IMPORTANT: Investments involve risks, including the total loss of your investment. Investors are advised to consider their own investment objectives and circumstances in determining the suitability of an investment in the ChinaAMC NASDAQ-100 Index Daily (2x) Leveraged Product, the ChinaAMC NASDAQ-100 Index Daily (-1x) Inverse Product and the ChinaAMC NASDAQ-100 Index Daily (-2x) Inverse Product (each a "Product").

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

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

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

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

ChinaAMC Leveraged/Inverse Series

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

PROSPECTUS

ChinaAMC NASDAQ-100 Index Daily (2x) Leveraged Product

Stock Code: 7261

ChinaAMC NASDAQ-100 Index Daily (-1x) Inverse Product

Stock Code: 7331

ChinaAMC NASDAQ-100 Index Daily (-2x) Inverse Product

Stock Code: 7522

Manager

China Asset Management (Hong Kong) Limited

華夏基金(香港)有限公司

April 2023

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission (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 ChinaAMC Leveraged/Inverse Series (the "Trust") and the products of the Trust have each been authorised as collective investment schemes by the SFC. Authorisation by the SFC is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of units (the "Units") in the ChinaAMC Leveraged/Inverse Series (the "Trust"), an umbrella unit trust established under Hong Kong law by a trust deed dated 13 September 2016, as amended from time to time, including by an amended and restated trust deed amending and restating the trust deed with effect from 6 December 2019 (the "Trust Deed") between China Asset Management (Hong Kong) Limited 華夏基金(香港)有限公司 (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Trust has a number of products (the "Products" or individually a "Product").

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

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

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

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

Dealings in the Units of the Products on The Stock Exchange of Hong Kong Limited (the "SEHK") have already commenced. The Units of such Products have been accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearance and settlement in the Central Clearing and Settlement System ("CCASS"). Settlement of transactions between participants on the SEHK is required to take place in CCASS on the second CCASS settlement day after the trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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.

Furthermore, distribution of this Prospectus (including the Product Key Facts Statement) shall not be permitted unless it is accompanied by a copy of the latest annual financial report of the Products (where existing) and, if later, its most recent interim report.

Neither the Trust nor any of the Products is registered as an investment company with the United States Securities and Exchange Commission. Units have not been, and will not be, registered under the United States Securities Act of 1933 or any other United States Federal or State law and accordingly Units are not offered to, and may not be transferred to or acquired by, US persons (including without limitation US citizens and residents as well as business entities organised under United States' law).

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

Questions and Complaints

Investors may raise any questions on or make any complaints about the Trust (including the Products) by contacting the Manager at its address as set out in the Directory of this Prospectus or by phone at its telephone number: (852) 3406 8686.

DIRECTORY

Manager

China Asset Management (Hong Kong) Limited
華夏基金(香港)有限公司
37/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Trustee and Registrar

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

Participating Dealers#

ABN AMRO Clearing Hong Kong Limited
Suite 2407-2409, Level 24Three Pacific Place, 1 Queen's Road East
Hong Kong

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

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

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
Central
Hong Kong

Credit Suisse Securities (Hong Kong) Limited
Level 88, International Commerce Centre,
1 Austin Road West
Kowloon
Hong Kong

Citigroup Global Markets Asia Limited
50/F, Champion Tower
3 Garden Road
Central
Hong Kong

Market Makers#

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

IMC Asia Pacific Limited
Unit 2001, 20/F, 100 Queen's Road Central
Hong Kong

Korea Investment & Securities Asia Limited
Suites 3711-12, 3716-19
Jardine House
1 Connaught Place, Central
Hong Kong

Mirae Asset Securities (HK) Limited
Unit 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road, West Kowloon
Hong Kong

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

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

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

J.P. Morgan Broking (Hong Kong) Limited
23/F, Tower 1, The Quayside
77 Hoi Bun Road, Kwun Tong
Hong Kong

KGI Asia Limited
41/F Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Korea Investment & Securities Asia Limited
Suites 3711-12, 3716-19, Jardine House
1 Connaught Place, Central
Hong Kong

Merrill Lynch Far East Limited
55/F, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

Mirae Asset Securities (HK) Limited
Unit 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road, West Kowloon
Hong Kong

Morgan Stanley Hong Kong Securities Limited
46th Floor, International Commerce Centre
1 Austin Road West Kowloon
Hong Kong

UBS Securities Hong Kong Limited
47-52/F, Two International Finance Centre,
8 Finance Street
Central
Hong Kong

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

Auditors
Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Hong Kong

Service Agent
HK Conversion Agency Services Limited
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

Please refer to the Manager's website for the latest lists of Participating Dealers for each Product. Please refer to the Hong Kong Exchanges and Clearing Limited's website at www.hkex.com.hk for the latest lists of Market Makers for each Product.

CONTENTS

PART 1 – GENERAL INFORMATION RELATING TO THE TRUST AND PRODUCTS 1
DEFINITIONS 2
INTRODUCTION 9
THE OFFERING PHASES 10
INVESTMENT OBJECTIVE, INVESTMENT STRATEGY, INVESTMENT RESTRICTIONS, SECURITY LENDING AND BORROWING 15
CREATIONS AND REDEMPTIONS (PRIMARY MARKET) 29
EXCHANGE LISTING AND TRADING (SECONDARY MARKET) 41
DETERMINATION OF NET ASSET VALUE 42
FEES AND EXPENSES 45
RISK FACTORS 49
MANAGEMENT OF THE TRUST 61
STATUTORY AND GENERAL INFORMATION 67
TAXATION 74
PART 2 – SPECIFIC INFORMATION RELATING TO EACH PRODUCT 80
APPENDIX 1: CHINAAMC NASDAQ-100 INDEX DAILY (2X) LEVERAGED PRODUCT 81
APPENDIX 2: CHINAAMC NASDAQ-100 INDEX DAILY (-1X) INVERSE PRODUCT 102
APPENDIX 3: CHINAAMC NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT 123

PART 1 – GENERAL INFORMATION RELATING TO THE TRUST AND PRODUCTS

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

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

DEFINITIONS

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

"A-Shares" means shares issued by companies incorporated in the PRC and listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in RMB and available for investment by domestic investors, QFIIs and RQFIIs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) a Creation Application to deliver the requisite Securities, Futures Contracts and/or any relevant cash amount; or

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

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

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

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

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

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

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

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

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

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

“IFRS” means International Financial Reporting Standards.

