the Deputy General Manager of the Marketing Department, and the General Manager of Guangzhou branch, the Manager of Beijing branch, Assistant to President, General Manager of E Fund Management Co., Ltd. She is currently the Deputy General Manager-level senior management of E Fund Management Co., Ltd., member of the FOF Investment Committee, the Chairman of E Fund Asset Management Co., Ltd. and Director of E Fund Management (Hong Kong) Co., Ltd.

Wu Xinrong

Mr. Wu Xinrong, Master of Engineering. Mr. Wu has previously served various roles in E Fund Management Co., Ltd. as Analyst, Manager of Investment Management Department, Fund Manager, Deputy General Manager of the Fund Investment Department, Deputy General Manager of the Research Department, General Manager of the Research Department, General Manager of the Fund Investment Department, General Manager of the Public Fund Investment Department, General manager of the Equity Investment Head Office, Assistant to the President, Director of Equity Investment Department, Director of E Fund International Holdings Co., Ltd. He is currently the Executive Vice President of E Fund Management Co., Ltd., member of the Equity Investment Committee, and Director of E Fund Management (Hong Kong) Co., Ltd.

Yang Dongmei

Ms. Yang Dongmei, Master of Business Administration and Master of Economics, the Deputy General Manager-level senior management. She has previously served various roles in GF Securities Co., Ltd. under the Investment and Finance Department and was Head of Market Research Department of the Development Research Center. She has also served as Senior Researcher of the Research Department under China Southern Securities Co. Ltd. She has also served under China Merchants Fund Management Co., Ltd as Senior Manager of Institutional Wealth Management Department and Senior Manager of Equity Investment Department. She has also served various roles in E Fund Management Co., Ltd. as Marketing Specialist, Assistant General Manager of Marketing Department and Vice General Manager of Marketing Department. She is currently a Deputy General Manager-level senior management, Secretary of the Board of Directors, General Manager of the Marketing Department, General Manager of the Global Investment Department, and the Director of E Fund Management (Hong Kong) Co., Ltd.

Huang Gaohui

Ms. Huang Gaohui, MBA degree in Finance. Ms Huang has eighteen years' financial industry experience. Prior to joining E Fund Management (Hong Kong) Co., Limited, Ms. HUANG was a Marketing Manager at Guotai Junan Securities Co., Ltd. and Head of Institutional Sales at Century

Securities Co., Ltd. Ms. Huang moved to Hong Kong in January 2012 and she is the Chief Executive Officer for E Fund Management (Hong Kong) Co., Limited with responsibility for developing the its business.

Fan Yue

Mr. Fan Yue, Master of Business Administration. Mr. Fan is currently Deputy General Manager-level senior management of E Fund Management Co., Ltd. and the Director of E Fund Management (Hong Kong) Co., Ltd. Mr. Fan has served in the Shenzhen Branch of the Industrial and Commercial Bank of China under International Business Department as section member, Office Manager and the Manager of the International Department of the China Securities Depository and Clearing Co.,Ltd. Shenzhen Branch. Mr. Fan has also served under the Shenzhen Stock Exchange as Assistant Director of the Beijing Center, Deputy Director of the Listing Department, Deputy Director of the Fund and Bond Department.

The Trustee and Registrar

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

The Trustee was incorporated with limited liability in Hong Kong in 1974 and is registered as a trust company under the Trustee Ordinance, Cap 29 of the Laws of Hong Kong and approved by the Mandatory Provident Funds Scheme Authority as trustee of registered MPF Schemes under the Mandatory Provident Fund Schemes Ordinance, Cap 485 of the Laws of Hong Kong. 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 is responsible for the safe-keeping of the assets of the Trust and the Sub-Funds, subject to the provisions of the Trust Deed.

The Trustee may from time to time appoint such person or persons as it thinks fit (including, without limitation, any of its Connected Persons) to hold as custodian, nominee, agent or delegate, all or any of the investments, cash, assets or other property comprised in the Trust Fund or any of the Sub-Funds and may empower any such custodian, nominee, agent or delegate to appoint, with the prior consent in writing of the Trustee, co-custodians and/or sub-custodians (each such custodian, nominee, agent, delegate, co-custodian and sub-custodian a “Correspondent”). The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of Correspondents and (b) be satisfied that Correspondents retained remain suitably qualified and competent on an ongoing basis to provide the relevant custodial services to the Sub-Funds, having regard to the market or markets for which such Correspondent is appointed. The Trustee shall be liable for the acts and omissions of any Correspondent which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee, but provided that the Trustee has discharged its obligations set out in (a) and (b) as set out in this paragraph, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent which is not a Connected Person of the Trustee. 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 (please see below).

The Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of Euro-clear Clearing System Limited or Clearstream Banking S.A. or any other recognised depositary or clearing system which may from time to time be approved by the Trustee and the Manager.

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

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

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

The appointment of the Trustee may be terminated in the circumstances set out in the Trust Deed.

The Trustee is entitled to the fees set out above under the section on “Fees and Expenses Payable by the Sub-Funds” and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed.

The Manager has sole responsibility for making investment decisions in relation to the Trust and/or the Sub-Funds and the Trustee (including the Custodian and the PRC Custodian) is not responsible and has no liability for any investment decision made by the Manager. Except as provided in this Prospectus and/or required by the Code, neither the Trustee nor any of its employees, service providers or agents are or will be involved in the business affairs, organisation, sponsorship or investment management of the Trust or the Sub-Funds, and they are not responsible for the preparation or issue of this Prospectus other than the description under the section on “The Trustee and Registrar”.

Where a Sub-Fund invests directly into the PRC’s securities markets pursuant to the QFI regime, the Trustee has put in place proper arrangements to ensure that:

(a) the Trustee takes into its custody or under its control the assets of the relevant Sub-Fund, including onshore PRC assets which will be maintained by the PRC Custodian in electronic form via a securities account with the CSDCC and any assets deposited in a cash account with the PRC Custodian, and holds the same in trust for the relevant Unitholders;

(b) cash and registrable assets of the relevant Sub-Fund, including assets deposited in the securities account with the CSDCC and cash of any Sub-Fund held by the PRC Custodian, are registered in the name of or held to the order of the Trustee; and

(c) the PRC Custodian will look to the Trustee for instructions and solely act in accordance with the Trustee’s instructions as provided under the PRC Participation Agreement.

The Custodian and PRC Custodian

In respect of each Sub-Fund which invests directly in A-Shares, The Hongkong and Shanghai Banking Corporation Limited has been appointed by the Manager and the Trustee to act as the Custodian. The Custodian will be responsible for the safe custody of the assets managed by the Manager in connection with its QFI status within the PRC under the QFI scheme in accordance with the PRC Custody Agreement. According to the PRC Custody Agreement, the Custodian is entitled to utilise its local subsidiary or its associates within the HSBC group of companies, which as of the date of the PRC Custody Agreement is the PRC Custodian (i.e. HSBC Bank (China) Company Limited), as its delegate for the performance of services under the PRC Custody 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.

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 here other than the description under the section “The Custodian and PRC Custodian”.

The Service Agent or the Conversion Agent

HK Conversion Agency Services Limited, a wholly owned subsidiary of HKSCC, acts as Service Agent or Conversion Agent (as indicated in the relevant Appendix) under the terms of the Service Agreement entered into among the Manager, the Trustee, the Registrar, the Participating Dealer, the PD Agent (where applicable), the Service Agent and HKSCC, or the Conversion Agency Agreement entered into among the Manager, the Trustee, the Registrar, the Participating Dealer, the PD Agent (where applicable), the Conversion Agent and HKSCC, performs, through HKSCC, certain of its services in connection with the creation and redemption of Units in the relevant Sub-Funds by Participating Dealers.

The Auditor

The Manager has appointed PricewaterhouseCoopers to act as the auditor of the Trust and the Sub-Funds (the "Auditor"). The Auditor is independent of the Manager and the Trustee.

The Participating Dealers

A Participating Dealer may act for its own account or for your account as its clients in making Creation Applications and Redemption Applications. Different Sub-Funds may have different Participating Dealers. The latest list of the Participating Dealers in respect of each Sub-Fund is available at www.efunds.com.hk/fund.html (the contents of this website and any other websites referred to in this Prospectus have not been reviewed by the SFC).

The Market Makers

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

Subject to applicable regulatory requirements, the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one Market Maker for Units traded in RMB and, if there is a Dual Counter, one Market Maker for Units traded in HKD and one Market Maker for Units traded in RMB. If the SEHK withdraws its permit to the existing Market Maker(s), the Manager will endeavour to use its best endeavours to put in place arrangements so that there is at least one other Market Maker per Sub-Fund per counter to facilitate the efficient trading of Units of the relevant eligible currency (RMB or, if there is a Dual Counter, at least one other Market Maker to facilitate the efficient trading of Units in RMB and one other Market Maker to facilitate the efficient trading of Units in HKD). The Manager will seek to use its best endeavours to put in place arrangements so that at least one Market Maker per counter gives not less than 3 months notice prior to terminating market making arrangement under the relevant market making agreement. The latest list of Market Makers for each Sub-Fund is available at www.hkex.com.hk and www.efunds.com.hk/fund.html (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC). Please refer to the section on "Website Information" for the warning and the disclaimer regarding information contained in such website.

The Listing Agent

GF Capital (Hong Kong) Limited has been appointed by the Manager as the Listing Agent for E Fund (HK) CSI Liquor Index ETF in accordance with The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited in respect of the listing of E Fund (HK) CSI Liquor Index ETF on the SEHK. The Listing Agent is a licensed corporation which holds a Type 6 (advising on corporate finance) regulated activity licence under the Securities and Futures Ordinance with CE Number AOB163.

Conflicts of Interest and Soft Dollars

The Manager and the Trustee may, from time to time, act as manager, sub-investment manager, investment adviser, trustee or custodian or in such other capacity in connection with any collective investment scheme separate and distinct from the Trust and the Sub-Funds and retain any profit or benefit made in connection therewith.

In addition:

(a) The Manager or any of its Connected Persons may purchase and sell investments for the account of a Sub-Fund as agent for the Sub-Fund.

(b) The Trustee, the Manager and any of their Connected Persons may contract or enter into any financial, banking or other transaction with one another or with any Unitholder or any company or body any of whose shares or securities form part of the relevant Sub-Fund's assets.

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

(d) The Trustee, the Manager and any of their Connected Persons may buy, hold and deal in any securities, commodities or other property for their own account or for the account of their other customers notwithstanding that similar securities, commodities or other property may be held by the relevant Sub-Fund.

(e) Any arrangements for the borrowing or deposit of any monies for the account of the relevant Sub-Fund may be made with any of the Trustee, the Manager, any investment adviser or any of their Connected Persons being a banker or other financial institution provided that such person shall charge or pay (as the case may be) interest or fees at a rate or amount no higher (in the case of a borrowing) or lower (in the case of a deposit) than the prevailing rates or amounts for transactions of a similar size and duration, in the same currency and with institutions of similar standing.

(f) Neither the Trustee nor the Manager nor any of their Connected Persons shall be liable to account to each other or to the relevant Sub-Fund or to the Unitholders for any profits or benefits made or derived from or in connection with any such transaction mentioned above.

It is, therefore, possible that any of the Trustee, the Manager or any of their Connected Persons may, in the course of business, have potential conflicts of interest with any Sub-Fund. Each will, at all times, have regard in such event to its obligations to the Sub-Funds and the Unitholders and will endeavour to ensure that such conflicts are resolved fairly.

Subject to applicable rules and regulations, the Manager, its delegate or any of its Connected Persons may enter into portfolio transactions for or with the relevant Sub-Fund as agent in accordance with normal market practice, provided that commissions charged to the relevant Sub-Fund in these circumstances do not exceed customary full service brokerage rates. If a broker does not provide research or other lawful services in addition to brokerage execution, such broker will generally charge a brokerage commission that is discounted from customary full service brokerage rates. Where the Manager invests the relevant Sub-Fund in shares or units of a collective investment scheme managed by the Manager, its delegates or any of its Connected Persons, the manager of the scheme in which the investment is being made by the relevant Sub-Fund must waive any preliminary or initial charge which it is entitled to charge for its own account in relation to the acquisition of shares or units and there must be no increase in the overall total of annual management fees (or other costs and charges payable to the Manager or any of its Connected Persons) borne by the relevant Sub-Fund.

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

The Manager, its delegates or any of its Connected Persons may receive, and are entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Sub-Funds (as may be permitted under the Code, applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out ("brokers") provided that the quality of transaction execution is consistent with best execution standards.

The services of the Trustee provided to the Trust and the Sub-Funds are not deemed to be exclusive and the Trustee shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all fees and other monies payable thereby and the Trustee shall not be deemed to be affected with notice of or to be under any duty to disclose to the Sub-Funds any fact or thing which comes to the notice of the Trustee in the course of the Trustee rendering similar services to others or in the course of its business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out its duties under the Trust Deed.

Conflicts of interest may also arise due to the widespread business operations of the Trustee, the Manager, the Registrar, the Custodian and the Service Agent or the Conversion Agent (as the case may be) and their respective holding companies, subsidiaries and affiliates. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the Sub-Funds will be on arm's length terms. For so long as the Sub-Funds are authorised by the SFC and it is an applicable requirement of the Code, the Manager, if transacting with brokers or dealers connected to the Manager, investment advisers or any of their respective Connected Persons, must ensure it complies with the following obligations:

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

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

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

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

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

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

STATUTORY AND GENERAL INFORMATION

Reports

The financial year-end of the Trust and each Sub-Fund is 31 December every year. The first financial year-end of E Fund (HK) MSCI China A50 Connect ETF was December 2022. The first financial year-end of E Fund (HK) CSI Liquor Index ETF will be December 2023. Audited financial reports are to be prepared (according to IFRS) and published on the Manager's website within 4 months of each financial year-end. Half-yearly unaudited financial reports are also to be prepared up to 30 June of each year and published on the Manager's website within 2 months of such date. Once these financial reports are made available on the Manager's website, investors will be notified within the relevant timeframe.

The first audited financial reports of the E Fund (HK) MSCI China A50 Connect ETF were for the year ending 31 December 2022 and the first half-yearly unaudited financial reports of the E Fund (HK) MSCI China A50 Connect ETF were for the half year ending 30 June 2022. The first audited financial reports of the E Fund (HK) CSI Liquor Index ETF will be for the year ending 31 December 2023 and the first half-yearly unaudited financial reports of the E Fund (HK) CSI Liquor Index ETF will be for the half year ending 30 June 2023.

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

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

Trust Deed

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

Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the Trust Fund in respect of any action, costs, claims, damages, expenses or demands arising directly or indirectly from the proper performance of the Sub-Funds. Nothing in the Trust Deed may provide that either the Trustee or the Manager (as the case may be) shall be exempted from or enjoy any indemnity against any liability for breach of trust or any liability which by virtue of any rule of Hong Kong law would arise in respect of any negligence, fraud or breach of trust of which either may be liable in relation to its duties.

Modification of the Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the provisions of the Trust Deed by supplemental deed provided that in the opinion of the Trustee and the Manager such modification, alteration or addition (i) does not materially prejudice the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Sub-Funds or (ii) is necessary in order to make possible compliance with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law) or (iii) is made to correct a manifest error. In all other cases, modifications, alterations and additions involving any material changes require the sanction of an extraordinary resolution of the Unitholders affected. The SFC must also give its prior approval to all amendments to the Trust Deed.

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

Name of the Trust and Sub-Funds

Under the Trust Deed the Manager may, on notice to the Trustee, change the name of the Trust and the Sub-Funds, subject to the prior written approval of the SFC.

Meetings of Unitholders

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

Voting Rights

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing at least 10% of the Units in issue, on not less than 21 days' notice.

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

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

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

Termination

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation or a receiver is appointed and not discharged within 90 days; (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily; (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders; (iv) a law is passed that renders it illegal, or in the opinion of the Trustee and the Manager, impracticable or inadvisable to continue the Trust; (v) the Trustee is unable to find an acceptable person to replace the Manager within 90 days after the removal of the Manager, or the person nominated shall fail to be approved by extraordinary resolution; or (vi) if the Trustee notifies the Manager in writing of its intention to retire and no suitable person willing to act as trustee has been identified by the Manager within 60 days of the Trustee's notice.

The Manager may terminate the Trust if: (i) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Sub-Fund is less than RMB100 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the good faith opinion of the Manager, makes it impracticable or inadvisable to continue the Trust; or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate a Sub-Fund if: (i) after one year from the date of establishment of the relevant Sub-Fund, the aggregate Net Asset Value of all the Units in the relevant Sub-Fund is less than RMB100 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Sub-Fund and which renders the relevant Sub-Fund illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue the relevant Sub-Fund; (iii) its Index is no longer available for benchmarking or if the Units of the relevant Sub-Fund are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager; (iv) at any time, the relevant Sub-Fund ceases to have any Participating Dealer; or (v) the Manager is unable to implement its investment strategy. Further, the Unitholders may at any time authorise termination of the Trust or the relevant Sub-Fund by extraordinary resolution.

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

Unless previously terminated as described above or under another provision in the Trust Deed, the Trust shall in any event terminate at the expiry of 80 years from the date of the Trust Deed.

Notice of the termination of the Trust or any Sub-Fund will be given to the Unitholders after the SFC has approved the notice. The notice will contain the reasons for the termination, the consequences to Unitholders of terminating the Trust or the relevant Sub-Fund and the alternatives available to them, and any other information required by the Code. Any unclaimed proceeds or other monies held by the Trustee in the event of a termination may at the expiration of twelve calendar months from the date upon which the same became payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

Distribution Policy

The Manager will adopt a distribution policy for each Sub-Fund as the Manager considers appropriate having regard to the relevant Sub-Fund's net income, fees and costs. No distribution will be paid out of the capital or effectively out of the capital of any Sub-Fund. For each Sub-Fund this distribution policy (including the currency of such distribution) will be set out in the relevant Appendix. Distributions will always depend on dividend payments on Securities held by the relevant Sub-Fund which will in turn depend on factors beyond the control of the Manager including, general economic conditions, and the financial position and dividend policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

The Manager may amend the distribution policy of any Sub-Fund with respect to the distribution out of capital of such Sub-Fund subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Inspection of Documents

Copies of the following documents in respect of each Sub-Fund are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HKD150 per set of copy documents (except for the documents in (g) the copies of which are available from the Manager free of charge):

(a) Trust Deed;

(b) PRC Participation Agreement (as applicable);

(c) PRC Custody Agreement (as applicable);

(d) Service Agreement (as applicable);

(e) Conversion Agent Agreement (as applicable);

(f) Participation Agreement(s); and

(g) The most recent annual financial report of the Trust and the Sub-Funds (if any) and the most recent interim report of the Trust and the Sub-Funds (if any).

Part XV of the SFO

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

Anti-Money Laundering Regulations

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

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

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

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

Liquidity Risk Management

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

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

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

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

Index Licence Agreement

Licence agreement is entered into between the Manager and each Index Provider in respect of each Sub-Fund. Please refer to the relevant Appendix for the terms of each licence agreement.