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

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

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

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

“Initial Offer Period” means, in respect of each Product, the period before the relevant Listing Date as set out in the relevant Appendix.

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

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

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

“Manager” means China Asset Management (Hong Kong) Limited 華夏基金(香港)有限公司 or such other person or persons for the time being duly appointed pursuant to the Trust Deed as manager of the Trust in succession thereto being approved by the SFC under the Code.

“Market” means in any part of the world:

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

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

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

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

“NASDAQ” means The NASDAQ Stock Market LLC.

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

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

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

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

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

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

"PRC" means The People's Republic of China excluding Hong Kong and the Macau Special Administrative Region.

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

"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 approved by the Manager or which is recognised by the SFC.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Service Agent's Fee" means the fee which may be charged for the benefit of the Service Agent to each Participating Dealer on each Creation Application or Redemption Application made by the relevant Participating Dealer, the maximum level of which shall be determined by the Service Agent and set out in this Prospectus.

"Service Agreement" means each agreement by which the Service Agent provides its services in respect of a Product entered amongst the Trustee and Registrar, the Manager, the Participating Dealer, the Service Agent and the Hong Kong Securities Clearing Company Limited.

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

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

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

"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.

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

"Swap Counterparty" means a counterparty of the Product pursuant to a Swap.

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

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

“Trust Deed” means the trust deed dated 13 September 2016 between the Manager and the Trustee constituting the Trust, as amended and restated from time to time, including by an amended and restated trust deed amending and restating the trust deed with effect from 6 December 2019.

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

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

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

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

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

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

“Valuation Point” means, in respect of a Product, the official close of trading on the Market on which the Securities or Futures Contracts constituting the Index are listed on each Dealing Day or if more *C7* than one, the official close of trading on the last relevant Market to close or such other time or times as determined by the Manager in consultation with the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

INTRODUCTION

The Trust

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

The Products

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

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

THE OFFERING PHASES

Initial Offer Period

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

Unless otherwise stated in the relevant Appendix, the latest date for making a Creation Application for Units is 5:00 p.m. (Hong Kong time) four Business Days prior to the Listing Date or such other time as the Manager (with the approval of the Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be dealt with during the Initial Offer Period, the relevant Participating Dealer must submit the Creation Applications to the Registrar (with a copy to the Manager) before the above deadline.

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

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

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

After Listing

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

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

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

(b) apply for 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 section "Key Information" in the relevant Appendix) or whole multiples thereof like ordinary listed stocks through an intermediary such as a stockbroker or through any of the share dealing services offered by banks or other financial advisers at any time the SEHK is open.

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

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

Creations and Redemptions through Participating Dealers

Units will continue to be created and redeemed at the Issue Price and Redemption Value respectively through Participating Dealers in Application Unit size. The Application Unit size and currency for settlement are as set out in the relevant Appendix.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Creation Applications or Redemption Applications to the Registrar (with a copy to the Manager) before the Dealing Deadline on the relevant Dealing Day. If a Creation Application or Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application or Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application or Redemption Application. Participating Dealers are under no obligation to create or redeem generally or for their clients and may charge their clients such fee or fees as such Participating Dealers determine.

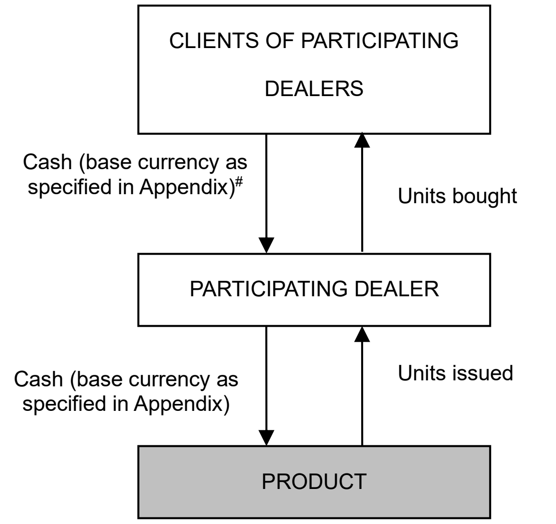
Settlement for subscribing Units is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day or for redeeming Units is due two Business Days (unless as otherwise stated in the relevant Appendix) after the Dealing Day, unless the Manager and Trustee agree with the relevant Participating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

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

Diagrammatic Illustration of Investment in a Product

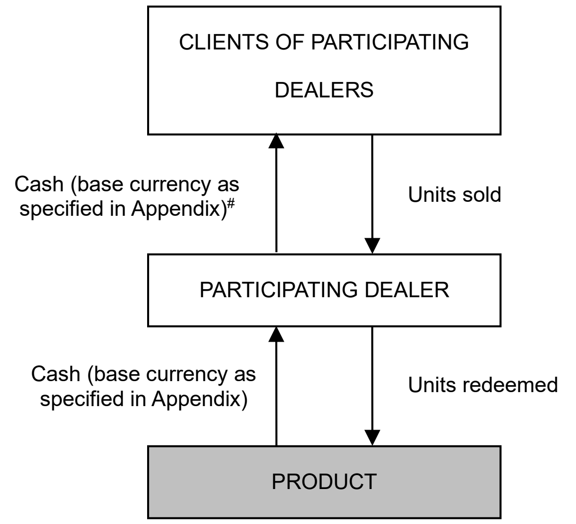
The diagrams below illustrate the issue or redemption and the buying or selling of Units:

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



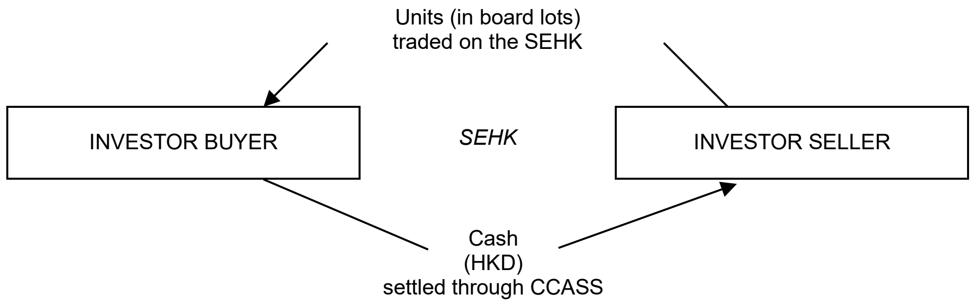
Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.

(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

Initial Offer Period

Method of Offering	Minimum Number of Units (or multiple thereof)	Channel	Available to	Consideration, Fees and Charges#
Cash creation (in USD only unless otherwise specified in the relevant Appendix)	Application Unit size (see relevant Appendix)	Through Participating Dealers only in USD unless otherwise specified in the relevant Appendix	Any person acceptable to the Participating Dealer as its client	Cash based on the initial Issue Price and the number of Units applied (payable in USD only unless the Participating Dealer otherwise agrees or unless otherwise specified in the relevant Appendix) Brokerage fees and/or any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Transaction Fee (payable in USD unless otherwise specified in the relevant Appendix) Duties and Charges (payable in USD unless otherwise specified in the relevant Appendix)

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 HKD	Board lot size (see relevant Appendix)	On the SEHK	Any investor	Market price of Units on SEHK (in HKD) Brokerage fees (in such currency as determined by individual brokers), Transaction Levy, Financial Reporting Council ("FRC") Transaction Levy and Trading Fee (in HKD only unless otherwise specified in the relevant Appendix)
Cash creation and cash redemption	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Cash based on the Issue Price/ Redemption Value and the number of Units applied (payable in USD only unless the Participating Dealer otherwise agrees or unless otherwise specified in 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) Transaction Fee (payable in USD unless otherwise specified in the relevant Appendix) Duties and Charges (payable in USD unless otherwise specified in the relevant Appendix)

Please refer to "Fees and Expenses" for further details

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

Investment Objective

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

Investment Strategy

In managing a Product, the Manager may use either a futures-based replication strategy or a swap-based synthetic replication strategy as described below. Additionally, the Manager may utilise a combination of investment in securities and a futures-based replication strategy or swap-based synthetic replication strategy. This may include investing in securities of companies that replicate the performance of the relevant index. The particular strategy employed for each Product is set out in the relevant Appendix.

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

Futures-based replication strategy

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

Swap-based synthetic replication strategy

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

Change of Investment Strategy

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

Investment Restrictions

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

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

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

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

(1) investments in Securities issued by such entity;

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

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

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

(1) investments in Securities issued by such entities;

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

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

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

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

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

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

For the purpose of this sub-paragraph (3), cash deposits generally refer to those that are repayable on demand or have the right to be withdrawn by the Product and not referable to provision of property or services.

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

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

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

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

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

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

(g) notwithstanding (a), (b) and (d), not more than 30% of the total Net Asset Value of a Product may be invested in Government and other Public Securities of the same issue, except for a Product which has 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 Product may fully invest in Government and other Public Securities in at least six different issues. Subject to the approval of the SFC, a Product which has been authorised by the SFC as an index fund may exceed the 30% limit in (g) and may invest all of its assets in Government and other Public Securities in any number of different issues;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) the Prospectus must state that:

(i) the Product is a feeder fund into the master fund;

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

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

(iv) the aggregate amount of all the fees and charges of the Product (i.e. Feeder fund) and its underlying master fund must be clearly disclosed;

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

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

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

The Manager shall not on behalf of a Product:

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

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

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

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

(e) 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;

(h) acquire any asset or engage in any transaction for the account of a Product which involves the assumption of any liability which is unlimited; or

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

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

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

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

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

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

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

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

(f) disclosure must be made in the relevant Product's interim and annual reports as to whether the limits imposed by such Product itself pursuant to the above point (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 Product may enter into securities lending transactions, sale and repurchase transactions and reverse repurchase transactions ("securities financing transactions"), provided that they are in the best interests of the Unitholders, the associated risks have been properly mitigated and addressed, and the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

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

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

There is no current intention for any Product to engage in securities financing transactions, but this may change in light of market circumstances and where a Product intends 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. The details of policy regarding securities financing transactions will be disclosed in the Prospectus in accordance with the Code.

Please also refer to the section "What is the Investment Strategy" under each Appendix for the investment strategy of the respective Product in relation to securities financing transactions.

Financial Derivative Instruments

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

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

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

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

(c) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

(d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions. Hedging arrangement should be adjusted or re-positioned, where necessary and with due consideration on the fees, expenses and costs, to enable the Product to meet its hedging objective in stressed or extreme market conditions.

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

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

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

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

Subject to the above, a Product may invest in FDIs provided that the exposure to the underlying assets of the FDI, together with the other investments of the Product, may not in aggregate exceed the 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 Product should be either listed or quoted on a stock exchange, or dealt in over-the-counter market and comply with the following provisions:

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

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

(C) subject to paragraphs (a) and (b) under the section entitled "Investment Restrictions" above, the Product'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 Product. The exposure of a Product to a counterparty of over-the-counter FDIs may be lowered by the collateral received (if applicable) by such Product and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter FDIs with that counterparty, if applicable; and

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

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

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

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

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

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

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

Collateral

Where specified in the relevant Appendix, a Product may receive collateral. Please refer to the section "What is the Investment Strategy" under each Appendix for the investment strategy of the respective Product in relation to recepit of collateral, if any.