Material Changes to an Index

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

Replacement of an Index

The Manager reserves the right, with the prior approval of the SFC and provided that in its opinion the interests of the Unitholders of the relevant Sub-Fund would not be adversely affected, to replace an Index with another index. The circumstances under which any such replacement might occur include but are not limited to the following events:

(a) the relevant Index ceasing to exist;

(b) the licence to use the Index being terminated;

(c) a new index becoming available that supersedes the existing Index;

(d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Index;

(e) investing in the Securities comprised within the Index becomes difficult;

(f) the Index Provider increasing its licence fees to a level considered too high by the Manager;

(g) the quality (including accuracy and availability of the data) of the Index having in the opinion of the Manager, deteriorated;

(h) a significant modification of the formula or calculation method of the Index rendering that index unacceptable in the opinion of the Manager; and

(i) the instruments and techniques used for efficient portfolio management not being available.

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

Information available on the Internet

The Manager will publish important news and information with respect to each Sub-Fund (including in respect of the relevant Index), both in the English and in the Chinese languages, on the

Manager's website at www.efunds.com.hk/fund.html (the contents of this website and any other websites referred to in this Prospectus have not been reviewed by the SFC) and the HKEx's website at www.hkex.com.hk (in respect of (a), (b), (c), (d) and (f) below) including:

(a) this Prospectus and the product key fact statement in respect of the Sub-Funds (as revised from time to time);

(b) the latest annual and semi-annual financial reports (in English only);

(c) any notices for material alterations or additions to this Prospectus or the relevant Sub-Fund's constitutive documents;

(d) any public announcements made by the Sub-Funds, including information with regard to the Sub-Funds and Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading;

(e) the near real time indicative Net Asset Value per Unit throughout each Dealing Day in RMB, and if there is a HKD counter, in RMB and in HKD;

(f) the last Net Asset Value of each Sub-Fund in RMB and the last Net Asset Value per Unit of each Sub-Fund in RMB and, if there is a HKD counter, in RMB and in HKD;

(g) full portfolio information of the Sub-Funds (updated on a daily basis);

(h) the tracking difference and tracking error of the Sub-Funds; and

(i) the latest list of the Participating Dealers and Market Makers.

The near real time indicative Net Asset Value per Unit in HKD, under (e) above, are indicative and for reference only. This is updated during SEHK trading hours. Unless otherwise specified in the relevant Appendix, the near real time indicative Net Asset Value per Unit in HKD do not use a real time HKD:RMB foreign exchange rate – it is calculated using the near real time indicative Net Asset Value per Unit in RMB, multiplied by an assumed foreign exchange rate as specified in the relevant Appendix for offshore RMB (CNH) on the previous SEHK trading day. Since the indicative Net Asset Value per Unit in RMB will not be updated when the underlying A-Shares market or the PRC inter-bank bond market, as appropriate, is closed, the changes in the indicative Net Asset Value per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

The last Net Asset Value per Unit in HKD, under (f) above, is indicative and for reference only and is calculated using the last Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate as specified in the relevant Appendix for offshore RMB (CNH) as of the same Dealing Day.

Real-time updates about the Index (if available) can be obtained through other financial data vendors. It is your own responsibility to obtain additional and the latest updated information about the Index (including without limitation, a description of the way in which the Index is calculated, any change in the composition of the Index, any change in the method for compiling and calculating the Index) via the website www.efunds.com.hk/fund.html (the contents of this website and any other websites referred to in this Prospectus have not been reviewed by the SFC) or the website of the respective Index Provider as provided in the relevant Appendix. Please refer to the section on "Website Information" for the warning and the disclaimer regarding information contained in such website.

Notices

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

Manager	***Trustee***
E Fund Management (Hong Kong) Co.,	HSBC Institutional Trust Services (Asia)

Limited Suites 3501-02, 35/F, Two International Finance Centre, 8 Finance Street, Central Hong Kong	Limited 1 Queen's Road Central Hong Kong

Website Information

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of the Manager or the Trustee accepts any responsibility for ensuring that the information contained in such other websites and sources, if available, is accurate, complete and/or up-to-date, and no liability is accepted by the Manager and the Trustee in relation to any person's use of or reliance on the information contained in these other websites and sources save, in respect of the Manager, its website www.efunds.com.hk (the contents of this website and any other websites referred to in this Prospectus have not been reviewed by the SFC). The information and materials included in these websites have not been reviewed by the SFC or any regulatory body. You should exercise an appropriate degree of caution when assessing the value of such information.

HONG KONG TAXATION

The following summary of Hong Kong taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong at the date of this Prospectus. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below. You should refer to additional summaries of applicable taxation, where appropriate, as set out in the Appendix relevant to a Sub-Fund.

Taxation of the Trust and Sub-Funds

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

Taxation of the Unitholders

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

Distributions by the Trust/Sub-Funds should generally not be subject to Hong Kong profits tax in the hands of the Unitholders according to the practice of the Inland Revenue Department of Hong Kong (as at the date of this Prospectus).

Stamp Duty

Hong Kong stamp duty is payable on the transfer of Hong Kong stock. “Hong Kong stock” is defined as “stock” the transfer of which is required to be registered in Hong Kong. The Units should fall within the definition of “Hong Kong stock” as the Units will be listed in Hong Kong and the register would be kept in Hong Kong.

Under a remission order issued by the Secretary for the Treasury on 20 October 1999, no Hong Kong stamp duty is payable on an issue or redemption of Units.

Pursuant to the Stamp Duty (Amendment) Ordinance 2015, effective 13 February 2015, stamp duty payable in respect of any contract notes or instruments of transfer relating to transactions in the shares or units of an exchange traded fund traded on the SEHK is not payable. Accordingly transfers of Units do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

Certification for Compliance with FATCA or Other Applicable Laws

Each Unitholder (i) will be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Fund or a Sub-Fund (A) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding (or mitigate backup withholding) in any jurisdiction from or through which the Fund or the relevant Sub-Fund receives payments and/or (B) to satisfy reporting or other obligations under US Code and the United States Treasury Regulations promulgated under the US Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction, (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certification or other information is no longer accurate, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction, including reporting obligations that may be imposed by future legislation or future applicable laws.

Power to Disclose Information to Tax Authorities

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

Investors should refer to “Foreign Account Tax Compliance” in the section headed “Risk Factors” for disclosures regarding compliance with the regulations under the United States Foreign Account Tax Compliance Act.

Hong Kong requirements regarding tax reporting

The Inland Revenue (Amendment) (No.3) Ordinance (the “Ordinance”) came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information (“AEOI”). The AEOI requires financial institutions (“FI”) in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement (“CAA”); however, the Fund and/or its agents may further collect information relating to residents of other jurisdictions.

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

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

By investing in the Sub-Funds and/or continuing to invest in the Sub-Funds, Unitholders acknowledge that they may be required to provide additional information to the Trust, the Manager and/or the Trust's agents in order for the Trust to comply with AEOI. The Unitholder's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions. The failure of a Unitholder to provide any requested information, may result in the Trust, the Manager and/or other agents of the Trust taking any action and/or pursue remedies at their disposal including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned in accordance with applicable laws and regulations, exercised by the Manager acting in good faith and on reasonable grounds.

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 Sub-Fund(s).

PART 2 – SPECIFIC INFORMATION RELATING TO EACH SUB-FUND

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

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

Defined terms used in each of the Appendices and which are not defined in this Part 2, bear the same meanings as in Part 1 of this Prospectus. References in each Appendix to "Sub-Fund" refer to the relevant Sub-Fund which is the subject of that Appendix. References in each Appendix to "Index" refers to the relevant Index details of which are set out in that Appendix.

<u>**APPENDIX 1 – E FUND (HK) MSCI CHINA A50 CONNECT ETF**</u>

Key information

Set out below is a summary of key information in respect of the Sub-Fund which should be read together with the full text of this Prospectus.

Index	MSCI China A 50 Connect Index
Type of index	Net total return, i.e. the performance of the Index reflects the reinvestment of dividends and distributions, net of withholding tax, from the Index Securities.
Index Provider	MSCI Inc.
Listing Date (SEHK)	14 December 2021
Exchange Listing	SEHK – Main Board
Stock Code	83111 – RMB counter 03111 – HKD counter
Trading Board Lot Size	100 Units – RMB counter 100 Units – HKD counter
Base Currency	Renminbi (RMB)
Trading Currency	Renminbi (RMB) – RMB counter Hong Kong dollars (HKD) – HKD counter
Distribution Policy	The Manager intends to distribute income to Unitholders at least annually (usually in October) having regard to the Sub-Fund's net income after fees and costs. Distributions will only be paid from net income after deduction of all fees and costs and no distributions will be paid out of the capital of the Sub-Fund. **Distributions on all Units (RMB counter Units and HKD counter Units) will be in RMB only#**
Creation/Redemption Policy	Cash (RMB) only
Application Unit size (only by or through Participating Dealers)	Minimum 1,000,000 Units (or multiples thereof)
Single Management Fee	Currently 0.25% per year of the Net Asset Value accrued daily and calculated as at each Dealing Day. The Sub-Fund employs a single management fee structure. Please refer to the section on "Fees and Expenses" below
Investment Strategy	Physical representative sampling strategy. Please refer to the section on "What is the Investment Strategy?" below
Financial Year End	31 December
Service Agent	HK Conversion Agency Services Limited
Website	http://www.efunds.com.hk/3111 (the contents of this website have not been reviewed by the SFC)

 # Both HKD traded Units and RMB traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions and to consider the risk factor entitled "RMB distributions risk" below.

What is the Investment Objective?

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Index. There can be no assurance that the Sub-Fund will achieve its investment objective.

What is the Investment Strategy?

In order to achieve the investment objective of the Sub-Fund, the Manager will adopt a physical representative sampling strategy. The Sub-Fund will adopt a physical representative sampling strategy by investing up to 100% of its Net Asset Value in Index Securities.

In pursuing a representative sampling strategy, the Manager may cause the Sub-Fund to deviate from the Index weighting on condition that the maximum deviation from the Index weighting of any constituent will not exceed 3% or such other percentage as determined by the Manager after consultation with the SFC.

For direct investments in Index Securities listed on the Shanghai and Shenzhen stock exchanges, the Sub-Fund will invest primarily through the Stock Connect and/or the Manager's QFI status. The Manager may invest up to 100% of the Sub-Fund's Net Asset Value through the Stock Connect and less than 70% of the Sub-Fund's Net Asset Value through QFI.

Other investments

The Manager may invest in financial derivative instruments ("**FDIs**") including futures and swaps with no more than 15% of the Sub-Fund's NAV for investment and hedging purposes, where the Manager believes such investments will help the Sub-Fund achieve its investment objective and are beneficial to the Sub-Fund. The swaps which may be invested by the Sub-Fund will be funded total return swap transaction(s) whereby the Sub-Fund will pass on the relevant portion of cash to the swap counterparty(ies) and in return the swap counterparty(ies) will provide the Sub-Fund with an exposure to the economic gain/loss in the performance of the relevant Index Securities (net of indirect costs).

The Sub-Fund may also invest in money market funds (subject to the investment restrictions as set out in Chapter 7 of the Code), and in cash deposits and cash equivalents for cash management purposes, up to 5% of its Net Asset Value.

Currently the Manager has no intention to enter into securities lending transactions, sale and repurchase or reverse repurchase transactions and other similar over-the-counter transactions. The Manager will seek the prior approval of the SFC (if required) and provide at least one month's prior notice to Unitholders before the Manager engages in any such investments, or if the Manager wishes to adopt an investment strategy other than a physical representative sampling strategy.

The Manager is independent of the swap counterparties. Each swap counterparty for such transactions will be independent counterparties approved by the Manager with credit rating of at least BBB- (by Moody's or Standard & Poor's, or any other equivalent ratings by recognised credit rating agencies) or which are corporations licensed by the SFC or are registered institutions with the Hong Kong Monetary Authority or substantial financial institutions. The swap counterparties are monitored on an on-going basis as well as reviewed at least once a year by the Manager to ensure they continue to meet the aforesaid selection criteria.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Part 1 of this Prospectus.

What is Stock Connect?

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

Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the Sub-Fund), through their Hong Kong brokers and securities trading service companies (in Shanghai and Qianhai Shenzhen respectively) established by the SEHK and the HKSCC, are able to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through Mainland Chinese securities firms and securities trading service companies established by the SSE and the SZSE, are able to trade eligible shares listed on the SEHK by routing orders to the SEHK.

Eligible securities

Initially, Hong Kong and overseas investors are only able to trade certain stocks listed on the SSE market (the "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 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 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 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

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 any 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 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.

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities held in its omnibus stock account in the CSDCC, the CSDCC as the share registrar for SSE listed companies will still treat the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities. The HKSCC will monitor the corporate actions affecting SSE 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. The same arrangement is applicable to SZSE Securities under the Shenzhen-Hong Kong Stock Connect.

Currency

Hong Kong and overseas investors (including the Sub-Fund) will trade and settle SSE Securities and SZSE Securities in RMB only.

Trading fees and taxes

In addition to paying trading fees and stamp duties in connection with A-Share trading, the Sub-Fund may be subject to other fees and taxes concerned with income arising from stock transfers which are yet to be 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 SSE or the SZSE 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, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not mainland Chinese brokers, such trading is not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in Mainland China.

Further information about the Stock Connect is available at the website:

http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

What is the QFI regime?

Under current regulations in the PRC, foreign investors can invest in the domestic securities market through certain foreign institutional investors that have obtained status as a Qualified Foreign Institutional Investor ("QFII") or Renminbi Qualified Foreign Institutional Investor ("RQFII") (QFII and RQFII collectively, "QFI") from the CSRC for the purpose of investing in the PRC's domestic securities markets.

On 25 September 2020, the CSRC issued the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法) and its implementing rules (collectively, the “New QFI Measures”), which, with effect from 1 November 2020, consolidated the previous QFII and RQFII programmes into one.

The QFI regime is currently governed by (i) the “Provisions on Fund Administration of Domestic Securities and Futures Investment by Foreign Institutional Investors” jointly issued by the PBOC and the SAFE and effective from 6 June 2020 (境外機構投資者境內證券期貨投資資金管理規定); (ii) the New QFI Measures; and (iii) any other applicable regulations promulgated by the relevant authorities (collectively, the “QFI Regulations”).

The Manager has obtained QFI status from the CSRC. Starting from 1 November 2020 when the New QFI Measures took effect, the Manager is able to select whether to use foreign convertible currencies or RMB to make investment under the QFI regime.

All of the Sub-Fund’s assets in the PRC (including onshore PRC cash deposits and its onshore A-Shares portfolio) in connection with the Sub-Fund’s investments through the Manager’s QFI status will be held by the PRC Custodian in accordance with the terms of the PRC Custody Agreement and PRC Participation Agreement. A securities account shall be opened with CSDCC in the joint names of the Manager (as the QFI holder) and the Sub-Fund. An RMB special deposit account shall also be established and maintained with the PRC Custodian in the joint names of the Manager (as the QFI holder) and the relevant Sub-Fund. The PRC Custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations.

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

There are specific risks associated with the QFI regime and investors’ attention is drawn to the risk factors under “Risks associated with the QFI regime” in the section on “Risk Factors” below.

The Offshore RMB Market

What led to RMB internationalisation?

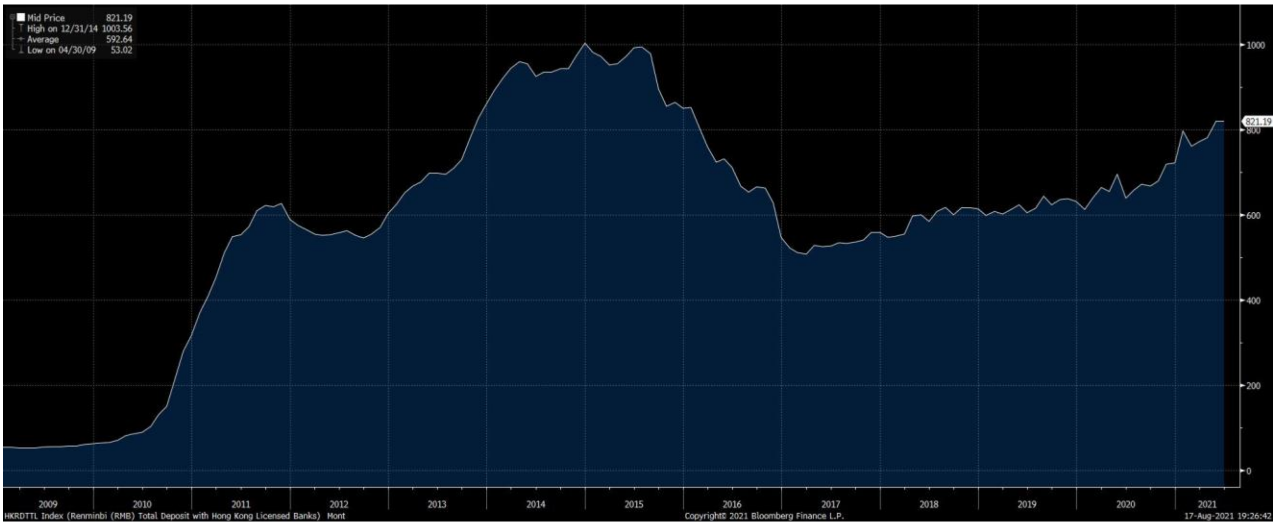
RMB is the lawful currency of the PRC. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system based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

Over the past two decades, the PRC’s economy has been growing rapidly. This enables it to overtake Japan to become the second largest economy and trading country in the world. As the PRC’s economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

Accelerating the pace of the RMB internationalisation

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong. As of the end of September 2021, there are 144 authorised institutions in Hong Kong engaging in RMB business, with RMB deposits amounting to about RMB855.93 billion, as compared to just RMB63 billion in 2009.

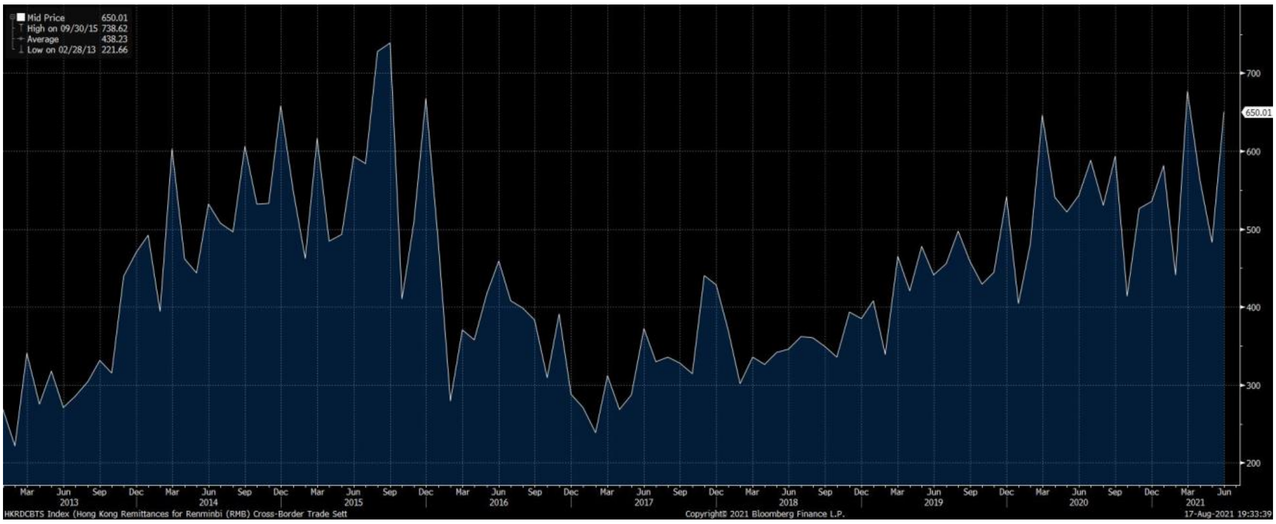
Chart 1. RMB deposits in Hong Kong



Data source: Bloomberg as of 30 June 2021.