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;
- 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. The price volatility of the asset used as collateral should be taken into account when devising the haircut policy. Other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact form foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions, should also be considered where appropriate;
- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and a Product's exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapters 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the Code;
- Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs in such a way that it would undermine the effectiveness of the collateral. As such, securities issued by the counterparty or the issuer of the FDIs or any of their related entities should not be used as collateral;
- Management of operational and legal risks – the Manager must have appropriate systems, operational capabilities and legal expertise for proper collateral management;
- Independent custody – collateral must be held by the Trustee;
- Enforceability – collateral must be readily accessible/enforceable by the Trustee without further recourse to the issuer of the FDIs, or the counterparty of the securities financing transactions;
- Reinvestment of 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;

- the remaining time to maturity of not more than 5 years will generally apply to the collateral received;

- the issuer of collateral must be of high quality, good reputation, solid financial status and the rating by a recognised credit rating agency shall be taken into account in the credit assessment process. 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;

- 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;

- the collateral would be sufficiently diversified in terms of different parameter such as countries, markets and issuers;

- 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; and

- cash collateral will generally not be used for re-investment purposes.

Where a Prodcut received 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 fund (by percentage) secured/ covered by collateral with breakdown by asset class/nature and credit rating (if applicable)) will be disclosed in the Product's annual and interim reports for the relevant period as required under Appendix E of the Code.

Structured Funds

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

(a) the Manager and the issuer of FDIs shall be independent of each other;

(b) the valuation of the FDIs shall meet the requirements set out in paragraph (D) under "Financial Derivative Instruments" in this section;

(c) notwithstanding paragraph (C) under "Financial Derivative Instruments" in this section, a Product should maintain full collateralisation and there should be no net exposure to any single counterparty of the over-the-counter FDIs;

(d) the collateral shall meet the requirements set out in "Collateral" under this section and the disclosure requirements set out in "Collateral" above; and

(e) the Manager shall put in place a detailed contingency plan regarding credit events such as significant downgrading of credit rating and the collapse of the issuer of FDIs.

Borrowing Policy

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

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

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

(b) enabling the Manager to acquire Securities for the account of the Product; or

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

Business Contingency Plan

The Manager has put in place business contingency plans which will be activated where there is a credit event (as described below) of the Swap Counterparty of the relevant Swap (or whenever the Manager shall assess that the risk of the occurrence of a credit event is materially high), an event of early termination of a Swap (as described below), or if exposure to the relevant Index is no longer obtainable by a Product. Should any of the above-mentioned circumstances occur, a Product employing synthetic replication may lose an amount equal to the marked-to-market value of the relevant Swap.

If the Business Contingency Plan is triggered, the Manager will issue an announcement as soon as practicable.

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

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

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

1. Occurrence of credit events (or whenever the Manager shall assess that the risk of the occurrence of a credit event is materially high):

(a) event of default affecting the Swap Counterparty(ies) of the relevant Swap(s);

(b) downgrading of the long term debt credit rating(s) of the relevant Swap Counterparty(ies) to a rating below BBB by Standard & Poor's (or an equivalent rating given by Moody's or by Fitch);

(c) any other event (including, without limitation, licence suspension, significant litigation linked to the activities of the Swap Counterparty in the derivatives business, reputation, etc.) which would materially affect the Swap Counterparty's fitness and properness to act as the counterparty of the relevant Product under the relevant Swap, or any material risk of occurrence of such event; or

(d) if, in the actual knowledge of the Manager, the relevant Swap Counterparty ceases to be a substantial financial institution (as defined under the Code).

2. Occurrence of event of early termination of the Swap:

(a) defaults or failure by the Product or the Swap Counterparty(ies) to make, when due, any payment or delivery of asset by it to the Product under the ISDA Master Agreement, as amended from time to time;

(b) failure by the Product, the Manager or the Swap Counterparty(ies) to comply with or perform any agreement or obligation to be complied with or performed by the Swap Counterparty(ies) in accordance with the ISDA Master Agreement, as amended from time to time, and if such failure is continuing and not remedied within a given period of time;

(c) the occurrence or existence of cross-default. Cross-default generally means (i) any agreements either parties has for any money borrowed from any third party become capable of declaring an event of default or terminating a contract; or (ii) either parties defaults on any payment of debt, and the total of the principals amounts in (i) and (ii) exceeds the pre-determined threshold amount;

(d) the Trust, the Product, the Manager or the Swap Counterparty(ies) is dissolved, becomes insolvent, institutes or has instituted against by a regulator or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it, or it is in a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, or a resolution has passed for its winding-up, official management or liquidation, or it seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, or it has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession;

(e) the Swap Counterparty(ies) consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganises, reincorporates or reconstitutes into or as, another entity;

(f) the Trust, the Product or the Manager loses, has withdrawn from it, or fails to obtain renewal of, any necessary license or regulatory authorisation from any regulatory authority which results in it becoming legally unable to contract or operate its business;

(g) the Manager ceases at any time to act as an investment manager for the Product or becomes subject to a bankruptcy event;

(h) violation of the investment policies and restrictions by the Manager which it fails to remedy within a reasonable period of time as set forth in this Prospectus and/or the Trust Deed;

(i) the Product fails to meet the minimum Net Asset Value test, if any, required by a Swap Counterparty;

(j) the Product receives any audited financial statement which was not certified by public accountants as fairly presenting the Product's financial condition and results of operations for and as at the close of the period to which such statements relate without qualifications (including but not limited to the issuance of modified opinion, qualified opinion, adverse opinion or disclaimer of opinion); or

(k) the Trust or the Product ceases to be listed on the SEHK (or its successors).

3. When exposure to the relevant Index is no longer obtainable by a Product because of factors beyond the control of the Manager, such as extreme market situation or where the capacity of a Swap Counterparty is reached.

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

(a) The Manager may unwind the affected Swap(s) immediately or in a measured manner, having regard to the best interest of the relevant Unitholders. The Manager will readjust the relevant Product's exposure with other Swap Counterparty(ies).

(b) The Manager may decide to replace the Swap Counterparty(ies) and select, as soon as possible and on a best effort basis, a new counterparty(ies) in accordance with the investment strategy of the relevant Product, and will enter into a new Swap(s) with similar terms as the relevant Swap(s) with such newly selected counterparty. The new counterparty(ies) would be selected using criteria including, but not limited to, execution prices, total direct and indirect transaction costs, probability and promptness of execution and delivery (if applicable). In such cases, the relevant Product will enter into the new Swap(s) as soon as possible with the new counterparty(ies). The Manager would then inform the SFC of the selection of the new counterparty(ies) and the entering into of the new Swap(s) with the new counterparty(ies). Alternatively, the Manager may also propose a restructuring of the relevant Product by using other instruments similar to the relevant Swap(s), in the case where no suitable new counterparty(ies) is/are available. Such restructuring would then be subject to review and approval by the relevant authorities, including the SFC. This Prospectus would then be amended accordingly for the purpose providing the updated information to the relevant Unitholders.

(c) The Manager may also consider asking the Swap Counterparty(ies) to settle any unrealised gain or loss (if any) on a Swap(s) in cash payment, where the market value of the Swap(s) will be nil immediately after such payment. If an amount is payable by the Swap Counterparty(ies) to a Product and the Swap Counterparty(ies) is insolvent or otherwise unable to pay the amount in full, the relevant Product will account for any loss. To mitigate such a loss, the Manager intends to adopt a multiple counterparty arrangement where each Product (via the Trustee) will enter into swap agreements with more than one Swap Counterparty.

(d) 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, declare suspension of the creation or issue of Units of the Product, suspension of the redemptions of Units, suspension of the determination of the Net Asset Value of the Product, and/or delay the payment of any monies and transfer of any Swap in respect of any creation application and/or redemption application, to control the exposure to the relevant Index.

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

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Investment in a Product

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

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

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

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

Creation of Units through Participating Dealers

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

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

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

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

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

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

(c) where acceptance of the creation request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements;

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

(e) during any period when the business operations of the Participating Dealer are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

Requirements relating to Creation Requests by potential investors

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

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

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

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

Creation process

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

If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced. To be effective, a Creation Application must:

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

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

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

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

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

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

(c) where in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the relevant market on which a Security and/or Futures Contracts, as the case may be (that is a component of the Index for the relevant Product) has its primary listing;

(d) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities and/or Futures Contracts as the case may be in the relevant Index;

(e) where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;

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

(g) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of a Creation Application in the relevant Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or

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

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

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

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

Issue of Units

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

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

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

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

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

Fees relating to Creation Applications

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

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

(a) the prices used when valuing the Securities and/or Futures Contracts, as applicable, of the Product for the purpose of such issue of Units; and

(b) the prices which would be used when acquiring the same Securities and/or Futures Contracts, as applicable, if they were acquired by the Product with the amount of cash received by the Product upon such issue of Units.

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

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

Cancellation of Creation Applications

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

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

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

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

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

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

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

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

Redemption of Units through Participating Dealers

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

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

Dealer and its clients as to the method of effecting such redemption request.

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

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

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

(c) where acceptance of the redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements;

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

(e) during any period when the business operations of the Participating Dealer are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

Requirements relating to redemption requests by Unitholders

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

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

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

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

Redemption process

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

If a Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix, or such other time as the Manager (with the written approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be effective, a Redemption Application must:

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

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

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

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

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

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

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

(d) where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;

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

(f) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of a Redemption Application in the relevant Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

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

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

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

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

Redemption of Units

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

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

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

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

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

Fees relating to Redemption Applications

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

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

(a) the prices used when valuing the Securities and/or Futures Contracts, as applicable of the Product for the purpose of such redemption of Units; and

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

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

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

Cancellation of Redemption Applications

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

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

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

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

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

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

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

Deferred Redemption

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

Suspension of Creations and Redemptions

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

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

(b) during any period when a market on which a Security and/or Futures Contract, as the case may be (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 and/or Futures Contract, as the case may be (that is a component of the Index) has its primary listing is restricted or suspended;

(d) during any period when, in the opinion of the Manager, settlement or clearing of Securities and/or Futures Contracts, as the case may be 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 and/or Futures Contracts, as appropriate or disposal of investments for the time being comprised in the relevant Product cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant Product;

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

(g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Product or when for any other reason the value of any Securities and/or Futures Contracts or other property for the time being comprised in the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

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

(i) during any period when the Swap (if any) cannot be adjusted or reset for any reason; or

(j) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee, in respect of any Creation Application and/or Redemption Application in the relevant Product is substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or

(k) if as result of the investment of the proceeds of issue of such Units in accordance with the investment objective of a Product, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer.

The Manager will, after consultation with the Trustee, having regard to the best interests of the

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

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

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

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

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

Evidence of Unitholding

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

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 the Product suffering any adverse effect which the Trust or the Product might not otherwise have suffered;

(b) in the circumstances which, in the Manager's opinion, might result in the Trust or any Product, the Trustee or the Manager incurring any liability to taxation or suffering any other potential or actual pecuniary disadvantage or might result in the Trust or any Product, the Trustee or the Manager being subject to any additional regulatory compliance which the Trust or the relevant Product, the Trustee or the Manager might not otherwise have incurred, suffered or been subject to; or

(c) in breach of, or deemed by the Manager to be in breach of, any applicable anti-money laundering or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including without limitation the issue of any warranty or supporting document required to be given to the Trustee and the Manager

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

Transfer of Units

The Trust Deed provides that a Unitholder may transfer Units with the consent of the Manager. As all Units will be held in CCASS, the Manager's consent is deemed given where an investor is transferring his interest in Units within CCASS. A Unitholder is entitled to transfer Units held by him by using the standard transfer form issued by SEHK or by an instrument in writing in such other form (and if the transferor or the transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution) as the Trustee may from time to time approve. The transferor will be deemed to remain the Unitholder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. Each instrument of transfer must relate to a single Product only. If and to the extent that all Units are deposited, cleared and settled in CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Units for the persons admitted by HKSCC as a participant 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. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the SEHK with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager will make available to a Market Maker, the portfolio composition information which is made available to a Participating Dealer.