The pace of RMB internationalisation has accelerated since 2009 when the PRC authorities permitted cross-border trade between Hong Kong / Macau and Shanghai/four Guangdong cities, and between ASEAN and Yunnan/Guangxi, to be settled in RMB. In June 2010, the arrangement was expanded to 20 provinces / municipalities on the PRC and to all countries / regions overseas. In 2020, RMB6,324 billion worth of cross-border trade was settled in Hong Kong using RMB.

Chart 2. Remittances for RMB cross-border trade settlement



Data source: Bloomberg as of 30 June 2021.

Onshore versus offshore RMB market

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

Both onshore and offshore RMB are the same currency but are traded in different markets. Since the two RMB markets operate independently where the flow between them is highly restricted, onshore and offshore RMB are traded at different rates and their movements may not be in the same direction. The relative strength of onshore and offshore RMB may change significantly, and such change may occur within a very short period of time.

Notwithstanding that the offshore RMB market showed a meaningful growth during the recent years, it is still relatively sensitive to negative factors or market uncertainties and is in general more volatile than the onshore one due to its relatively thin liquidity.

There have been talks on the potential convergence of the two RMB markets but 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.

Market development

On 19 July 2010, restrictions on interbank transfer of RMB funds were lifted, and permission was granted for companies in Hong Kong to exchange foreign currencies for RMB without limit. One month later, the PRC authorities announced the partial opening up of PRC's interbank bond market for foreign central banks, RMB clearing banks in Hong Kong and Macau and other foreign banks participating in the RMB offshore settlement programme.

The National Twelfth Five-Year Plan adopted in March 2011 explicitly supports the development of Hong Kong as an offshore RMB business centre. The PRC Government has also given approval for the first non-financial PRC firm to issue RMB-denominated bonds in Hong Kong.

The Shanghai-Hong Kong Stock Connect was launched in November 2014. It is a mutual market access programme that allows investment in eligible Shanghai-listed shares through the SEHK and eligible Hong Kong-listed shares through the SSE. The Shenzhen-Hong Kong Stock Connect (which was launched in December 2016) is also a mutual market access programme that allows investment in eligible Shenzhen-listed shares through the SEHK and eligible Hong Kong-listed shares through the SZSE.

RMB internationalisation is a long-term goal

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

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

The A-Share Market

Introduction

The PRC's A-Share market commenced in 1990 with 2 exchanges, namely the SSE and the SZSE.

The SSE was established on 26 November 1990 and stocks were further divided into class A-Shares and class B-Shares, with access to A-Shares limited to domestic investors as well as qualified foreign institutional investors or through the Stock Connect only and B-Shares available to both domestic and foreign investors. Bonds traded on the SSE include treasury bonds (T-bonds), local government bonds, corporate bonds (including those approved by the State Development and Reform Commission), corporate bonds with detachable warrants, and convertible corporate bonds. In addition, securities investment funds (including exchange traded funds) and warrants are available for trading on the SSE. As of 17 August 2021, there are 1,967 companies listed on the SSE, 1,640 of which are listed on the SSE main board with total market capitalisation of RMB42.787 trillion, and 327 of which are listed on the STAR market with total market capitalisation of RMB4.992 trillion.

The SZSE was founded on 1 December 1990 and stocks were further divided into class A-Shares and class B-Shares, with access to A-Shares limited to domestic investors as well as qualified foreign institutional investors or through the Stock Connect only and B-Shares available to both domestic and foreign investors. As of 17 August 2021, there are 2,487 companies listed on the SZSE, 1,477 of which are listed on the SZSE main board with total market capitalisation of RMB23.644 trillion and 1,010 of which are listed on the ChiNext (the board mainly for "hi-tech" companies) with total market capitalisation of RMB12.800 trillion. The SZSE's products cover equities, mutual funds and bonds. The product lines include A-Shares, B-Shares, 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 (including warrants and repurchases).

The A-Shares market has grown significantly in the past 20 years, with the latest total market capitalisation reaching RMB79.104 trillion comprising 4,115 A-Shares listed companies by 17 August 2021.

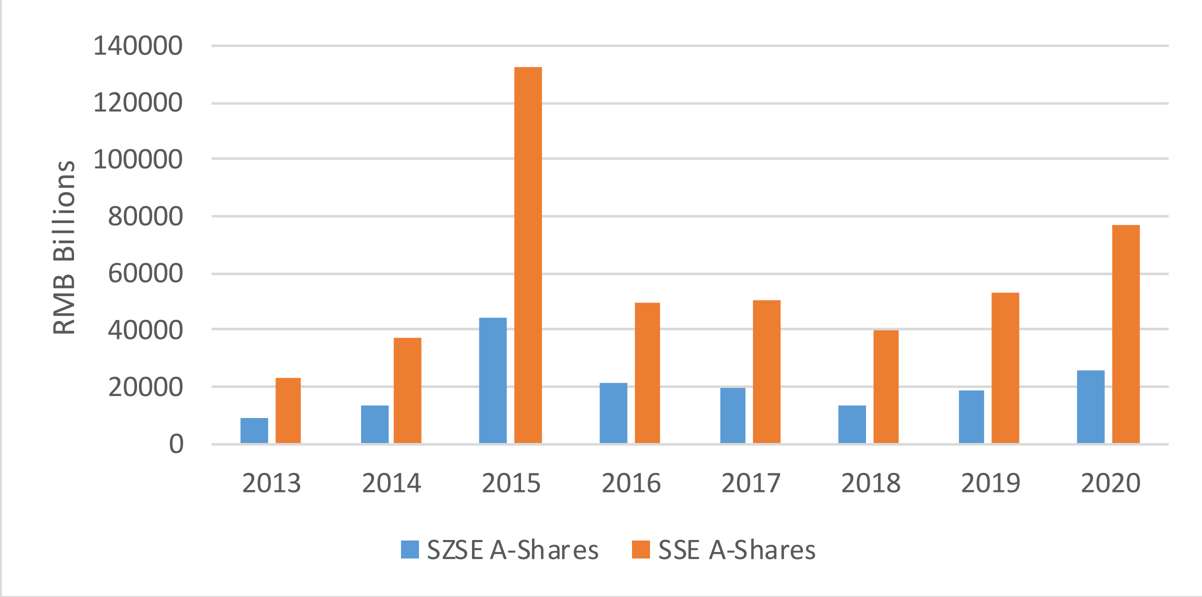
In terms of investor breakdown, there is an increasing number of institutional investors participating in the A-Share market since the inception, which include securities investment funds, social pension funds, qualified foreign institutional investors, insurance companies and ordinary investment institutions. However, on a daily basis, retail investors still make up for the majority of the trading volume.

The A-Share market's development is illustrated in the following charts:

Chart 1. Total market capitalisation of A-Shares of both the SSE and the SZSE main board

Data source: Bloomberg, as of 17 August 2021.

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



Data source: SSE & SZSE, as of 31 December 2020.

Key Differences with the Hong Kong market

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

	Mainland China	**Hong Kong**
Key indexes	SSE Composite Index (SHCOMP) / CSI 300 Index (CSI 300) / SZSE Component Index (SZCOMP)	Hang Seng Index (HSI) / Hang Seng China enterprises Index (HSCEI)
Trading band limits	10% / 5% (for ST/*ST stock[1] or S stock[2])*	No Limit
Trading lots	100 shares for BUY / 1 share for SELL**	Each stock has its own individual board lot size (an online broker will usually display this along with the stock price when you get a quote); purchases in amounts which are not multiples of the board lot size are done in a separate "odd lot market".
Trading hours	pre-open: 0915-0925 morning session: 0930-1130 afternoon session: 1300-1500 (1457-1500 is closing auction for the SZSE)	pre-open order input: 0900-0915 pre-order matching: 0915-0920 order matching: 0920-0928 morning session: 0930-1200 afternoon session: 1300-1600 closing auction session: 1600 to a random closing between 1608 and 1610
Settlement	T+1	T+2
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/*ST stocks refer to special treatment stocks, which means special treatment for companies with financial problems (consecutive 2 fiscal years loss or audited net assets per share less than par value in the most recent fiscal year), effective from 22 April 1998. Stocks with ST usually means they have a delisting risk.*

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

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

The Offering

Dealings on the SEHK for the RMB traded Units and the HKD traded Units commenced on 14 December 2021.

The current Dealing Deadline is 01:00 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK or the SSE and the SZSE are reduced.

The table below summarises the offering methods and related fees.

Method of Acquisition or Disposal of Units	**Minimum Number of Units (or multiple thereof)**	**Channel**	**Available to**	**Consideration, Fees and Charges***
Purchase and sale in cash through brokers on the SEHK (secondary market) in RMB or HKD	Board lot size	On the SEHK	Any investor	Market price of Units on SEHK (RMB for RMB traded Units and HKD for HKD traded Units) Brokerage fees and Duties and Charges
Cash creation and redemption	Application Unit size	Through Participating Dealers only	Participating Dealers or any person acceptable to the Participating Dealer as its client	Cash (in RMB only) Transaction Fee (payable in RMB and HKD) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges

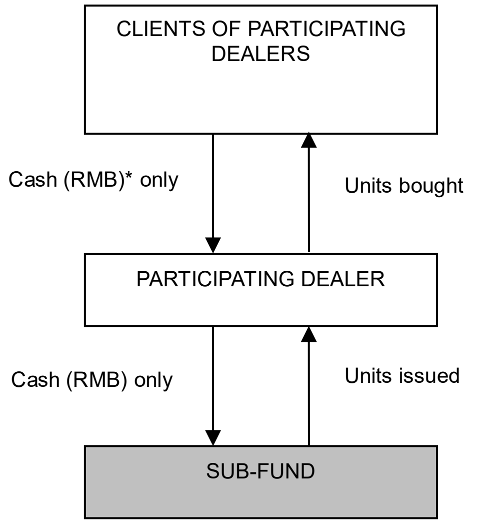
** Please refer to "Fees and Expenses" for further details.*

The attention of investors is drawn to the section entitled "The Offering" in Part 1 of this Prospectus.

Diagrammatic illustration of investment in the Sub-Fund

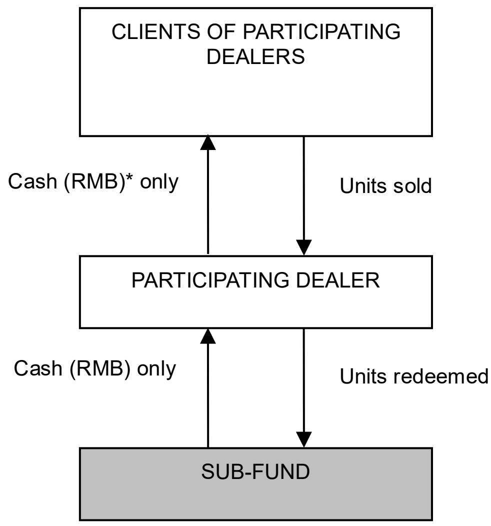
The diagrams below illustrate the issue or redemption and the buying or selling of Units:

(a) Issue and buying of Units in the primary market



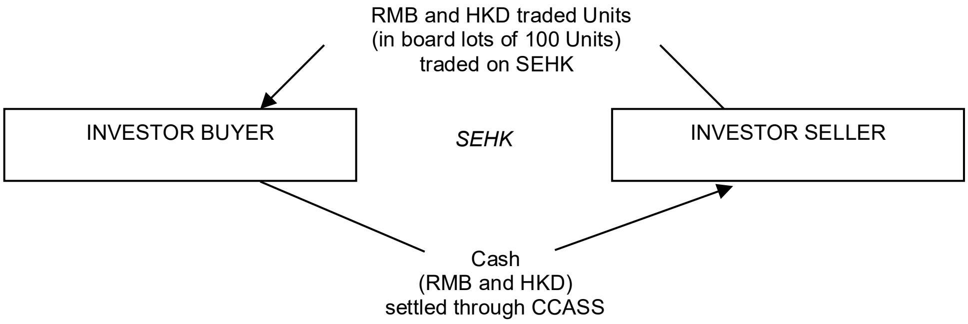
** Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.*

(b) Redemption and sale of Units in the primary market



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

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



Creations and Redemptions through Participating Dealers

Units are created at the Issue Price by creation in cash (in RMB only) and redeemed at the Redemption Value by redemption in cash (in RMB only) through Participating Dealers in Application Unit size or multiples thereof.

All Creation Applications must be made in cash (in RMB only). Notwithstanding the Dual Counter for Units, all settlement shall be in RMB only. Units which are created must be deposited in CCASS as RMB counter Units (i.e. tradeable in RMB only) initially. Settlement in cash for subscribing Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

The attention of investors is drawn to the section entitled "The Offering" in Part 1 of this Prospectus.

Both RMB traded Units and HKD traded Units can be redeemed (through a Participating Dealer) in cash only. Notwithstanding a Dual Counter being adopted for the Sub-Fund, any cash proceeds received by a Participating Dealer in a cash Redemption Application shall be paid in RMB only. All accepted Redemption Applications will be effected on the Settlement Day. Payment of redemption proceeds (in RMB only) will be settled within one calendar month from the receipt of a properly documented Redemption Application provided that there is no delay in submitting all duly completed redemption documentation and the determination of the Net Asset Value or dealing in Units is not suspended.

Please refer to the section entitled "Creations and Redemptions (Primary Market)" in Part 1 of this Prospectus for details.

RMB payment procedures

Investors may apply for Units through Participating Dealers only if they have sufficient RMB to pay the application monies and the related fees in RMB. Investors should note that RMB is the only official currency of the PRC. While both onshore RMB ("CNY") and offshore RMB ("CNH") are the same currency, they are traded in different and separated markets. Since the two RMB markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there is a significant amount of RMB held offshore (i.e. outside the PRC), CNH cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. As such whilst CNH and CNY are both the same currency, certain special restrictions do apply to RMB outside the PRC. The liquidity and trading price of the Sub-Fund may be adversely affected by the limited availability of, and restrictions applicable to, RMB outside the PRC.

Application monies from Participating Dealers to the Sub-Fund will be paid in RMB only. Accordingly a Participating Dealer may require you (as its client) to pay RMB to it. Payment details will be set out in the relevant Participating Dealer's documentation such as the application form for its clients. As such, you may need to have opened a bank account (for settlement) and a securities dealing account if a Participating Dealer is to subscribe for Units on your behalf as you 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 you by the Participating Dealer by crediting such amount into your RMB bank account. 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 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 reminded to confirm with their brokers in respect of Units traded in RMB their brokers' readiness for dealing and/or clearing transactions in RMB securities and to check other relevant information published by the SEHK regarding readiness of its participants for dealing in RMB securities from time to time. CCASS Investor Participants who wish to settle the payment in relation to their trades in the Units traded in RMB using their CCASS Investor Participant account or to receive distributions in RMB should make sure that they have set up an RMB designated bank account with CCASS.

Investors intending to purchase Units traded in RMB from 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 any dealing in Units traded in either HKD or RMB can be effected.

Investors should ensure they have sufficient RMB to settle trades of Units traded in RMB. Investors should consult the banks for the account opening procedures as well as terms and conditions of the RMB bank account. Some banks may impose restrictions on their RMB cheque account and fund transfers to third party accounts. For non-bank financial institutions (e.g. brokers), however, such restriction will not be applicable and investors should consult their brokers as to the currency exchange service arrangement, if required.

The transaction costs of dealings in the Units on the SEHK include the SEHK trading fee, FRC transaction levy (with effect from 1 January 2022) 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 which may be published on HKEx's website by 11:00 a.m. or earlier on each trading day.

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

Where payment in RMB is to be made by cheque investors 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. A remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

Please also refer to the section entitled "RMB Related Risk Factors" in the section on "Risk Factors Specific to the Sub-Fund" below for further details.

Exchange listing and trading (secondary market)

General

Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges. Investors attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Dealings on the SEHK in Units commenced on 14 December 2021. Both RMB and HKD traded Units are traded on the SEHK in board lots of 100 Units.

Renminbi Equity Trading Support Facility

The Renminbi Equity Trading Support Facility (the "TSF") was launched on 24 October 2011 by HKEx to provide a facility to enable investors who wish to buy RMB-traded shares (RMB shares) in the secondary market with Hong Kong dollars if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. With effect from 6 August 2012, the coverage of TSF was extended and the Sub-Fund is eligible for the TSF. As such the TSF is currently available to investors who wish to invest in the Sub-Fund by purchasing Units trading in RMB on the SEHK. Investors should consult their financial advisers if they have any questions concerning the TSF.

Dual Counter

The Manager has arranged for the Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. Despite the Dual Counter arrangement, the creation of new Units and redemption of Units in the primary market are 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 are settled in RMB and Units traded in HKD counter are settled in HKD. Apart from settlement in different currencies, the trading prices of Units in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Units traded on both counters are of the same class and all Unitholders of both counters are treated equally. The two counters have different stock codes, different stock short names and different ISIN numbers as follows: RMB counter and traded Units have a SEHK stock code 83111 and a short name "EFUNDMSCIA50-R" whilst the HKD counter and traded Units have a SEHK stock code 3111 and a short name "EFUNDMSCIA50". The ISIN number for RMB counter and traded Units is HK0000806163 and the ISIN for HKD counter and traded Units is HK0000806155.

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 places 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.

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 below entitled "Dual Counter risks".

Redemptions

Both RMB traded Units and HKD traded Units can be redeemed directly (through a Participating Dealer). However, redemption proceeds shall be paid in RMB only.

Distribution policy

The Manager intends to declare and distribute income to Unitholders at least annually (usually in October each year) having regard to the Sub-Fund's net income after fees and costs. Distributions will only be paid from net income after deduction of all fees and costs and no distributions will be paid out of the capital of the Sub-Fund.

The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in RMB only. Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units).

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

The Manager may amend the Sub-Fund's distribution policy with respect to distributions out of capital or effective distributions out of capital of the Sub-Fund subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Fees and Expenses

Single Management Fee

The Sub-Fund employs a single management fee structure, with the Sub-Fund paying all of its fees, costs and expenses as a single flat fee ("**Single Management Fee**"). Fees and expenses taken into account in determining the Single Management Fee include, but are not limited to, the management fee, the Trustee's fee, the Registrar's fees, fees of the Service Agent, fund administration fees, custody fees, fees and expenses of the auditors, ordinary out-of-pocket expenses incurred by the Manager or the Trustee (and their delegates) and certain operating costs relating to the administration of the Sub-Fund including expenses of its legal counsel, auditors and other professionals, index licensing fees, the costs in connection with maintaining a listing of the Units on the SEHK, costs incurred in the preparation, printing and updating of any offering documents and the costs incurred in the preparation of supplemental deeds and the expenses incurred in convening meetings of Unitholders, printing and distributing annual and half-yearly financial reports and other circulars relating to the Sub-Fund and the expenses of publishing Unit prices.

For the avoidance of doubt, any such fees and expenses exceeding the Single Management Fee will be borne by the Manager and will not be charged to the Sub-Fund. Notwithstanding the above, the Single Management Fee will not include brokerage and transaction costs (including but not limited to fees, charges, commissions or spreads relating to the acquisition, holding or disposal of portfolio assets), stamp duty, taxes, fees and extraordinary items such as litigation expenses.

The Manager is entitled to receive a management fee of up to 0.99% per year of the Net Asset Value of the Sub-Fund. The current Single Management Fee in respect of the Sub-Fund is 0.25% and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund.

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As of the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General

The Index is constructed from the MSCI China A Index (the "Parent Index"), which is a broad-based benchmark index which captures large and mid-cap A-Shares listed on the Shanghai and Shenzhen exchanges and accessible through the Northbound Stock Connect channel. The Index aims to reflect the performance of the 50 largest securities representing each Global Industry Classification Standard (GICS®) sector (including energy, materials, industrials, consumer discretionary, consumer staples, health care, financials, information technology, communication services, utilities and real estate) and reflect the sector weight allocation of the Parent Index. The Index is calculated and disseminated in RMB and is maintained by MSCI Inc. The Index is quoted in RMB.

The Index is a net total return index. A net total return index means that its performance reflects the reinvestment of dividends and distributions, net of withholding tax, from the Index Securities.

The Index was launched on 20 August 2021 and had a base level of 1,000 on 20 November 2012.

As of 13 May 2022, the Index had a total free-float market capitalisation of RMB 4.68 trillion and 50 constituents.

Index Provider

The Index is compiled and managed by MSCI Inc. (the "Index Provider").

The Manager (and each of its Connected Persons) is independent of the Index Provider.

Index Methodology

Index Universe

The applicable universe of the Index includes all the constituents of the Parent Index. The Parent Index captures large and mid-cap A-Shares listed on the the SSE and the SZSE and accessible through the Northbound Stock Connect channel.

Selection Criteria

The Index is constructed by applying the following steps:

- Step1: The Index aims to include the two largest securities from each GICS® sector (the "sectors") of the MSCI China A Large Cap Index (the "Large Cap Parent Index"), which is the large cap segment of the Parent Index, based on their free float-adjusted market capitalisation.

  If any of the sectors from the Parent Index are not represented in the above selection, then the largest security based on the free float-adjusted market capitalisation from each of these sectors from the applicable universe is included.

- Step 2: After selecting securities as described in Step 1 above, the Index includes the largest securities from the Large Cap Parent Index based on their free float-adjusted market capitalisation until the number of securities reaches target number of constituents (i.e. 50).

The selected Index constituents are assigned weights in the proportion of their free float-adjusted market capitalisation. These weights are then adjusted to implement sector neutrality, i.e. the weight of each sector in the Index is equated with the weight of that sector in the Parent Index at the rebalancing. This is done by re-normalising the weights of the constituents within each sector to reflect the Parent Index sector weight.

Index Maintenance

The Index is rebalanced on a quarterly basis, usually as of the close of the last business day of February, May, August and November.

To reduce Index turnover and enhance Index stability in the Index, buffer rules are applied for 15 securities while selecting remaining securities after the selection from each sector.

For example, 22 securities are selected based on the sector representation then for the remaining 28 securities buffers are applied between rank 14 and 43. The securities in the Large Cap Parent Index, which are not selected from the sector representation, with a rank based on their free float-adjusted market capitalisation at or above 13 will be added to the Index on a priority basis. The existing constituents of the Index that have a rank between 14 and 43 in the Large Cap Parent Index are then successively added until the total number of securities in the Index reaches 50. If the total number of securities is below 50 after this step, the remaining securities in the Large Cap Parent Index with the highest rank are added until the number of securities in the Index reaches 50.

Index Adjustments

Necessary adjustments are made by MSCI when some corporate events happen. Such events include without limitation the spin-off, merger and acquisition. No new securities will be added (except due to certain specific corporate events) to the Index between Index Reviews. For cases where additions are allowed, securities will be added to the Index only if added to the Parent Index. Parent Index deletions will be reflected simultaneously in the Index.

Index Constituents

You can obtain the most updated list of the constituents of the Index and their respective weightings from the website of the Index Provider at https://www.msci.com/constituents (the contents of which has not been reviewed by the SFC) and additional information and other important news of the Index at https://www.msci.com/our-solutions/index-profiles/market-cap-weighted/china-a-50-connect (the contents of which has not been reviewed by the SFC).

Index Codes

Bloomberg Code: MXA50CNC

Index Licence Agreement

The Manager has entered into with the Index Provider a schedule supplemental to the master index licence agreement.

The initial term of the licence of the Index commenced on 10 November 2021 and will continue until the then-current term of the master index licence agreement. Upon the expiration of the initial term, the licence should be automatically renewed for successive terms of 1 year at a time, unless it is terminated in accordance with the provisions of the licence agreement.

Index Provider Disclaimer

The E Fund (HK) MSCI China A50 Connect 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 E Fund (HK) MSCI China A50 Connect ETF or any other person or entity regarding the advisability of investing in funds generally or in the E Fund (HK) MSCI China A50 Connect 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 E Fund (HK) MSCI China A50 Connect ETF or the issuer or owners of the E Fund (HK) MSCI China A50 Connect 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 E Fund (HK) MSCI China A50 Connect 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 E Fund (HK) MSCI China A50 Connect ETF to be issued or in the determination or calculation of the equation by or the consideration into which the E Fund (HK) MSCI China A50 Connect ETF is redeemable. Further, none of the MSCI parties has any obligation or liability to the issuer or owners of the E Fund (HK) MSCI China A50 Connect ETF or any other person or entity in connection with the administration, marketing or offering of the E Fund (HK) MSCI China A50 Connect 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 E Fund (HK) MSCI China A50 Connect ETF, owners of the E Fund (HK) MSCI China A50 Connect ETF, 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.

No purchaser, seller or holder of this security, product or the E Fund (HK) MSCI China A50 Connect ETF, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

Information available on the Internet

The Manager will publish important news and information with respect to the Sub-Fund (including in respect of the Index), both in the English and in the Chinese languages, on the Manager's website at http://www.efunds.com.hk/3111 (the contents of this website and any other websites referred to in this Appendix have not been reviewed by the SFC) and the HKEx's website at www.hkex.com.hk (in respect of (a), (b), (c), (d) and (f) below) including:

(a) the Prospectus (including this Appendix) and the product key fact statement in respect of the Sub-Fund (as revised from time to time);

(b) the latest annual and semi-annual financial reports (in English only);

(c) any notices for material alterations or additions to the Sub-Fund's offering documents or constitutive documents;

(d) any public announcements made by the Sub-Fund, including information with regard to the Sub-Fund and Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading;

(e) the tracking difference and tracking error of the Sub-Fund;

(f) the near real time indicative Net Asset Value per Unit updated every 15 seconds during normal trading hours on the SEHK in RMB and in HKD;

(g) the last Net Asset Value of the Sub-Fund in RMB and the last Net Asset Value per Unit of the Sub-Fund in RMB and in HKD;

(h) full portfolio information of the Sub-Fund (updated on a daily basis); and

(i) the latest list of the Participating Dealers and Market Makers.

The near real time indicative Net Asset Value per Unit in RMB and HKD, under (f) above, is indicative and for reference only. This is every 15 seconds updated during SEHK trading hours.

The near real time indicative Net Asset Value per Unit in HKD uses a real time HKD:RMB foreign exchange rate – it is calculated using the near real time indicative Net Asset Value per Unit in RMB multiplied by a real-time HKD:RMB foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. Since the indicative Net Asset Value per Unit in RMB will not be updated when the underlying A-Shares market is closed, the changes in the indicative Net Asset Value per Unit in HKD during such period is solely due to the change in the foreign exchange rate.

The last Net Asset Value per Unit in HKD, under (g) above, is indicative and for reference only and is calculated using the last Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate at 3:00 p.m. (Hong Kong time) quoted by Bloomberg for offshore RMB (CNH) as of the same Dealing Day. The official last Net Asset Value per Unit in RMB and HKD will not be updated when the underlying A-Shares market is closed.

Risks Factors Specific to the Sub-Fund

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also the risks, in the opinion of the Manager and its directors, to be relevant and presently applicable specifically to the Sub-Fund.

Risks associated with the Stock Connect

The Sub-Fund's investments through the Stock Connect may be subject to the following risks. In the event that the Sub-Fund's ability to invest in A-Shares through the Stock Connect on a timely basis is adversely affected, the Manager will seek to rely on QFI investments to achieve the Sub-Fund's investment objective.

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). The Sub-Fund's ability to invest in A-Shares through the Stock Connect may be affected.

Suspension risk: Each of the SEHK, the SSE and the SZSE reserves 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 is effected, the Sub-Fund's ability to invest in A-Shares or access the PRC market through the Stock Connect 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 A-Shares trading. Due to the differences in trading days, the Sub-Fund may be subject to a risk of price fluctuations in A-Shares on a day that the PRC stock markets are open for trading but the Hong Kong stock market is closed.

Operational risk: The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. 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. 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.

Recalling of eligible stocks: If a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold and cannot be bought. This may affect the Sub-Fund's tracking of the Index if, for example, a constituent of the Index 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 crossboundary 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. 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.

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. 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.

Limited 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. The Sub-Fund's investments through Northbound trading under Stock Connect is not covered by Hong Kong's Investor Compensation Fund in respect of defaults occurring prior to 1 January 2020. While the Sub-Fund is covered by the Investor Compensation Fund for defaults occurring on or after 1 January 2020 for Northbound trading, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not mainland Chinese brokers, they are not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in mainland China. Therefore the Sub-Fund is exposed to the risk of default of the broker(s) it engages in its trading in A-Shares through the programme.

The Sub-Fund may suffer significant losses if the counterparty fails to perform its obligations, defaults or becomes insolvent under the funded swaps. The value of the collateral assets may be affected by market events and may diverge substantially from the performance of the Index, which may cause the Sub-Fund's exposure to the swap counterparty to be under-collateralised and therefore result in significant losses.

Investment in FDIs risk

The Sub-Fund may invest no more than 15% of the Net Asset Value in FDIs (being futures and funded total return swaps) through one or more counterparty(ies). As such, the Sub-Fund may suffer significant loss if a counterparty to the FDIs fails to perform its obligations, or in case of insolvency or default of the counterparty(ies).

Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. FDIs are susceptible to price fluctuations and higher volatility, and may have large bid and offer spreads and no active secondary markets. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

Please refer to the risk factor headed "Financial derivative instruments risk" under "Risk Factors" in Part 1 of this Prospectus for further details.

The Manager has put in place measures to address the risks due to investment in FDIs. For example, the Manager will ensure that counterparties to transactions of over-the-counter FDIs or their guarantors must be substantial financial institutions. Please also refer to the sections "Financial Derivative Instruments" and "Collateral" under "Investment Objective, Investment Strategy and Restrictions, Securities Lending and Borrowing" in Part 1 of this Prospectus for a description of the Manager's policy regarding FDIs and collateral.

New Index risk

The Index is a new index. The Sub-Fund may be riskier than other exchange traded funds tracking more established indices with longer operating history.

Concentration risk

Due to the concentration of the Index in a single country (i.e. the PRC), the Index is subject to concentration risk and the performance of the Index may be more volatile when compared to other broad-based stock indices. The Net Asset Value of the Sub-Fund is therefore likely to be more volatile than a more broad-based fund, such as a global or regional fund, as the Index is more susceptible to fluctuations in value resulting from adverse conditions in a single country.

Risks associated with the QFI regime

QFI systems risk: The current QFI Regulations include rules on investment restrictions applicable to the Sub-Fund. Transaction sizes for QFIs are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

Onshore PRC securities are registered in the joint names of the Manager (as the QFI holder) and the Sub-Fund in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the CSDCC. The account is required to bear the name of "E Fund Management (Hong Kong) Co., Limited" as this is the name under which the QFI is approved by the relevant regulator. The QFI selects a PRC broker (the "PRC Broker") to act on its behalf in each of the two onshore PRC securities markets as well as the PRC Custodian to maintain its assets in custody in accordance with the terms of the PRC Custody Agreement.

In the event of any default of either the relevant PRC Broker or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Sub-Fund may encounter delays in recovering its assets which may in turn adversely impact the Net Asset Value of the Sub-Fund.

In extreme circumstances, the Sub-Fund may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to QFI investment restrictions, illiquidity of the PRC's securities markets, and delay or disruption in execution of trades or in settlement of trades.

The regulations which regulate investments by QFIs in the PRC and the repatriation of capital from QFI investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no certainty as to how such discretion may be exercised now or in the future.

Changes to the foreign investment regulation in the PRC may be made at any time by the CSRC and the SAFE, and such changes may have a detrimental impact on the ability of a Sub-Fund to achieve its investment objective.

PRC Custodian and PRC Broker risk: Onshore PRC assets will be maintained by the PRC

Custodian in electronic form via a securities account with the CSDCC and a cash account with the PRC Custodian.

The QFI also selects the PRC Broker to execute transactions for the Sub-Fund in the PRC markets. Should, for any reason, the Sub-Fund's ability to use the relevant PRC Broker be affected, this could disrupt the operations of the Sub-Fund and affect the ability of the Sub-Fund to track the Index, causing a premium or a discount to the trading price of Units on the SEHK. The Sub-Fund may also incur losses due to the acts or omissions of either the relevant PRC Broker or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or Securities. Subject to the applicable laws and regulations in the PRC, the Manager will make arrangements to ensure that the PRC Brokers and PRC Custodian have appropriate procedures to properly safe-keep the Sub-Fund's assets.

According to the QFI Regulations and market practice, the securities and cash accounts for the Sub-Fund in the PRC are to be maintained in the joint names of the Manager as the QFI and the Sub-Fund.

Investors should note that cash deposited in the cash account 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 belong to other clients 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 account, and the Sub-Fund will become an unsecured creditor, ranking pari passu 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 losses.

Repatriation risk: Repatriations by QFIs in respect of an investment fund such as a Sub-Fund conducted in RMB based on the net balance of subscriptions or redemptions each day are permitted daily and are not subject to any lock-up periods or prior approval. The realised cumulative profits generated from investments via the QFI for the account of a Sub-Fund may be repatriated out of the PRC, as and when the Manager instructs the PRC Custodian to do so and after the completion of the audit of such net realised cumulative profits by a PRC registered accountant and the issuance of the tax payment certificate or tax filing certificate (if any). There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions/ requirements will not be cancelled or additionally imposed in the future. Any new restrictions on repatriation of the invested capital and net profits may impact on a Sub-Fund's ability to meet redemption requests.

QFI status risk: There can be no assurance that the QFI status of the Manager will not be suspended or revoked. Such event may adversely affect the Sub-Fund's performance as it may not be possible to implement the investment strategy of the Sub-Fund at all, which in the worst case scenario may lead to termination of the Sub-Fund.

Economic, political and social risks of the PRC

The economy of China, 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 China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of China and a high level of management autonomy. The economy of China 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. 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 Securities in the Sub-Fund's portfolio.

PRC laws and regulations risk

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Restricted markets risk

The Sub-Fund may invest in Securities in respect of which the PRC imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of the Sub-Fund holdings as compared to the performance of the 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.

A-Share market suspension risk

A-Shares may only be bought from, or sold to, the Sub-Fund from time to time where the relevant A-Shares may be sold or purchased on the SSE or the SZSE, as appropriate. Given that the A-Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and redemption of Units may also be disrupted. A Participating Dealer is unlikely to redeem or create Units if it considers that A-Shares may not be available.

A-Share market trading hours difference risk

Differences in trading hours between SZSE and SZSE 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 Index level may not be available. The prices quoted by the SEHK market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Index level and as a result, the level of premium or discount of the Unit price of the Sub-Fund to its Net Asset Value may be higher. High market volatility and potential settlement difficulties in the A-Shares market may also result in significant fluctuations in the prices of the securities traded on the A-Shares market and thereby may adversely affect the value of the Sub-Fund.

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.

Changes in PRC taxation risk

The PRC Government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies. In particular, please refer to the sub-section "PRC taxation" below.

Government intervention and restriction risk

Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Index and as a result the performance of the Sub-Fund.

PRC withholding taxation risk

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 the Stock Connect. There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current PRC tax laws, regulations and practice. As such, 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 may be disadvantaged or advantaged 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 SAT 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 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 those borne at the time of investment in the Sub-Fund. Please refer to the sub-section "Taxation" – "PRC Taxation" in this Appendix for further information in this regard.

Trading differences risk

As the SSE and the SZSE may be open when Units in the Sub-Fund are not priced, the value of the Securities in the Sub-Fund's portfolio may change on days when investors will not be able to purchase or sell the Sub-Fund's Units. Furthermore, the market price of underlying Securities listed on the above stock exchanges which are established outside Hong Kong or swaps may not be available during part or all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Sub-Fund deviating away from the Net Asset Value. A-Shares may be subject to trading bands which restrict increases and decreases in the trading price. Units listed on the SEHK are not. The prices quoted by the SEHK market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Index level and as a result, the level of premium or discount of the Unit price of the Sub-Fund to its Net Asset Value may be higher.

RMB is not freely convertible and subject to exchange controls and restrictions risk

It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into US dollar has been based on rates set by the PBOC, which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, China announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand. Given the domestic and overseas economic developments, the PBOC decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/-0.5% to +/-1%. Effective 11 August 2015 the RMB central parity is fixed against the USD by reference to the closing rate of the inter-bank foreign exchange market on the previous day (rather than the previous morning's official setting).

However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact 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.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

RMB trading and settlement of Units risk

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. Investors should check with their brokers in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

Non-RMB or late settlement redemption risk

Where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, redemption proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or HKD instead of in RMB (at an exchange rate determined by the Manager after consultation with the Trustee). As such, there is a risk that investors may not be able to receive, through Participating Dealers, settlement upon a redemption of Units in RMB (and may receive US dollars or HKD) or may receive settlement in RMB on a delayed basis.

RMB distributions risk

Investors should note that where a Unitholder holds Units traded under the HKD counter, the relevant Unitholder will only receive distributions in RMB and not HKD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

QFI late settlement risk

The Sub-Fund will be required to remit RMB from Hong Kong to the PRC to settle the purchase of A-Shares by the Sub-Fund from time to time. In the event such remittance is disrupted, the Sub-Fund will not be able to fully replicate the Index by investing in the relevant A-Shares and this may increase the tracking error of the Sub-Fund.

Exchange rates movement between the RMB and other currencies risk

Investors in RMB traded Units whose assets and liabilities are predominantly in HKD or in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and RMB. In addition, investors in HKD traded Units should note that distributions on HKD traded Units will only be paid in RMB. Accordingly foreign exchange risk will also apply to investors in HKD traded Units. There is no guarantee that RMB will appreciate or depreciate in value against HKD or any other currency. If RMB appreciates in value, an investor may enjoy a gain in RMB terms but suffer a loss when converting funds from RMB back into HKD (or any other currency), and vice versa if RMB depreciates.

Future movements in RMB exchange rates risk

The exchange rate of RMB ceased to be pegged to US dollars on 21 July 2005, resulting in a more flexible RMB exchange rate system. China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of RMB against US dollars, euro, Yen, British pound sterling and HKD at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and HKD, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, HKD or any other foreign currency in the future. From 1994 to July 2005, the exchange rate for RMB against US dollar and the HKD was relatively stable. Since July 2005, the RMB has begun to appreciate until August 2015 when the PBOC introduced a one-off devaluation of RMB. There can be no assurance that RMB will not be subject to further devaluation. The future movements in RMB exchange rates are uncertain and the fluctuations may have a positive or negative impact on investors' investment in the Sub-Fund.