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

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

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

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

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

DETERMINATION OF NET ASSET VALUE

Calculation of Net Asset Value

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

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

(a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (in consultation with the Trustee) determines that some other method is more appropriate, be valued by reference to the price appearing to the Manager to be the official closing price, or if unavailable, the last traded price on the Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager or, if the Trustee so requires, by the Manager after consultation with the Trustee; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Manager, the Trustee or its delegates may accept as sufficient evidence of the value of any asset of a Product or the cost price or sale price thereof, any market quotation or certification by a calculation agent, broker, any professional person, firm or association qualified in the opinion of the Trustee or its delegates or the Manager to provide such a quotation; and (v) the Manager, the Trustee or its delegates may rely upon the established practice and rulings of any market and any committees and officials thereof on which any dealing in any assets of the Product or other property is from time to time effected in determining what shall constitute a good delivery and any similar matters; and (vi) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds, mechanised and/or electronic systems of price/valuation dissemination and the prices provided by any such system shall be deemed to be the last traded prices.

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

(c) Futures Contracts will be valued at the official closing price of the Futures Contracts or if such price is not available (i) the latest available price or (ii) if bid and offer quotations are made, the latest available middle market quotation of such Futures Contract in each case at the Valuation Point or as otherwise valued as described in the Trust Deed;

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

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

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

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

The value of the swap invested by a Product, which is not listed or quoted on a recognised market, will be determined on each Dealing Day 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 Product are valued.

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

Suspension of Determination of Net Asset Value

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

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

(b) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise a substantial part of the Securities and/or Futures Contracts held or contracted for the account of that Product or it is not possible to do so without seriously prejudicing the interest of Unitholders of that Product;

(c) for any other reason the prices of investments of the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

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

(e) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, a substantial part of the Securities and/or Futures Contracts or other property of that Product or the subscription or redemption of Units of the relevant Product is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange;

(f) the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of the determination of the Net Asset Value of the Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or

(g) 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 Product and the Manager shall be under no obligation to rebalance the relevant Product until the suspension is terminated on the earlier of (i) the Manager declaring the suspension is at an end; and (ii) the first Dealing Day on which (1) the condition giving rise to the suspension shall have ceased to exist; and (2) no other condition under which suspension is authorised exists.

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

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

Issue Price and Redemption Value

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

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

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

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

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

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

FEES AND EXPENSES

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

(A) Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)	**Amount (for all Products)**
Administrative Transaction Fee and Service Agent Fee	Up to USD500[1] per Application HKD1,000[1] per book-entry deposit and book-entry withdrawal
Application Cancellation Fee	USD1,500[2] per Application
Extension Fee	USD1,500[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

(B) Fees and expenses payable by investors	**Amount (for all Products)**
(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)	
Fees and charges imposed by the	Such amounts as determined by the relevant Participating Dealer

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[1] *Up to USD500 is payable to the Trustee and HKD1,000 is payable to the Service Agent per book-entry deposit and book-entry withdrawal. A Participating Dealer may pass on to the relevant investor such Transaction Fee.*

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

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

Participating Dealer[4]	
(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%[5]
FRC transaction levy	0.00015%[6]
SEHK trading fee	0.00565%[2]
Stamp duty	Nil
Fees and expenses payable by the Product	(See further disclosure below)

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

Fees and Expenses Payable by a Product

Management Fee

The Manager is entitled to receive a management fee of up to 1.5% per year of the Net Asset Value of each Product. The current management fee percentage in respect of each Product 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 Fee it receives from the Trust. A distributor may re-allocate an amount of the distribution fee to the sub-distributors. 11.1 - 1

Trustee's and Registrar's fee

The Trustee receives out of the assets of each Product a monthly trustee's fee, payable in arrears, accrue daily and calculated as at each Dealing Day of up to 2% per year of the Net Asset Value of a Product. The Trustee fee percentage in respect of each Product is set out in the relevant Appendix.

The Trustee is also entitled to an inception fee for the establishment of a Product as set out in the relevant Appendix. Subject to the Manager's agreement and one month's prior notice made to the Unitholders, further fees (as part of the Trustee's fee) may be payable to the Trustee in relation to the performance of its duties to the Trust, which fees will be at normal commercial terms, provided that the aggregate Trustee's fee shall not exceed the maximum level stated in the Trust Deed and this Prospectus.

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

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[4] *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.*

[5] *Transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.*

[6] *FRC transaction levy of 0.00015% of the trading price of the Units, payable by each of the buyer and the seller.*

[2] *Trading fee of 0.00565% of the trading price of the Units, payable by each of the buyer and the seller.*

The Registrar is entitled to a registrar fee and an administrative transaction fee for any creation and redemption of Units of the relevant Product as set out in the relevant Appendix.

Service Agent's fee

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 Product such reconciliation fee.

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

Brokerage rates

A Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Please refer to the relevant Appendix for further information on brokerage rates.

Swap fees and indirect costs

A Product shall bear all swap fees and indirect costs associated with entering into Swaps. Please refer to the relevant Appendix for further information on swap fees and indirect costs.

Promotional Expenses

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

Other Expenses

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

Establishment Costs

The cost of establishing the Trust and the first two Products including the preparation of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs and will be borne by the first two Products equally (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and amortised over the first five financial years of the first two Products or such other period as determined by the Manager after consulting the Auditor. Such establishment costs were around USD330,000.