Dual Counter risks

The SEHK's Dual Counter model in Hong Kong is new. In addition the Sub-Fund is one of the first exchange traded funds to have Dual Counter traded Units which are traded and settled in RMB under the RMB counter and traded and settled in HKD under the HKD counter. The novelty and relatively untested nature of the Dual Counter for exchange traded funds may make investment in the Units riskier than in single counter units or shares of an SEHK listed issuer for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of one counter are delivered to CCASS at the last settlement on a trading day, leaving not enough time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfer of Units between the HKD counter and the RMB counter for any reason, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant Dual Counter. Accordingly it should be noted that inter-counter transfers may not always be available.

There is a risk that the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB due to different factors such as market liquidity, supply and demand in each counter and the exchange rate between RMB and HKD (in both the onshore and the offshore markets). The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and *vice versa*. There can be no assurance that the price of Units in each counter will be equivalent.

Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in RMB only. As such, investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in both counters at the same time. In such a case another broker or CCASS participant may need to be used. Accordingly this may inhibit or delay an investor dealing in both HKD traded and RMB traded Units and may mean investors may only be able to sell their Units in one currency. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfer.

Offshore RMB (“CNH”) market risk

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

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

Reliance on Market Makers risk

Although the Manager will ensure that at least one RMB Counter Market Maker for RMB counter and one HKD Counter Market Maker for HKD counter will maintain a market for the Units traded in each counter, it should be noted that liquidity in the market for the Units may be adversely affected if there is no Market Maker for the HKD traded Units or for the RMB traded Units. The Manager will seek to mitigate this risk by ensuring at least one RMB Counter Market Maker and at least one HKD Counter Market Maker give not less than 3 months notice prior to terminating market making arrangement under the relevant market making agreements. There may be less interest by potential market makers in making a market in RMB denominated or traded Units. Furthermore, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for such RMB traded Units. It is possible that there will only be one SEHK Market Maker for each counter (RMB or HKD) or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker. There is also no guarantee that any market making activity will be effective.

Hong Kong Stamp duty

No stamp duty is payable in respect of any contract notes or instruments of transfer relating to transactions in all Units (both RMB traded and HKD traded Units).

No stamp duty is payable by an investor in relation to the creation of Units or the redemption of Units.

PRC Taxation

The following summary of PRC taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of PRC and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in PRC at the date of this Appendix. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Appendix. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below.

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

By investing in Securities issued by PRC tax resident enterprises, irrespective of whether such Securities are issued or distributed onshore ("onshore PRC securities") or offshore ("offshore PRC securities", and together with onshore PRC securities, the "PRC Securities"), the Sub-Fund may be subject to PRC taxes. It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC Securities than currently contemplated. Unitholders should seek their own tax advice on their tax positions with regard to their investments in the Sub-Fund.

Corporate Income Tax

Under current PRC Corporate Income Tax Law and regulations, if the Trust or the Sub-Fund is considered as a PRC tax resident enterprise, it will be subject to PRC Corporate Income Tax ("CIT") at the rate of 25% on its worldwide taxable income. If the Trust or the Sub-Fund is considered as a non-PRC tax resident enterprise with an establishment or place of business (a "PE") in the PRC, the profits attributable to that PE would be subject to CIT at 25%.

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

Under the PRC Corporate Income Tax Law and its implementation rules, incomes derived from the PRC by non-PRC tax resident enterprises which have no PE in the PRC are generally subject to withholding of CIT at the rate of 10% (such rate may however be subject to change from time to time).

Dividend income and distribution income – Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-PRC tax resident enterprises without a PE in the PRC are subject to CIT on a withholding basis ("WIT"), generally at a rate of 10%, to the extent it directly derives the PRC sourced passive income. PRC sourced passive income (such as dividend income and distribution income) may arise from investments in the PRC Securities. Accordingly, the Trust or the Sub-Fund may be subject to WIT on any cash dividends and distributions it receives from its investment in PRC Securities. The entity distributing or paying such PRC sourced passive income is required to withhold such tax. Such WIT will reduce the income from the Trust and the Sub-Fund and adversely affect the performance of the Trust and the Sub-Fund.

Under current regulations in the PRC, foreign investors (such as the Trust and each of the Sub-Funds) may invest in onshore PRC securities, generally, only through a qualified foreing institutional investor (in this section and for the Sub-Fund referred to as the "relevant RQFII"). Since only the relevant RQFII's interests in onshore PRC securities are recognised under PRC laws, any tax liability would, if it arises, be payable by the relevant RQFII. However under the terms of the arrangement between the relevant RQFII and the Trust, the relevant RQFII will pass on any tax liability to the Trust for the account of the 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 RQFII is subject to a WIT of 10% on cash dividends and distributions from the PRC securities unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.

With the "Circular on tax collection policies concerning the Pilot Programme of the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) (the "Circular 81") and "Circular on tax collection policies concerning the Pilot Programme of the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127) (the "Circular 127") promulgated by the Ministry of Finance of the PRC, the STA and the CSRC on 31 October 2014 and 5 November 2016 respectively, dividends received by investors in the Hong Kong market from investments in A-Shares listed on the SSE and the SZSE via the Stock Connect are subject to WIT at the rate of 10%.

The Manager reserves the right to make relevant provision on dividends and distributions if the CIT is not withheld at source.

Capital gains – The "Notice on the temporary exemption of Corporate Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII" (Caishui [2014] No.79) promulgated by the MOF, the SAT and the CSRC on 14 November 2014 (the "Notice No. 79") states that QFIIs and RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) will be temporarily exempt from corporate income tax on gains derived from the transfer of PRC equity investment assets (including PRC A-Shares) effective from 17 November 2014. According to Circular 81 and Circular 127, gains derived by investors in the Hong Kong market from the transfer of investments in A-Shares listed on the SSE and the SZSE via the Stock Connect are temporarily exempt from CIT. In light of Circular 79, Circular 81 and Circular 127, and having taken and considered independent professional tax advice, the Manager has determined not to make WIT provision for capital gains derived from trading of A-Shares listed on the SSE and the SZSE via the Stock Connect and RQFII.

It should be noted that Circular 79, Circular 81 and Circular 127 state that the CIT exemption on gains derived by investors in the Hong Kong market from the transfer of investments in A-Shares listed on the SSE and the SZSE via the Stock Connect and RQFII is temporary. As such, as and when any of the aforesaid tax exemptions expires, the Sub-Fund may need to make provision again to reflect taxes payable, which may have a significant negative impact on the Net Asset Value of the Sub-Fund.

There are still uncertainties as to the application of the PRC CIT Law and its implementation rules. It is also uncertain as to whether the Sub-Fund may be subject to other taxes imposed in the mainland China in respect of its investments in the relevant PRC investments. It is possible that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Sub-Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the PRC Investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Sub-Fund's PRC Investments. Any increased tax liabilities on the Sub-Fund may adversely affect that Fund's value.

Where no provision is made by the Manager in relation to all or part of the actual tax levied by the relevant PRC tax authorities in the future, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, such amount of tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged. The Manager reserves the right to provide for WIT and to deduct or to withhold the tax for the account of the Sub-Fund if so warranted.

Please refer to the risk factor "PRC withholding taxation risk" for further information in this regard.

Value-Added Tax

With the Circular Caishui [2016] No. 36 (the "Circular 36") promulgated by the Ministry of Finance of the PRC and the STA on 23 March 2016 regarding the final stage of PRC Value-Added Tax ("VAT") reform which came into effect on 1 May 2016, gains derived from the trading of PRC securities will be subject to VAT instead of PRC Business Tax starting from 1 May 2016, unless exemption is available. If VAT is applicable, there may also be other surtaxes.

According to the current VAT regulations, gains derived by investors in the Hong Kong market from transfer of investments in A-shares listed on the SSE and the SZSE via the Stock Connect are exempt from VAT during the final stage of the VAT reform.

There are still uncertainties as to the application of the rules and regulations on the VAT and its surtaxes. It is also uncertain as to whether the Sub-Fund may be subject to other taxes imposed in the mainland China in respect of its investments in the relevant PRC investments. It should be noted that there is no assurance that the current exemptions of the VAT as stated above will not be repealed. As such, as and when any of the aforesaid tax exemptions expires, the relevant Sub-Funds may need to make provision again to reflect the taxes payable, which may have a significant negative impact on the Net Asset Values of the Sub-Fund.

Where no provision is made by the Manager in relation to all or part of the actual taxes levied by the relevant PRC tax authorities in the future, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, such amount of tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged. The Manager reserves the right to provide for VAT and its surtaxes and to deduct or to withhold the taxes for the account of the relevant Sub-Fund if so warranted.

Stamp duty

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

Swap arrangement

The Sub-Fund may gain an economic exposure to A-Shares through swaps. A swap counterparty may implement hedge arrangements by acquiring A-Shares using QFII/RQFII status (that of either itself, a third party or an affiliate), which will be subject to PRC taxation as discussed above. As a result, PRC mainland tax liabilities (if any) accruing to the swap counterparties under the hedge arrangements may ultimately be charged to the Sub-Fund contractually and would likely have an economic effect on the value of the Sub-Fund.

Appendix dated 5 May 2023

APPENDIX 2 – E FUND (HK) CSI LIQUOR INDEX ETF

Key information

Set out below is a summary of key information in respect of the Sub-Fund which should be read together with the full text of this Prospectus.

Index	CSI Liquor Index
Type of index	Net total return, i.e. the performance of the Index reflects the reinvestment of dividends and distributions, net of withholding tax, from the Index constituents.
Index Provider	China Securities Index Co., Ltd.
Initial Issue Date	15 February 2023
Listing Date (SEHK)	Expected to be 16 February 2023, but may be postponed by the Manager to no later than 13 April 2023
Exchange Listing	SEHK – Main Board
Stock Code	83189 – RMB counter 03189 – HKD counter
Trading Board Lot Size	100 Units – RMB counter 100 Units – HKD counter
Base Currency	Renminbi (RMB)
Trading Currency	Renminbi (RMB) – RMB counter Hong Kong dollars (HKD) – HKD counter
Distribution Policy	The Manager currently does not intend to make any distribution to Unitholders.
Creation/Redemption Policy	Cash (RMB) only
Application Unit size (only by or through Participating Dealers)	Minimum 500,000 Units (or multiples thereof)
Single Management Fee	Currently 0.80% per year of the Net Asset Value accrued daily and calculated as at each Dealing Day. The Sub-Fund employs a single management fee structure. Please refer to the section on "Fees and Expenses" below
Investment Strategy	Physical representative sampling strategy. Please refer to the section on "What is the Investment Strategy?" below
Financial Year End	31 December
Service Agent	HK Conversion Agency Services Limited
Website	http://www.efunds.com.hk/strategy/info/89.html (the contents of this website have not been reviewed by the SFC)

What is the Investment Objective?

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Index. There can be no assurance that the Sub-Fund will achieve its investment objective.

What is the Investment Strategy?

In order to achieve the investment objective of the Sub-Fund, the Manager will adopt a physical representative sampling strategy. The Sub-Fund will adopt a physical representative sampling strategy by investing at least 80% and up to 100% of its Net Asset Value in a representative portfolio of securities that collectively has a high correlation with the Index, but whose constituents may or may not themselves be constituents of the Index.

In pursuing a representative sampling strategy, the Manager may cause the Sub-Fund to deviate from the Index weighting on condition that the maximum deviation from the Index weighting of any constituent will not exceed 3% or such other percentage as determined by the Manager after consultation with the SFC.

For direct investments in securities listed on the Shanghai and Shenzhen stock exchanges, the Sub-Fund will invest primarily through the Stock Connect and/or the Manager's QFI status. The Manager may invest up to 100% of the Sub-Fund's Net Asset Value through the Stock Connect and less than 70% of the Sub-Fund's Net Asset Value through QFI.

Other investments

The Manager may invest in financial derivative instruments ("**FDIs**") including futures and swaps with no more than 15% of the Sub-Fund's Net Asset Value for investment and hedging purposes, where the Manager believes such investments will help the Sub-Fund achieve its investment objective and are beneficial to the Sub-Fund. The swaps which may be invested by the Sub-Fund will be funded total return swap transaction(s) whereby the Sub-Fund will pass on the relevant portion of cash to the swap counterparty(ies) and in return the swap counterparty(ies) will provide the Sub-Fund with an exposure to the economic gain/loss in the performance of the relevant securities (net of indirect costs).

The Sub-Fund may also invest in money market funds (subject to the investment restrictions as set out in Chapter 7 of the Code), and in cash deposits and cash equivalents for cash management purposes, up to 5% of its Net Asset Value.

Currently the Manager has no intention to enter into securities lending transactions, sale and repurchase or reverse repurchase transactions and other similar over-the-counter transactions. The Manager will seek the prior approval of the SFC (if required) and provide at least one month's prior notice to Unitholders before the Manager engages in any such investments, or if the Manager wishes to adopt an investment strategy other than a physical representative sampling strategy.

The Manager is independent of the swap counterparties. Each swap counterparty for such transactions will be independent counterparties approved by the Manager with credit rating of at least BBB- (by Moody's or Standard & Poor's, or any other equivalent ratings by recognised credit rating agencies) or which are corporations licensed by the SFC or are registered institutions with the Hong Kong Monetary Authority or substantial financial institutions. The swap counterparties are monitored on an on-going basis as well as reviewed at least once a year by the Manager to ensure they continue to meet the aforesaid selection criteria.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Part 1 of this Prospectus.

What is Stock Connect?

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

Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the Sub-Fund), through their Hong Kong brokers and securities trading service companies (in Shanghai and Qianhai Shenzhen respectively) established by the SEHK and the HKSCC, are able to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through Mainland Chinese securities firms and securities trading service companies established by the SSE and the SZSE, are able to trade eligible shares listed on the SEHK by routing orders to the SEHK.

Eligible securities

Initially, Hong Kong and overseas investors are only able to trade certain stocks listed on the SSE market (the "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 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 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 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

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 any 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 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.

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities held in its omnibus stock account in the CSDCC, the CSDCC as the share registrar for SSE listed companies will still treat the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities. The HKSCC will monitor the corporate actions affecting SSE 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. The same arrangement is applicable to SZSE Securities under the Shenzhen-Hong Kong Stock Connect.

Currency

Hong Kong and overseas investors (including the Sub-Fund) will trade and settle SSE Securities and SZSE Securities in RMB only.

Trading fees and taxes

In addition to paying trading fees and stamp duties in connection with A-Share trading, the Sub-Fund may be subject to other fees and taxes concerned with income arising from stock transfers which are yet to be 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 SSE or the SZSE 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, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not mainland Chinese brokers, such trading is not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in Mainland China.

Further information about the Stock Connect is available at the website:

http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

What is the QFI regime?

Under current regulations in the PRC, foreign investors can invest in the domestic securities market through certain foreign institutional investors that have obtained status as a Qualified Foreign Institution Investor ("QFII") or Renminbi Qualified Foreign Institution Investor ("RQFII") (QFII and RQFII collectively, "QFI") from the CSRC for the purpose of investing in the PRC's domestic securities markets.

On 25 September 2020, the CSRC issued the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法) and its implementing rules (collectively, the "New QFI Measures"), which, with effect from 1 November 2020, consolidated the previous QFII and RQFII programmes into one.

The QFI regime is currently governed by (i) the "Provisions on Fund Administration of Domestic Securities and Futures Investment by Foreign Institutional Investors" jointly issued by the PBOC and the SAFE and effective from 6 June 2020 (境外機構投資者境內證券期貨投資資金管理規定); (ii) the New QFI Measures; and (iii) any other applicable regulations promulgated by the relevant authorities (collectively, the "QFI Regulations").

The Manager has obtained QFI status from the CSRC. Starting from 1 November 2020 when the New QFI Measures took effect, the Manager is able to select whether to use foreign convertible currencies or RMB to make investment under the QFI regime.

All of the Sub-Fund's assets in the PRC (including onshore PRC cash deposits and its onshore A-Shares portfolio) in connection with the Sub-Fund's investments through the Manager's QFI status will be held by the PRC Custodian in accordance with the terms of the PRC Custody Agreement and PRC Participation Agreement. A securities account shall be opened with CSDCC in the joint names of the Manager (as the QFI holder) and the Sub-Fund. An RMB special deposit account shall also be established and maintained with the PRC Custodian in the joint names of the Manager (as the QFI holder) and the relevant Sub-Fund. The PRC Custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations.

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

There are specific risks associated with the QFI regime and investors' attention is drawn to the risk factors under "Risks associated with the QFI regime" in the section on "Risk Factors" below.

The Offshore RMB Market

What led to RMB internationalisation?

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

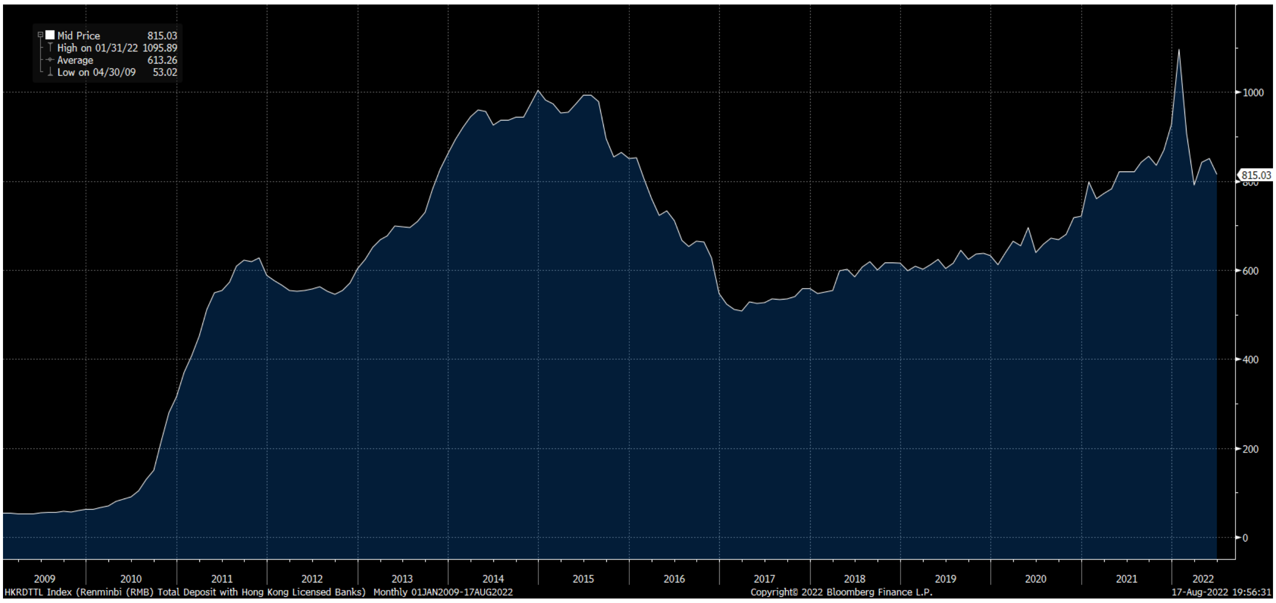
Over the past two decades, the PRC's economy has been growing rapidly. This enables it to overtake Japan to become the second largest economy and trading country in the world. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

Accelerating the pace of the RMB internationalisation

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong. As of the end of September 2021, there are 144 authorised institutions in Hong Kong engaging in RMB business, with RMB deposits amounting to about RMB855.93 billion, as compared to just RMB63 billion in

2009.

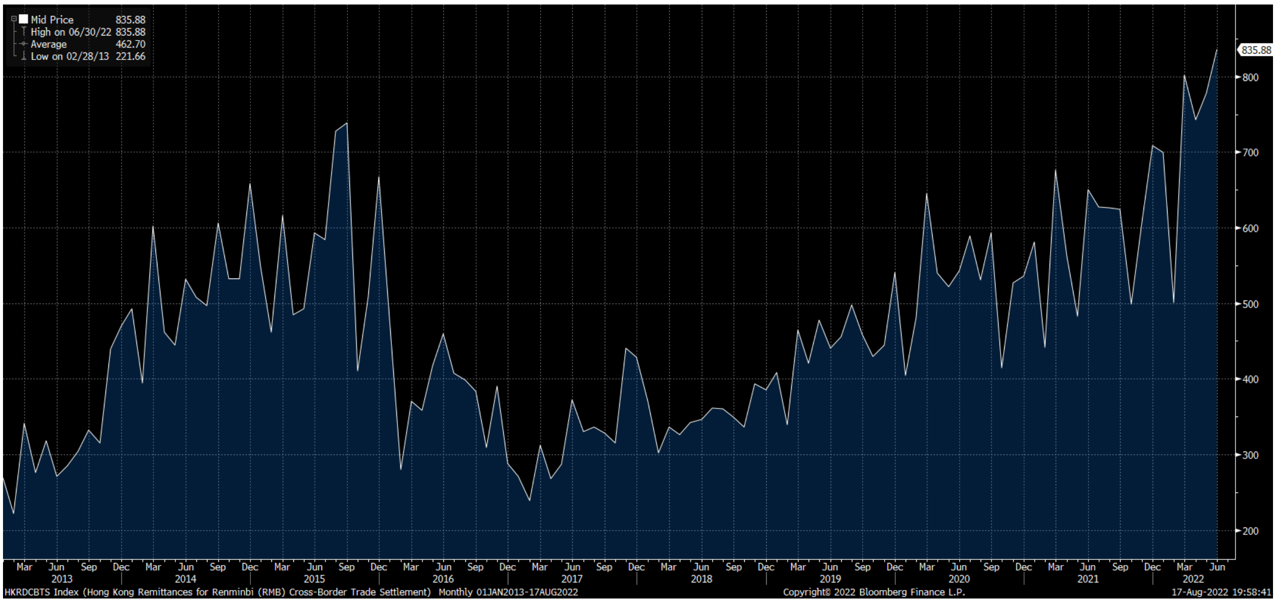
Chart 1. <u>RMB deposits in Hong Kong</u>



Data source: Bloomberg as of 17 Aug 2022.

The pace of RMB internationalisation has accelerated since 2009 when the PRC authorities permitted cross-border trade between Hong Kong / Macau and Shanghai/four Guangdong cities, and between ASEAN and Yunnan/Guangxi, to be settled in RMB. In June 2010, the arrangement was expanded to 20 provinces / municipalities on the PRC and to all countries / regions overseas. In 2020, RMB6,324 billion worth of cross-border trade was settled in Hong Kong using RMB.

Chart 2. <u>Remittances for RMB cross-border trade settlement</u>



Data source: Bloomberg as of 17 Aug 2022.

Onshore versus offshore RMB market

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

Both onshore and offshore RMB are the same currency but are traded in different markets. Since the two RMB markets operate independently where the flow between them is highly restricted, onshore and offshore RMB are traded at different rates and their movements may not be in the same direction. The relative strength of onshore and offshore RMB may change significantly, and such change may occur within a very short period of time.

Notwithstanding that the offshore RMB market showed a meaningful growth during the recent years, it is still relatively sensitive to negative factors or market uncertainties and is in general more volatile than the onshore one due to its relatively thin liquidity.

There have been talks on the potential convergence of the two RMB markets but 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.

Market development

On 19 July 2010, restrictions on interbank transfer of RMB funds were lifted, and permission was granted for companies in Hong Kong to exchange foreign currencies for RMB without limit. One month later, the PRC authorities announced the partial opening up of PRC's interbank bond market for foreign central banks, RMB clearing banks in Hong Kong and Macau and other foreign banks participating in the RMB offshore settlement programme.

The National Twelfth Five-Year Plan adopted in March 2011 explicitly supports the development of Hong Kong as an offshore RMB business centre. The PRC Government has also given approval for the first non-financial PRC firm to issue RMB-denominated bonds in Hong Kong.

The Shanghai-Hong Kong Stock Connect was launched in November 2014. It is a mutual market access programme that allows investment in eligible Shanghai-listed shares through the SEHK and eligible Hong Kong-listed shares through the SSE. The Shenzhen-Hong Kong Stock Connect (which was launched in December 2016) is also a mutual market access programme that allows investment in eligible Shenzhen-listed shares through the SEHK and eligible Hong Kong-listed shares through the SZSE.

RMB internationalisation is a long-term goal

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

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

The A-Share Market

Introduction

The PRC's A-Share market commenced in 1990 with 2 exchanges, namely the SSE and the SZSE.

The SSE was established on 26 November 1990 and stocks were further divided into class A-Shares and class B-Shares, with access to A-Shares limited to domestic investors as well as qualified foreign institutional investors or through the Stock Connect only and B-Shares available to both domestic and foreign investors. Bonds traded on the SSE include treasury bonds (T-bonds), local government bonds, corporate bonds (including those approved by the State Development and Reform Commission), corporate bonds with detachable warrants, and convertible corporate bonds. In addition, securities investment funds (including exchange traded funds) and warrants are available for trading on the SSE. As of 17 August 2022, there are 2,151 companies listed on the SSE, 1,701 of which are listed on the SSE main board with total market capitalisation of RMB42.447 trillion, and 450 of which are listed on the STAR market with total market capitalisation of RMB6.158 trillion.

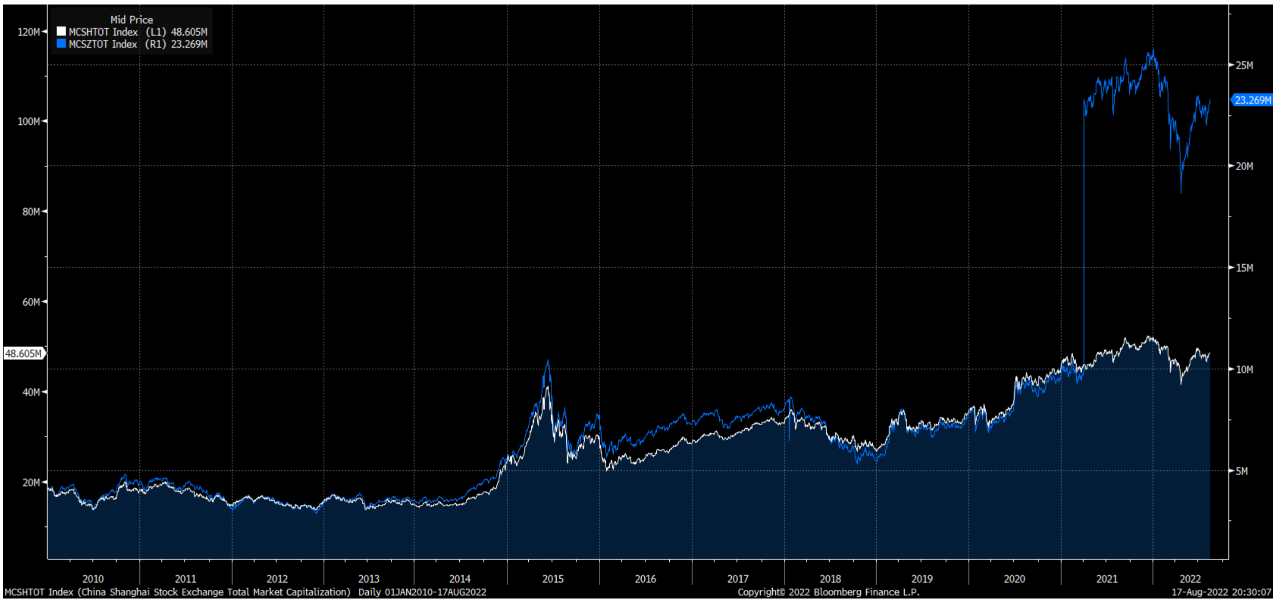
The SZSE was founded on 1 December 1990 and stocks were further divided into class A-Shares and class B-Shares, with access to A-Shares limited to domestic investors as well as qualified foreign institutional investors or through the Stock Connect only and B-Shares available to both domestic and foreign investors. As of 17 August 2022, there are 2,699 companies listed on the SZSE, 1,527 of which are listed on the SZSE main board with total market capitalisation of RMB23.270 trillion and 1,172 of which are listed on the ChiNext (the board mainly for "hi-tech" companies) with total market capitalisation of RMB12.871 trillion. The SZSE's products cover equities, mutual funds and bonds. The product lines include A-Shares, B-Shares, 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 (including warrants and repurchases).

The A-Shares market has grown significantly in the past 20 years, with the latest total market capitalisation reaching RMB83.123 trillion comprising 4,850 A-Shares listed companies by 17 August 2022.

In terms of investor breakdown, there is an increasing number of institutional investors participating in the A-Share market since the inception, which include securities investment funds, social pension funds, qualified foreign institutional investors, insurance companies and ordinary investment institutions. However, on a daily basis, retail investors still make up for the majority of the trading volume.

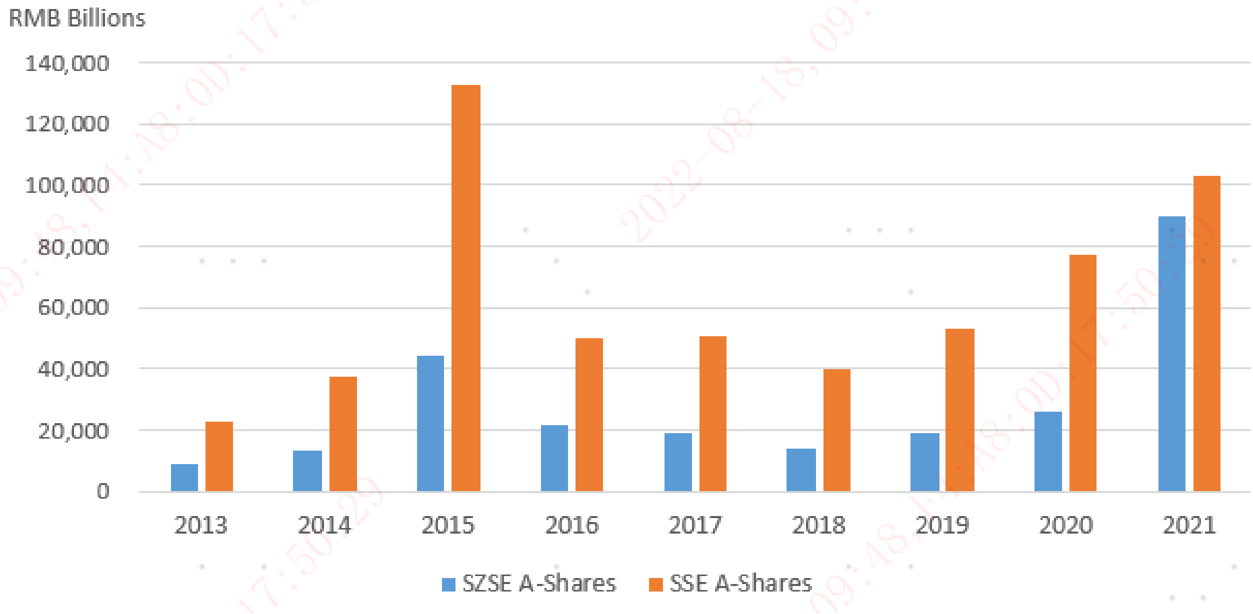
The A-Share market's development is illustrated in the following charts:

Chart 1. Total market capitalisation of A-Shares of both the SSE and the SZSE main board



Data source: Bloomberg, as of 17 August 2022.

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



Data source: SSE & SZSE, as of 31 December 2021.

Key Differences with the Hong Kong market

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

	Mainland China	**Hong Kong**
Key indexes	SSE Composite Index (SHCOMP) / CSI 300 Index (CSI 300) / SZSE Component Index (SZCOMP)	Hang Seng Index (HSI) / Hang Seng China enterprises Index (HSCEI)
Trading band limits	10% / 5% (for ST/*ST stock[1] or S stock[2])*	No Limit
Trading lots	100 shares for BUY / 1 share for SELL**	Each stock has its own individual board lot size (an online broker will usually display this along with the stock price when you get a quote); purchases in amounts which are not multiples of the board lot size are done in a separate “odd lot market”.
Trading hours	pre-open: 0915-0925 morning session: 0930-1130 afternoon session: 1300-1500 (1457-1500 is closing auction for the SZSE)	pre-open order input: 0900-0915 pre-order matching: 0915-0920 order matching: 0920-0928 morning session: 0930-1200 afternoon session: 1300-1600 closing auction session: 1600 to a random closing between 1608 and 1610
Settlement	T+1	T+2
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/*ST stocks refer to special treatment stocks, which means special treatment for companies with financial problems (consecutive 2 fiscal years loss or audited net assets per share less than par value in the most recent fiscal year), effective from 22 April 1998. Stocks with ST usually means they have a delisting risk.*

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

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

The Offering Phases

Initial Offer Period

The Initial Offer Period commences at 9:00 a.m. (Hong Kong time) on 9 February 2023 and ends at 1:00 p.m. (Hong Kong time) on 14 February 2023, or such other date as the Manager may determine.

The Listing Date is expected to be on 16 February 2023 but may be postponed by the Manager to a date no later than 13 April 2023.

The Issue Price of Units which is the subject of a Creation Application during the Initial Offer Period is RMB2.48 per Unit, or such other amount determined by the Manager with the approval of the Trustee.

Creation Applications can be made in cash (in RMB only). Units which are created must be deposited in CCASS as RMB counter Units (i.e. tradeable in RMB only) initially. Investors can sell such RMB counter Units on the secondary market in the same counter or (following an inter-counter transfer) 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. Please refer to the subsection entitled "Dual Counter" in the section of "Exchange listing and trading (secondary market)" below for further details.

The table below summarises the offering methods and related fees during the Initial Offer Period.

Method of Offering	Minimum Number of Units (or multiple thereof)	Channel	Available to	Consideration, Fees and Charges*
Cash creation only	Application Unit size	Through Participating Dealers only	Participating Dealers or any person acceptable to the Participating Dealer as its client	Cash (in RMB only) Transaction Fee (payable in RMB and HKD) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges

After Listing

Subject to the granting of listing of, and permission to deal in, the Units of the Sub-Fund on the SEHK as well as the compliance with the stock admission requirements of HKSCC, such Units will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in such Units on the SEHK or on any other date HKSCC chooses.

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

Dealings in the Units of the Sub-Fund are expected to commence on 16 February 2023 but may be postponed by the Manager to a date no later than 13 April 2023.

The current Dealing Deadline is 1:00p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK or the SSE and the SZSE are reduced.

Creation Applications can be made in cash (in RMB only). Units which are created must be deposited in CCASS as RMB counter Units (i.e. tradeable in RMB only) initially. Settlement for subscribing Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

The table below summarises the offering methods and related fees After Listing.

Method of Acquisition or Disposal of Units	**Minimum Number of Units (or multiple thereof)**	**Channel**	**Available to**	**Consideration, Fees and Charges***
Purchase and sale in cash through brokers on the SEHK (secondary market) in RMB or HKD	Board lot size	On the SEHK	Any investor	Market price of Units on SEHK (RMB for RMB traded Units and HKD for HKD traded Units) Brokerage fees and Duties and Charges
Cash creation and redemption	Application Unit size	Through Participating Dealers only	Participating Dealers or any person acceptable to the Participating Dealer as its client	Cash (in RMB only) Transaction Fee (payable in RMB and HKD) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges

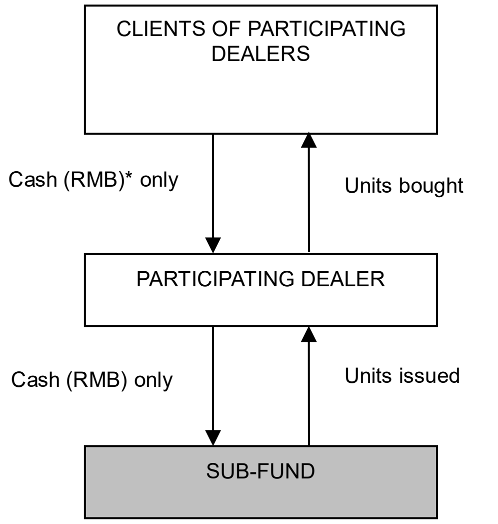
** Please refer to "Fees and Expenses" for further details.*

The attention of investors is drawn to the section entitled "The Offering" in Part 1 of this Prospectus.

Diagrammatic illustration of investment in the Sub-Fund

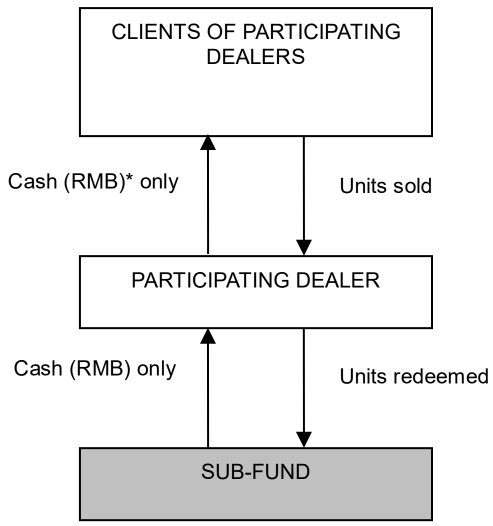
The diagrams below illustrate the issue or redemption and the buying or selling of Units:

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



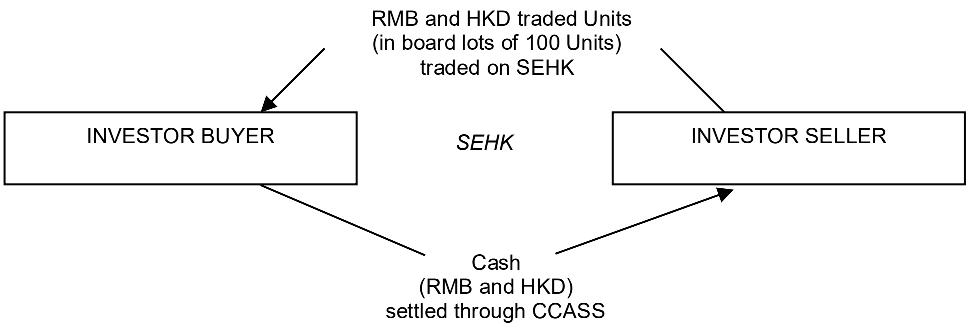
** Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.*

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



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

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



Creations and Redemptions through Participating Dealers

Units are created at the Issue Price by creation in cash (in RMB only) and redeemed at the Redemption Value by redemption in cash (in RMB only) through Participating Dealers in Application Unit size or multiples thereof.

All Creation Applications must be made in cash (in RMB only). Notwithstanding the Dual Counter for Units, all settlement shall be in RMB only. Units which are created must be deposited in CCASS as RMB counter Units (i.e. tradeable in RMB only) initially. Settlement in cash for subscribing Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

The attention of investors is drawn to the section entitled "The Offering" in Part 1 of this Prospectus.