The cost of establishing the third Product including the preparation of the relevant Appendix of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs and will be borne by the Product equally (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and amortised over the first five financial years of the Product or such other period as determined by the Manager after consulting the Auditor. Such establishment costs are estimated to be USD84,000.

Increase in Fees

The current fees in respect of each Product payable to the Manager and 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. In the event that such fees are to be increased beyond the maximum rates set out in the Trust Deed, such increase will be subject to the Unitholders' and the SFC's approval.

RISK FACTORS

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

General Investment Risks

Investment Objective Risk

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

Market Risk

The Net Asset Value of each Product will change with changes in the market value of the Securities, Swaps and/or Futures Contracts it holds. The price of Units and the income from them may go down as well as up. There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of the Products are based on the capital appreciation and income on the Securities, Swaps and/or Futures Contracts it holds, less expenses incurred. A Product's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Product may experience volatility and decline in a manner that broadly corresponds with the relevant Index. Investors in the Products are exposed to the same risks that investors who invest directly in the underlying Securities, Swaps and/or Futures Contracts would face. These risks include, for example, interest rate risks (risks of 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 Products, the returns from the types of Securities, Swaps and/or Futures Contracts in which the Product invests (either directly or indirectly) may underperform or outperform returns from other Securities, Swaps and/or Futures Contracts markets or from investment in other assets. Different types of Securities, Swaps and/or Futures Contracts tend to go through cycles of out-performance and underperformance when compared with other general Securities, Swaps and/or Futures Contracts markets.

Passive Investment Risk

The Products are not actively managed. Accordingly, the Products may be affected by a change in the market segments relating to the relevant Index or Indices. The Manager will not take defensive positions even if a Product's value is declining due to market changes. Investors may lose a significant part of their respective investments if the Index movement has an adverse impact on the Product. Each Product invests (either directly or indirectly) in the Securities, Swaps and/or Futures Contracts included in or representative of the relevant Index regardless of their investment merit, except to the extent of any representative sampling strategy. The Manager does not attempt to take defensive positions. Investors should note that the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of the Products will mean that a fall in the relevant Index expected to result in a fall in the value of a leveraged Product, whereas a rise in the relevant Index expected to result in a fall in the value of an inverse Product, and investors may lose substantially all of their investment.

Possible Business Failure Risk

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

Management Risk

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

Tracking Error Risk

The Net Asset Value of a Product may not correlate exactly with the performance, the leveraged performance or the inverse performance of the relevant Index. Factors such as the fees and expenses of a Product, imperfect correlation between a Product's assets and the Securities or Futures Contracts constituting its Index, inability to rebalance a Product's holdings of Securities or Futures Contracts in response to high portfolio turnover, transaction costs, a temporary lack of liquidity in the markets for the Securities or Futures Contracts held by a Product, changes in the constituents of the Index, rounding of Security or Futures Contracts prices, changes to the Indices and regulatory policies may affect the Manager's ability to achieve close correlation with the performance, the leveraged performance or the inverse performance of the relevant Index. The level of fees, taxes and expenses payable by a Product will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the Product can be estimated, the growth rate of the Product, and hence its Net Asset Value, cannot be anticipated. The above factors may cause each Product's returns to deviate from the performance, the leveraged performance or the inverse performance of its Index. The Manager will monitor and seek to manage such risk in minimising tracking error.

Geographic Concentration Risk

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

Trading Risk

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

Loss of Capital Risk

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

No or Limited 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.

Counterparty to Custodian Risk

The Products will be exposed to the credit risk of any custodian or any depository used by the custodian where cash is held by the custodian or other depositaries. In the event of the insolvency of the custodian or other depositaries, a Product will be treated as a general creditor of the custodian or other depositaries in relation to cash holdings of the relevant Product. The Product's Securities are however maintained by the custodian or other depositaries in segregated accounts and should be protected in the event of insolvency of the custodian or other depositaries.

Indemnity Risk

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

Distributions may not be Paid Risk

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

Distributions out of or Effectively out of Capital Risk

The Manager may, at its discretion make distributions out of capital. The Manager may also, at its discretion, make distributions out of gross income while all or part of the fees and expenses of a Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of the capital. Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of or effectively out of the Product's capital may result in an immediate reduction of the Net Asset

Value per Unit. The Manager may amend its distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Termination Risk

A Product may be terminated under certain circumstances, including but not limited to (i) the aggregate Net Asset Value of all the Units is less than USD25 million or (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the relevant Product or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed or (iv) the relevant Index is no longer available for benchmarking or if the Units are no longer listed on the SEHK or any other Recognised Stock Exchange or (v) at any time, the relevant Product ceases to have any Participating Dealer or Market Maker or (vi) the Manager is unable to implement its investment strategy in respect of the Product. Upon a Product being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the relevant Product to the Unitholders in accordance with the Trust Deed. Investors may suffer a loss when a Product is terminated because any such amount distributed may be more or less than the capital invested by the Unitholder.

Borrowing Risk

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

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 short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of the Product, and may have an unpredictable impact on the Products, including increasing or decreasing the level of premium or discount of the Unit price to Net Asset Value or the ability of the Products to track the relevant Index. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of an Index and as a result the performance of the relevant Product.

No Right to Control the Product's Operation Risk

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

Reliance on the Manager Risk

In the case of loss of service of the Manager or any of its key personnel, as well as any significant interruption of the Manager's business operations or in the extreme case of the insolvency of the Manager, the Trustee may not find successor managers with the requisite skills and qualifications quickly or at all and the new appointment may not be on equivalent terms or of similar quality.

Foreign Exchange Risk

If a Product's assets are generally invested (either directly or indirectly) in Securities, Swaps or Futures Contracts denominated other than in its base currency, and if a substantial portion of the revenue and income of a Product is received in a currency other than its base currency, any fluctuation in the exchange rate of the base currency relative to the relevant foreign currency will affect the Net Asset Value of a Product regardless of the performance of its underlying portfolio. If the relevant Product's Net Asset Value is determined on the basis of USD, an investor may lose money if he invests in any investment fund if the local currency of a foreign market depreciates against the USD, even if the local currency value of an investment fund's holdings goes up.