Both RMB traded Units and HKD traded Units can be redeemed (through a Participating Dealer) in cash only. Notwithstanding a Dual Counter being adopted for the Sub-Fund, any cash proceeds received by a Participating Dealer in a cash Redemption Application shall be paid in RMB only. All accepted Redemption Applications will be effected on the Settlement Day. Payment of redemption proceeds (in RMB only) will be settled within one calendar month from the receipt of a properly documented Redemption Application provided that there is no delay in submitting all duly completed redemption documentation and the determination of the Net Asset Value or dealing in Units is not suspended.

Please refer to the section entitled "Creations and Redemptions (Primary Market)" in Part 1 of this Prospectus for details.

RMB payment procedures

Investors may apply for Units through Participating Dealers only if they have sufficient RMB to pay the application monies and the related fees in RMB. Investors should note that RMB is the only official currency of the PRC. While both onshore RMB ("CNY") and offshore RMB ("CNH") are the same currency, they are traded in different and separated markets. Since the two RMB markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there is a significant amount of RMB held offshore (i.e. outside the PRC), CNH cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. As such whilst CNH and CNY are both the same currency, certain special restrictions do apply to RMB outside the PRC. The liquidity and trading price of the Sub-Fund may be adversely affected by the limited availability of, and restrictions applicable to, RMB outside the PRC.

Application monies from Participating Dealers to the Sub-Fund will be paid in RMB only.

Accordingly a Participating Dealer may require you (as its client) to pay RMB to it. Payment details will be set out in the relevant Participating Dealer's documentation such as the application form for its clients. As such, you may need to have opened a bank account (for settlement) and a securities dealing account if a Participating Dealer is to subscribe for Units on your behalf as you 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 you by the Participating Dealer by crediting such amount into your RMB bank account. 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 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 reminded to confirm with their brokers in respect of Units traded in RMB their brokers' readiness for dealing and/or clearing transactions in RMB securities and to check other relevant information published by the SEHK regarding readiness of its participants for dealing in RMB securities from time to time. CCASS Investor Participants who wish to settle the payment in relation to their trades in the Units traded in RMB using their CCASS Investor Participant account should make sure that they have set up an RMB designated bank account with CCASS.

Investors intending to purchase Units traded in RMB from 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 any dealing in Units traded in either HKD or RMB can be effected.

Investors should ensure they have sufficient RMB to settle trades of Units traded in RMB. Investors should consult the banks for the account opening procedures as well as terms and conditions of the RMB bank account. Some banks may impose restrictions on their RMB cheque account and fund transfers to third party accounts. For non-bank financial institutions (e.g. brokers), however, such restriction will not be applicable and investors should consult their brokers as to the currency exchange service arrangement, if required.

The transaction costs of dealings in the Units on the SEHK include the SEHK trading fee, FRC transaction levy (with effect from 1 January 2022) 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 which may be published on HKEx's website by 11:00 a.m. or earlier on each trading day.

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

Where payment in RMB is to be made by cheque investors 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. A remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

Please also refer to the section entitled "RMB related risks" in the section on "Risk Factors Specific to the Sub-Fund" below for further details.

Summary of timetable

The following table summarises all key events and the Manager's expected timetable:

Initial Offer Period commences • Participating Dealers may apply for creation for themselves or for their clients in a minimum number of 500,000 Units (or multiples thereof)	• 9:00 a.m. (Hong Kong time) on 9 February 2023 but may be postponed by the Manager to no later than 9:00 a.m. (Hong Kong time) on 10 April 2023
The date that is 2 Business Days prior to the Listing Date • Latest time for Creation Applications by Participating Dealers for Units to be available for trading on the Listing Date	• 1:00p.m. (Hong Kong time) on 14 February 2023 but may be postponed by the Manager to a date no later than 11 April 2023
After Listing (period commences on the Listing Date) • All investors may start trading Units on the SEHK through any designated brokers; and • Participating Dealers may apply for creation and redemption (for themselves or for their clients) in a minimum number of 500,000 Units (or multiples thereof) continually	• During the trading hours of the SEHK on 16 February 2023, but may be postponed by the Manager to a date no later than 13 April 2023 • 9:00 a.m. (Hong Kong time) to 1:00p.m. (Hong Kong time) on each Dealing Day

Exchange listing and trading (secondary market)

General

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units.

Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges. Investors attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Dealings on the SEHK in Units are expected to commence on 16 February 2023. Both RMB and HKD traded Units will be traded on the SEHK in board lots of 100 Units. Participating Dealers should note that they will not be able to sell or otherwise deal in the Units on the SEHK until dealings begin on the SEHK.

Renminbi Equity Trading Support Facility

The Renminbi Equity Trading Support Facility (the "TSF") was launched on 24 October 2011 by HKEx to provide a facility to enable investors who wish to buy RMB-traded shares (RMB shares) in the secondary market with Hong Kong dollars if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. With effect from 6 August 2012, the coverage of TSF was extended and the Sub-Fund is eligible for the TSF. As such the TSF is currently available to investors who wish to invest in the Sub-Fund by purchasing Units trading in RMB on the SEHK. Investors should consult their financial advisers if they have any questions concerning the TSF.

Dual Counter

The Manager has arranged for the Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. Despite the Dual Counter arrangement, the creation of new Units and redemption of Units in the primary market are 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 are settled in RMB and Units traded in HKD counter are settled in HKD. Apart from settlement in different currencies, the trading prices of Units in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Units traded on both counters are of the same class and all Unitholders of both counters are treated equally. The two counters have different stock codes, different stock short names and different ISIN numbers as follows: RMB counter and traded Units have a SEHK stock code 83189 and a short name “EFUND LIQUOR-R” whilst the HKD counter and traded Units have a SEHK stock code 03189 and a short name “EFUND LIQUOR”. The ISIN number for RMB counter and traded Units is HK0000907797 and the ISIN for HKD counter and traded Units is HK0000907789.

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 places 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.

Units of the Sub-Fund traded in both counters are inter-transferable. Units traded in the RMB counter can be transferred to the HKD counter by way of an inter-counter transfer and vice versa on a one to one basis. Inter-counter transfer of Units of the Sub-Fund will be effected and processed within CCASS only.

The fees and costs payable by an investor for buying and selling Units of the Sub-Fund on the SEHK are the same for both the RMB and HKD counters. HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of the Sub-Fund from one counter to another counter.

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 below entitled “Dual Counter risks”.

Redemptions

Both RMB traded Units and HKD traded Units can be redeemed directly (through a Participating Dealer). However, redemption proceeds shall be paid in RMB only. Any accepted Redemption Application will be effected by the payment of cash in accordance with the Operating Guidelines and the Trust Deed.

Distribution policy

The Manager does not intend to pay or make any distributions or dividends in respect of the Sub-Fund.

The Manager may amend the Sub-Fund’s distribution policy in its discretion and any distribution policy with respect to distributions out of capital or effective distributions out of capital of the Sub-

Fund will be subject to the SFC's prior approval (if required) and not less than one month's prior notice to Unitholders.

Fees and Expenses

Single Management Fee

The Sub-Fund employs a single management fee structure, with the Sub-Fund paying all of its fees, costs and expenses as a single flat fee ("**Single Management Fee**"). Fees and expenses taken into account in determining the Single Management Fee include, but are not limited to, the management fee, the Trustee's fee, the Registrar's fees, fees of the Service Agent, fund administration fees, custody fees, fees and expenses of the auditors, ordinary out-of-pocket expenses incurred by the Manager or the Trustee (and their delegates) and certain operating costs relating to the administration of the Sub-Fund including expenses of its legal counsel, auditors and other professionals, index licensing fees, the costs in connection with maintaining a listing of the Units on the SEHK, costs incurred in the preparation, printing and updating of any offering documents and the costs incurred in the preparation of supplemental deeds and the expenses incurred in convening meetings of Unitholders, printing and distributing annual and half-yearly financial reports and other circulars relating to the Sub-Fund and the expenses of publishing Unit prices.

For the avoidance of doubt, any such fees and expenses exceeding the Single Management Fee will be borne by the Manager and will not be charged to the Sub-Fund. Notwithstanding the above, the Single Management Fee will not include brokerage and transaction costs (including but not limited to fees, charges, commissions or spreads relating to the acquisition, holding or disposal of portfolio assets), stamp duty, taxes, fees and extraordinary items such as litigation expenses.

The Manager is entitled to receive a management fee of up to 0.99% per year of the Net Asset Value of the Sub-Fund. The current Single Management Fee in respect of the Sub-Fund is 0.80% and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund.

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As at the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General Information on the Index

The Index is a net total return free float-adjusted market capitalisation-weighted index and published by China Securities Index Co., Ltd. The Index aims to measure the performance of the liquor industry in Mainland China. The Index selects no more than 50 stocks listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange by market capitalisation which belong to Chinese liquor production industry as Index constituents.

The Index is a net total return index which means that its performance reflects the reinvestment of dividends and distributions, net of withholding tax, from the Index constituents. The Index is calculated and disseminated in RMB and is maintained by the Index Provider. The Index is denominated and quoted in RMB.

The Index was launched on 21 January 2015, and had a base level of 1,000 on 31 December 2008.

As of 31 December 2022, the Index had a total free float market capitalisation of RMB897.9 billion and 18 constituents.

Index Provider

The Index is compiled and managed by China Securities Index Co., Ltd ("CSI" or the "Index Provider").

The Manager (and each of its Connected Persons) is independent of the Index Provider.

Index Universe

The universe of the Index (the "Universe") is the same as that of the CSI All Share Index, which includes all securities including depositary receipts issued by red chip companies (each a "Stock") listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange except ST Stocks and *ST Stocks satisfying one of the following conditions:

a) a Stock listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange ("STAR Board") for more than one year; or

b) a Stock listed on the Shenzhen Stock Exchange or the Shanghai Stock Exchange other than a stock listed on the STAR Board must have a listing history of more than three months unless the daily average total market value of the Stock since its initial listing is ranked within the top 30.

Constituent Selection

Constituents in the Universe will be selected based on the following criteria:

(1) Stocks in the Universe are ranked according to their daily average trading value over the past year and the bottom 20% Stocks will be removed from the list of constituents.

(2) Stocks in the Universe which belong to liquor production and classified as liquor theme will be selected.

In this regard, Stocks will be selected if they fall within the CSI industry classification (CICS) Sub-Industry "White Liquor" (code 30101010) (https://www.csindex.com.cn/zh-CN#/dataService/industryClassification) (*the contents of which has not been reviewed by the SFC).*

CSI classifies listed companies by revenues as stated in their respective announcements. If a company cannot be categorised into one industry by using operating revenue as the only criteria (see the below guidelines), then the company's operating revenue and profit will both be taken into consideration. The guidelines are as follows:

(a) If one business accounts for over 50% of a company's total revenue, the company is classified into the business's corresponding industry in principle;

(b) If none of the company's businesses accounts for over 50% of its total revenue, but one business accounts for the largest share of total revenue and total profit with both figures above 30%, the company is classified into the business's corresponding industry in principle; and

(c) If none of the company's businesses accounts for over 30% of its total revenue and total profit, the expert panel will conduct further analysis to determine the industry classification. The main factors that the expert panel will consider when conducting the analysis are (i) the business development plan of the relevant company based on publicly available information such as financial reports, financial data and website information of the relevant company, and (ii) the view of the market towards the

relevant company by taking reference of the classification results from other main industry classification standards if available. When reviewing the financial reports, in addition to the assessment of income and revenue of the relevant company (where the expert panel will analyze whether there is a steady share of revenue from liquor business), the expert panel will also assess the main business, operation model, market situation and core competitiveness of the relevant company as disclosed in the financial reports.

(3) The list of Stocks will be ranked by average daily capitalisation over the past year in descending order, and up to 50 securities will be selected as Index constituents.

Calculation formula

The Index is calculated according to the following formula:

$$\mathrm{NTRI}_t = \mathrm{NTRI\ Closing\ Data}_{t-1} \times \frac{\sum(\mathrm{Sample\ Closing\ Price}_t \times \mathrm{Adjusted\ Shares} \times \mathrm{Weight\ Factor} \times \ \mathrm{Exchange\ Rate})}{\sum(\mathrm{Sample\ Opening\ Reference\ Net\ Price}_t \times \mathrm{Adjusted\ Shares} \times \mathrm{Weight\ Factor} \times \ \mathrm{Exchange\ Rate})}$$

when,

(i) NTRI represents Net total return version of the Index;
(ii) t represents any trading day;
(iii) t-1 represents the previous trading day of t;
(iv) the Opening Reference Net Price is the after tax opening reference price adjusted on the same day based on corporate events (such as cash dividends); and
(v) tax rate used for index calculation is 10%.

A weight factor will be applied to the calculation formula such that each Index constituent is capped at 15% weight at rebalancing.

Index Periodical Review and Ongoing Review

The Index is adjusted and rebalanced semi-annually in June and December and the Index constituents are subject to a cap of 15% weight at rebalancing. Any changes to the composition of the Index are implemented on the next trading day of the second Friday of June and December each year.

During the rebalancing process, the weighting of the constituents will be reviewed and adjusted when necessary.

The Index Provider will review the Index when special events occur, according to the Equity Indices Calculation and Maintenance Methodology of the Index Provider, which is available on CSI's website https://www.csindex.com.cn/# (the contents of which has not been reviewed by the SFC).

CSI publishes the real time Index level (Ticker: SH399998) on Bloomberg, updated throughout the day. The Index may also be viewed on Reuters (Ticker: . CSI399997CNY02).

Index Constituents and additional information

You can obtain the most updated list of the constituents of the Index and their respective weightings, additional information and important news of the Index from the website of CSI at https://www.csindex.com.cn/#/indices/family/detail?indexCode=399997 (the contents of which has not been reviewed by the SFC).

Index Codes

Bloomberg Code: SH399998
Reuters Code: .CSI399997CNY02

Index Licence Agreement

The Manager has entered into with the Index Provider an index licence agreement with effect from 16 February 2023 (the "Effective Date") for an initial term of three years following the Effective Date. Upon the expiration of the initial term, the licence should be automatically renewed for successive terms of 2 years at a time, unless it is terminated in accordance with the provisions of the licence agreement.

Index Provider Disclaimer

All rights in the CSI Liquor Index ("Index") vest in China Securities Index Company ("CSI"). CSI does not make any warranties, express or implied, regarding the accuracy or completeness of any data related to the Index. CSI is not liable to any person for any error of the Index (whether due to negligence or otherwise), nor shall it be under any obligation to advise any person of any error therein. The ETF based on the Index is in no way sponsored, endorsed, sold or promoted by CSI and CSI shall not have any liability with respect thereto.

Information available on the Internet

The Manager will publish important news and information with respect to the Sub-Fund (including in respect of the Index), both in the English and in the Chinese languages, on the Manager's website at http://www.efunds.com.hk/strategy/info/89.html (the contents of this website and any other websites referred to in this Appendix have not been reviewed by the SFC) and the HKEx's website at www.hkex.com.hk (in respect of (a), (b), (c), (d) and (f) below) including:

(a) the Prospectus (including this Appendix) and the product key fact statement in respect of the Sub-Fund (as revised from time to time);

(b) the latest annual and semi-annual financial reports (in English only);

(c) any notices for material alterations or additions to the Sub-Fund's offering documents or constitutive documents;

(d) any public announcements made by the Sub-Fund, including information with regard to the Sub-Fund and Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading;

(e) the tracking difference and tracking error of the Sub-Fund;

(f) the near real time indicative Net Asset Value per Unit updated every 15 seconds during normal trading hours on the SEHK in RMB and in HKD;

(g) the last Net Asset Value of the Sub-Fund in RMB and the last Net Asset Value per Unit of the Sub-Fund in RMB and in HKD;

(h) full portfolio information of the Sub-Fund (updated on a daily basis); and

(i) the latest list of the Participating Dealers and Market Makers.

The near real time indicative Net Asset Value per Unit in RMB and HKD, under (f) above, is indicative and for reference only. This is every 15 seconds updated during SEHK trading hours. The near real time indicative Net Asset Value per Unit in HKD uses a real time HKD:RMB foreign exchange rate – it is calculated using the near real time indicative Net Asset Value per Unit in RMB multiplied by a real-time HKD:RMB foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. Since the indicative Net Asset Value per Unit in RMB will not be updated when the underlying A-Shares market is closed, the changes in the indicative Net Asset Value per Unit in HKD during such period is solely due to the change in the foreign exchange rate.

The last Net Asset Value per Unit in HKD, under (g) above, is indicative and for reference only and is calculated using the last Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate at 3:00 p.m. (Hong Kong time) quoted by Bloomberg for offshore RMB (CNH) as of the same Dealing Day. The official last Net Asset Value per Unit in RMB and HKD will not be updated when the underlying A-Shares market is closed.

Risks Factors Specific to the Sub-Fund

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also the risks, in the opinion of the Manager and its directors, to be relevant and presently applicable specifically to the Sub-Fund.

Sector risk

The Sub-fund's investments are concentrated in the liquor industry in Mainland China, and as such the value of the Sub-fund may be more volatile than that of a fund having a more diverse portfolio of investments. The Index comprises stocks of companies related to the liquor industry in Mainland China. Such companies are subject to extensive regulatory requirements regarding production, distribution, marketing, advertising and labelling and, import and excise duties, which may adversely affect the scope and scale of their business operations and promotional activities. Possible enforcement actions by the relevant government bodies such as product recalls and seizure of products may also adversely affect the business of these companies. Governmental regulation may change frequently. Such risks may impact the prices of shares of such companies and the performance of the Sub-Fund.

Concentration risk

Due to the concentration of the Index in a single country (i.e. the PRC), the Index is subject to concentration risk and the performance of the Index may be more volatile when compared to other broad-based stock indices. The Net Asset Value of the Sub-Fund is therefore likely to be more volatile than a more broad-based fund, such as a global or regional fund, as the Index is more susceptible to fluctuations in value resulting from adverse conditions in a single country.

Risks associated with the Stock Connect

The Sub-Fund's investments through the Stock Connect may be subject to the following risks. In the event that the Sub-Fund's ability to invest in A-Shares through the Stock Connect on a timely basis is adversely affected, the Manager will seek to rely on QFI investments to achieve the Sub-Fund's investment objective.

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). The Sub-Fund's ability to invest in A-Shares through the Stock Connect may be affected.

Suspension risk: Each of the SEHK, the SSE and the SZSE reserves 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 is effected, the Sub-Fund's ability to invest in A-Shares or access the PRC market through the Stock Connect 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 A-Shares trading. Due to the differences in trading days, the Sub-Fund may be subject to a risk of price fluctuations in A-Shares on a day that the PRC stock markets are open for trading but the Hong Kong stock market is closed.

Operational risk: The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. 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. 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.

Recalling of eligible stocks: If a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold and cannot be bought. This may affect the Sub-Fund's tracking of the Index if, for example, a constituent of the Index 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 crossboundary 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. 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.

Regulatory risk: The Stock Connect 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. 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.

Limited 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. The Sub-Fund's investments through Northbound trading under Stock Connect is not covered by Hong Kong's Investor Compensation Fund in respect of defaults occurring prior to 1 January 2020. While the Sub-Fund is covered by the Investor Compensation Fund for defaults occurring on or after 1 January 2020 for Northbound trading, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not mainland Chinese brokers, they are not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in mainland China. Therefore the Sub-Fund is exposed to the risk of default of the broker(s) it engages in its trading in A-Shares through the programme.

Investment in FDIs risk

The Sub-Fund may invest up to 15% of the Net Asset Value in FDIs (being futures and funded total return swaps) for investment and hedging purposes through one or more counterparty(ies). As such, the Sub-Fund may suffer significant loss if a counterparty to the FDIs fails to perform its obligations, or in case of insolvency or default of the counterparty(ies).

Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. FDIs are susceptible to price fluctuations and higher volatility, and may have large bid and offer spreads and no active secondary markets. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

In the event that the Manager enters into funded total return swaps in respect of the Sub-Fund, the Manager will seek to mitigate the counterparty risks by fully collateralising all counterparty exposures. There is a risk that the value of the collateral may be substantially lower than the amount secured and so the Sub-Fund may suffer significant losses. Any loss would result in a reduction in the Net Asset Value of the Sub-Fund and impair the ability of the Sub-Fund to achieve its investment objective to track the Index.

The Sub-Fund may suffer significant losses if the counterparty fails to perform its obligations, defaults or becomes insolvent under the funded swaps. The value of the collateral assets may be affected by market events and may diverge substantially from the performance of the Index, which may cause the Sub-Fund's exposure to the swap counterparty to be under-collateralised and therefore result in significant losses.

Please refer to the risk factor headed "Financial derivative instruments risk" under "Risk Factors" in Part 1 of this Prospectus for further details.

The Manager has put in place measures to address the risks due to investment in FDIs. For example, the Manager will ensure that counterparties to transactions of over-the-counter FDIs or their guarantors must be substantial financial institutions. Please also refer to the sections "Financial Derivative Instruments" and "Collateral" under "Investment Objective, Investment Strategy and Restrictions, Securities Lending and Borrowing" in Part 1 of this Prospectus for a description of the Manager's policy regarding FDIs and collateral.

Risks associated with the QFI regime

QFI systems risk: The current QFI Regulations include rules on investment restrictions applicable to the Sub-Fund. Transaction sizes for QFIs are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

Onshore PRC securities are registered in the joint names of the Manager (as the QFI holder) and the Sub-Fund in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the CSDCC. The account is required to bear the name of "E Fund Management (Hong Kong) Co., Limited" as this is the name under which the QFI is approved by the relevant regulator. The QFI selects a PRC broker (the "PRC Broker") to act on its behalf in each of the two onshore PRC securities markets as well as the PRC Custodian to maintain its assets in custody in accordance with the terms of the PRC Custody Agreement.

In the event of any default of either the relevant PRC Broker or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Sub-Fund may encounter delays in recovering its assets which may in turn adversely impact the Net

Asset Value of the Sub-Fund.

In extreme circumstances, the Sub-Fund may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to QFI investment restrictions, illiquidity of the PRC's securities markets, and delay or disruption in execution of trades or in settlement of trades.

The regulations which regulate investments by QFIs in the PRC and the repatriation of capital from QFI investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no certainty as to how such discretion may be exercised now or in the future.

Changes to the foreign investment regulation in the PRC may be made at any time by the CSRC and the SAFE, and such changes may have a detrimental impact on the ability of a Sub-Fund to achieve its investment objective.

PRC Custodian and PRC Broker risk: Onshore PRC assets will be maintained by the PRC Custodian in electronic form via a securities account with the CSDCC and a cash account with the PRC Custodian.

The QFI also selects the PRC Broker to execute transactions for the Sub-Fund in the PRC markets. Should, for any reason, the Sub-Fund's ability to use the relevant PRC Broker be affected, this could disrupt the operations of the Sub-Fund and affect the ability of the Sub-Fund to track the Index, causing a premium or a discount to the trading price of Units on the SEHK. The Sub-Fund may also incur losses due to the acts or omissions of either the relevant PRC Broker or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or Securities. Subject to the applicable laws and regulations in the PRC, the Manager will make arrangements to ensure that the PRC Brokers and PRC Custodian have appropriate procedures to properly safe-keep the Sub-Fund's assets.

According to the QFI Regulations and market practice, the securities and cash accounts for the Sub-Fund in the PRC are to be maintained in the joint names of the Manager as the QFI and the Sub-Fund.

Investors should note that cash deposited in the cash account 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 belong to other clients 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 account, and the Sub-Fund will become an unsecured creditor, ranking pari passu 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 losses.

Repatriation risk: Repatriations by QFIs in respect of an investment fund such as a Sub-Fund conducted in RMB based on the net balance of subscriptions or redemptions each day are permitted daily and are not subject to any lock-up periods or prior approval. The realised cumulative profits generated from investments via the QFI for the account of a Sub-Fund may be repatriated out of the PRC, as and when the Manager instructs the PRC Custodian to do so and after the completion of the audit of such net realised cumulative profits by a PRC registered accountant and the issuance of the tax payment certificate or tax filing certificate (if any). There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions/ requirements will not be cancelled or additionally imposed in the future. Any new restrictions on repatriation of the invested capital and net profits may impact on a Sub-Fund's ability to meet redemption requests.

QFI status risk: There can be no assurance that the QFI status of the Manager will not be suspended or revoked. Such event may adversely affect the Sub-Fund's performance as it may not be possible to implement the investment strategy of the Sub-Fund at all, which in the worst case scenario may lead to termination of the Sub-Fund.

Economic, political and social risks of the PRC

The economy of China, 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 China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of China and a high level of management autonomy. The economy of China 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. 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 Securities in the Sub-Fund's portfolio. The value of the Sub-Fund may be more susceptible to settlement risks, custody risks and adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the PRC market.

PRC laws and regulations risk

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Restricted markets risk

The Sub-Fund may invest in Securities in respect of which the PRC imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of the Sub-Fund holdings as compared to the performance of the 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.

A-Share market suspension risk

A-Shares may only be bought from, or sold to, the Sub-Fund from time to time where the relevant

A-Shares may be sold or purchased on the SSE or the SZSE, as appropriate. Securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. Given that the A-Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and redemption of Units may also be disrupted. A Participating Dealer is unlikely to redeem or create Units if it considers that A-Shares may not be available.

A-Share market trading hours difference risk

Differences in trading hours between SZSE and SZSE 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 Index level may not be available. The prices quoted by the SEHK market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Index level and as a result, the level of premium or discount of the Unit price of the Sub-Fund to its Net Asset Value may be higher. High market volatility and potential settlement difficulties in the A-Shares market may also result in significant fluctuations in the prices of the securities traded on the A-Shares market and thereby may adversely affect the value of the Sub-Fund.

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.

Changes in PRC taxation risk

The PRC Government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future which may have retrospective impact. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies. In particular, please refer to the sub-section “PRC taxation” below.

Government intervention and restriction risk

Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on “naked” short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Index and as a result the performance of the Sub-Fund.

Small-capitalisation / mid-capitalisation companies risk

The Sub-Fund may invest in stocks of small-capitalisation / mid-capitalisation companies. The stock of small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

PRC withholding taxation risk

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 the Stock Connect. There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current PRC tax laws, regulations and practice. Any shortfall between the provision (if any) and the actual tax liabilities will be debited from the Sub-Fund's assets. As such, 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 may be disadvantaged or advantaged 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 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 those borne at the time of investment in the Sub-Fund. Please refer to the sub-section "Taxation" – "PRC Taxation" in this Appendix for further information in this regard.

Trading differences risk

As the SSE and the SZSE may be open when Units in the Sub-Fund are not priced, the value of the Securities in the Sub-Fund's portfolio may change on days when investors will not be able to purchase or sell the Sub-Fund's Units. Furthermore, the market price of underlying Securities listed on the above stock exchanges which are established outside Hong Kong or swaps may not be available during part or all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Sub-Fund deviating away from the Net Asset Value. A-Shares may be subject to trading bands which restrict increases and decreases in the trading price. Units listed on the SEHK are not. The prices quoted by the SEHK market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Index level and as a result, the level of premium or discount of the Unit price of the Sub-Fund to its Net Asset Value may be higher.

RMB related risks

RMB is not freely convertible and subject to exchange controls and restrictions risk: It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into US dollar has been based on rates set by the PBOC, which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, China announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand. Given the domestic and overseas economic developments, the PBOC decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/-0.5% to +/-1%. Effective 11 August 2015 the RMB central parity is fixed against the USD by reference to the closing rate of the inter-bank foreign exchange market on the previous day (rather than the previous morning's official setting).

However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact 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.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

RMB trading and settlement of Units risk: 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. Investors should check with their brokers in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

Non-RMB or late settlement redemption risk: Where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, redemption proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or HKD instead of in RMB (at an exchange rate determined by the Manager after consultation with the Trustee). As such, there is a risk that investors may not be able to receive, through Participating Dealers, settlement upon a redemption of Units in RMB (and may receive US dollars or HKD) or may receive settlement in RMB on a delayed basis.

QFI late settlement risk: The Sub-Fund will be required to remit RMB from Hong Kong to the PRC to settle the purchase of A-Shares by the Sub-Fund from time to time. In the event such remittance is disrupted, the Sub-Fund will not be able to fully replicate the Index by investing in the relevant A-Shares and this may increase the tracking error of the Sub-Fund.

Exchange rates movement between the RMB and other currencies risk: Investors in RMB traded Units whose assets and liabilities are predominantly in HKD or in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and RMB. There is no guarantee that RMB will appreciate or depreciate in value against HKD or any other currency. If RMB appreciates in value, an investor may enjoy a gain in RMB terms but suffer a loss when converting funds from RMB back into HKD (or any other currency), and vice versa if RMB depreciates.

Future movements in RMB exchange rates risk: The exchange rate of RMB ceased to be pegged to US dollars on 21 July 2005, resulting in a more flexible RMB exchange rate system. China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of RMB against US dollars, euro, Yen, British pound sterling and HKD at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and HKD, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, HKD or any other foreign currency in the future. From 1994 to July 2005, the exchange rate for

RMB against US dollar and the HKD was relatively stable. Since July 2005, the RMB has begun to appreciate until August 2015 when the PBOC introduced a one-off devaluation of RMB. There can be no assurance that RMB will not be subject to further devaluation. The future movements in RMB exchange rates are uncertain and the fluctuations may have a positive or negative impact on investors' investment in the Sub-Fund.

Dual Counter risks

Investment in the dual counter traded Units may be riskier than in single counter units or shares of an SEHK listed issuer for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of one counter are delivered to CCASS at the last settlement on a trading day, leaving not enough time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfer of Units between the HKD counter and the RMB counter for any reason, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant Dual Counter. Accordingly it should be noted that inter-counter transfers may not always be available.

There is a risk that the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB due to different factors such as market liquidity, supply and demand in each counter and the exchange rate between RMB and HKD (in both the onshore and the offshore markets). The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and *vice versa*. There can be no assurance that the price of Units in each counter will be equivalent.

Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy and sell RMB traded Units.

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in both counters at the same time. In such a case another broker or CCASS participant may need to be used. Accordingly this may inhibit or delay an investor dealing in both HKD traded and RMB traded Units and may mean investors may only be able to sell their Units in one currency. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfer.

Offshore RMB ("CNH") market risk

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

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

Reliance on Market Makers risk

Although the Manager will ensure that at least one RMB Counter Market Maker for RMB counter and one HKD Counter Market Maker for HKD counter will maintain a market for the Units traded in each counter, it should be noted that liquidity in the market for the Units may be adversely affected if there is no Market Maker for the HKD traded Units or for the RMB traded Units. The Manager will seek to mitigate this risk by ensuring at least one RMB Counter Market Maker and at least one HKD Counter Market Maker give not less than 3 months notice prior to terminating market making arrangement under the relevant market making agreements. There may be less interest by potential market makers in making a market in RMB denominated or traded Units. Furthermore, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for such RMB traded Units. It is possible that there will only be one SEHK Market Maker for each counter (RMB or HKD) or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker. There is also no guarantee that any market making activity will be effective.

Hong Kong Stamp duty

No stamp duty is payable in respect of any contract notes or instruments of transfer relating to transactions in all Units (both RMB traded and HKD traded Units).

No stamp duty is payable by an investor in relation to the creation of Units or the redemption of Units.

PRC Taxation

The following summary of PRC taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of PRC and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in PRC at the date of this Appendix. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Appendix. Furthermore, tax laws can be subject to different interpretations and no assurance can be given *that relevant tax authorities will not take a contrary position to the tax treatments described below.*

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

It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC Securities than currently contemplated. Unitholders should seek their own tax advice on their tax positions with regard to their investments in the Sub-Fund.

Corporate Income Tax

Under current PRC Corporate Income Tax Law and regulations, if the Trust or the Sub-Fund is considered as a PRC tax resident enterprise, it will be subject to PRC Corporate Income Tax ("CIT") at the rate of 25% on its worldwide taxable income. If the Trust or the Sub-Fund is considered as a non-PRC tax resident enterprise with an establishment or place of business (a "PE") in the PRC, the profits attributable to that PE would be subject to CIT at 25%.

The Manager intends to manage and operate the Trust and the Sub-Fund in such a manner that the Trust and the Sub-Fund should not be treated as PRC tax resident enterprises or non-PRC tax resident enterprises with a PE in the PRC for CIT purposes, although this cannot be guaranteed. Under the PRC Corporate Income Tax Law and its implementation rules, incomes derived from the PRC by non-PRC tax resident enterprises which have no PE in the PRC are generally subject to CIT on a withholding basis at the rate of 10% ("WIT") to the extent the Trust or the Sub-Fund directly derives passive income with a PRC source (e.g. dividend, interest or capital gains), unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.

Dividend income and distribution income – Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-PRC tax resident enterprises without a PE in the PRC are subject to WIT, generally at a rate of 10%, to the extent it directly derives the PRC sourced passive income. PRC sourced passive income (such as dividend income and distribution income) may arise from investments in the PRC Securities. Accordingly, the Trust or the Sub-Fund may be subject to WIT on any dividends and distributions it receives from its investment in PRC Securities. The Manager intends to make relevant provision on dividends and distributions from PRC securities if the WIT is not withheld at source at the time when such income is received (where WIT is already held at source, no further provision will be made).Such WIT will reduce the income from the Trust and the Sub-Fund and adversely affect the performance of the Trust and the Sub-Fund.

Under current regulations in the PRC, foreign investors (such as the Trust and each of the Sub-Funds) may invest in onshore PRC securities, generally, only through a qualified foreign institutional investor (in this section and for the Sub-Fund referred to as the "relevant RQFII"). Since only the relevant RQFII's interests in onshore PRC securities are recognised under PRC laws, any tax liability would, if it arises, be payable by the relevant RQFII. However under the terms of the arrangement between the relevant RQFII and the Trust, the relevant RQFII will pass on any tax liability to the Trust for the account of the 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 RQFII is subject to a WIT of 10% on dividends and distributions from the PRC securities unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.

With the "Circular on tax collection policies concerning the Pilot Programme of the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) (the "Circular 81") and "Circular on tax collection policies concerning the Pilot Programme of the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127) (the "Circular 127") promulgated by the Ministry of Finance of the PRC, the STA and the CSRC on 31 October 2014 and 5 November 2016 respectively, dividends received by overseas investors from investments in A-Shares listed on the SSE and the SZSE via the Stock Connect are subject to WIT at the rate of 10% and the company distributing the dividend has the withholding obligation.

Capital gains – The “Circular on the temporary exemption of Corporate Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No.79) promulgated by the MOF, the STA and the CSRC on 14 November 2014 (the “Circular 79”) states that QFIIs and RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) will be temporarily exempt from CIT on capital gains derived from the transfer of PRC equity investment assets (including PRC A-Shares) effective from 17 November 2014. According to Circular 81 and Circular 127, capital gains derived by overseas investors from the transfer of investments in A-Shares listed on the SSE and the SZSE via the Stock Connect are temporarily exempt from CIT. In light of Circular 79, Circular 81 and Circular 127, and having taken and considered independent professional tax advice, the Manager has determined not to make WIT provision for capital gains derived from trading of A-Shares listed on the SSE and the SZSE via the Stock Connect and RQFII.

It should be noted that Circular 79, Circular 81 and Circular 127 state that the CIT exemption on gains derived by overseas investors from the transfer of investments in A-Shares listed on the SSE and the SZSE via the Stock Connect and RQFII is temporary. As such, as and when any of the aforesaid tax exemptions expires, the Sub-Fund may need to make provision again to reflect taxes payable, which may have a significant negative impact on the Net Asset Value of the Sub-Fund.

There are still uncertainties as to the application of the PRC CIT Law and its implementation rules. It is also uncertain as to whether the Sub-Fund may be subject to other taxes imposed in the mainland China in respect of its investments in the relevant PRC investments. It is possible that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Sub-Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the PRC Investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Sub-Fund’s PRC Investments. Any increased tax liabilities on the Sub-Fund may adversely affect that Fund’s value.

Where no provision is made by the Manager in relation to all or part of the actual tax levied by the relevant PRC tax authorities in the future, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, such amount of tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged. The Manager reserves the right to provide for WIT and to deduct or to withhold the tax for the account of the Sub-Fund if so warranted.

Please refer to the risk factor “PRC withholding taxation risk” for further information in this regard.

Value-Added Tax

With the Circular Caishui [2016] No. 36 (the “Circular 36”) promulgated by the Ministry of Finance of the PRC and the STA on 23 March 2016 regarding the final stage of PRC Value-Added Tax (“VAT”) reform which came into effect on 1 May 2016, gains derived from the trading of PRC securities will be subject to VAT at 6% unless a specific exemption or reduction is available. If VAT is applicable, other surtaxes (such as Urban Construction and Maintenance Tax (“UCMT”), Education Surcharge (“ES”) and Local Education Surcharge (“LES”)) would also be charged at an amount as high as 12% on the VAT payable.

Under Circular 36 and Caishui [2016] No.70 (the “Circular 70”), gains derived by (i) QFIIs and RQFIIs from trading of PRC securities and (ii) approved foreign investors from transfer of investments in A-shares listed on the SSE and the SZSE via the Stock Connect are exempt from VAT.

There are still uncertainties as to the application of the rules and regulations on the VAT and its surtaxes. It is also uncertain as to whether the Sub-Fund may be subject to other taxes imposed in the mainland China in respect of its investments in the relevant PRC investments. It should be noted that there is no assurance that the current exemptions of the VAT as stated above will not be repealed. As such, as and when any of the aforesaid tax exemptions expires, the relevant Sub-Funds may need to make provision again to reflect the taxes payable, which may have a significant negative impact on the Net Asset Values of the Sub-Fund.

Where no provision is made by the Manager in relation to all or part of the actual taxes levied by the relevant PRC tax authorities in the future, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, such amount of tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged. The Manager reserves the right to provide for VAT and its surtaxes and to deduct or to withhold the taxes for the account of the relevant Sub-Fund if so warranted.

Stamp duty

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Stamp Duty Law, including contracts for the sale of A-Shares traded on the PRC stock exchanges. In the case of contracts for sale of A-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 short-selling guaranteed by securities by overseas investors through the Stock Connect is temporarily exempt from stamp duty from 5 December 2016.

Swap arrangement

The Sub-Fund may gain an economic exposure to A-Shares through swaps. A swap counterparty may implement hedge arrangements by acquiring A-Shares using QFII/RQFII status (that of either itself, a third party or an affiliate), which will be subject to PRC taxation as discussed above. As a result, PRC mainland tax liabilities (if any) accruing to the swap counterparties under the hedge arrangements may ultimately be charged to the Sub-Fund contractually and would likely have an economic effect on the value of the Sub-Fund.

Appendix dated 5 May 2023