Risks Associated with Financial Derivative Instruments and Collateral

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

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

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

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

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

A Product uses investment techniques, including investments in derivatives, such as Futures Contracts and Swaps that may be considered aggressive. The use of derivatives may result in larger losses or smaller gains than investing in or shorting the Securities included in the relevant Index. Investments in these derivatives may generally be subject to market risks that cause their prices to fluctuate more than an investment directly in a security and may increase the volatility of Product. The use of derivatives may expose the Product to additional risks such as counterparty risk, liquidity risk and increased daily correlation risk. When a Product uses derivatives, there may be imperfect correlation between the value of the underlying reference assets and the derivative, which may prevent the Product from achieving its investment objective.

A Product may use either a futures-based strategy or a swap-based synthetic strategy. With respect to the use of swap agreements, if the underlying index has a dramatic intraday move in value that causes a material decline in the Product's Net Asset Value, the terms of the swap agreement between the Product and its Swap Counterparty may allow the Swap Counterparty to immediately close out of the transaction with the Product. In such circumstances, the Product may be unable to enter into another swap agreement or invest in other derivatives to achieve the desired exposure consistent with the Product's Daily inverse or leveraged investment objective. Any financing, borrowing or other costs associated with using derivatives may also have the effect of lowering the Product's return. In addition, the Product's investments in derivatives are subject to the following risks:

- Swaps. Swaps are entered into primarily with major global financial institutions for a specified period which may range from one day to more than one year. 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.

- Futures Contracts. A futures contact is a contract to purchase or sell a particular security, or the cash value of an index, at a specified future date at a price agreed upon when the contract is made. Under such contracts, no delivery of the actual Securities is required. Rather, upon the expiration of the contract, settlement is made by exchanging cash in an amount equal to the difference between the contract price and the closing price of a security or index at expiration, net of the variation margin that was previously paid.

Counterparty Risk

The Product may invest in Futures Contracts and/or Swaps involving counterparties for the purpose of attempting to gain inverse or leveraged 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 Product 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 Product, it may not receive the full amount it is entitled to receive. In addition, the Product may enter into swap agreements with a limited number of counterparties, which may increase the Product's exposure to counterparty credit risk. The Product does not specifically limit its counterparty risk with respect to any single counterparty and there is a chance for the Product 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 the Product and, as a result, the Product may not be able to achieve its investment objectives. A Product will not enter into any agreement involving a Swap Counterparty unless the Manager believes that the other party to the transaction is creditworthy.

Liquidity Risk

Some Securities held by a Product, including derivatives, may be difficult to sell or illiquid, particularly during times of market turmoil. Illiquid Securities may also be difficult to value. Markets for Securities or financial instruments could be disrupted by a number of events, including, but not limited to an economic crisis, natural disasters, new legislation or regulatory changes. Illiquid Securities may also be difficult to value. If a Product is forced to sell an illiquid security at an unfavourable time or at a price that is lower than Manager's judgment of the Security's true market 11.1 - 1
value, the Product may be forced to sell the security at a loss. Such a situation may prevent the Product from limiting losses, realising gains or achieving its inverse or leveraged investment

objective, thus adversely affecting the Product’s performance.

Risks Associated with Market Trading

Absence of Active Market and Liquidity Risk

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

Suspension of Trading Risk

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

Effect of Redemptions Risk

If significant redemptions of Units are requested by the Participating Dealers, it may not be possible to liquidate the relevant Product’s investments at the time such redemptions are requested or the Manager may be able to do so only at prices which the Manager believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Units are requested by the Participating Dealers, the right of Participating Dealers to require redemptions in excess of 10% of the total number of Units in the Product 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 a Product for the whole or any part of any period. Please see the section on “Determination of Net Asset Value" for further details.

Units may Trade at Prices other than Net Asset Value Risk

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

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.

Secondary Market Trading Risk

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

Reliance on Market Maker Risk

Although the Manager will use its best endeavours to put in place arrangements so that at least one Market Maker (with relevant experience in leveraged or inverse products, as the case may be) will maintain a market for the Units of each Product, given that the performance of Market Maker s may be subject to regulator's monitoring, and that at least one Market Maker for the Units of each Product gives not less than three months' notice prior to terminating market making under the relevant market making agreement, there may be circumstances such as the revocation of the relevant market making approvals or registration or other changes beyond the control of the Manager that may result in the sudden loss of a Market Maker for a Product. It is possible that the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker. If there is no Market Maker for the Units, a Product may be required by the SFC to be terminated. Termination will take place at about the same time as the resignation of the last Market Maker becoming effective and advance notice of termination will be issued to investors pursuant to the Code.

There is also no guarantee that any market making activity will be effective.

Reliance on Participating Dealers Risk

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

Trading Time Differences Risk

As a stock exchange or futures exchange may be open when the Units are not priced, the value of any Security or Futures Contract which comprises the Index may change when investors may not be able to buy or sell Units. Further the price of Securities, Swaps or Futures Contracts may not be available during part of the SEHK trading day due to trading hour differences which may result in the trading price of Units deviating from the Net Asset Value per Unit. When trading Futures Contracts there may be a time difference between the trading times of the Futures Contracts and the underlying index constituents. There may be imperfect correlation between the value of the index constituents and the Futures Contracts, which may prevent a Product from achieving its investment objective.

Intra-day Investments Risk

A Product seeks Daily inverse or leveraged investment results, which should not be equated with seeking an investment objective for shorter than a day. Thus, return for investors that invest for period less than a full trading day will generally be greater than or less than the inverse or leverage factor for the Product, depending upon the movement of the Index from the end of one trading day until the time of purchase. If the Index moves in a direction favourable to a Product, the investor will receive exposure to the underlying index less than the inverse or leverage factor. Conversely, if the Index moves in a direction adverse to a Product, the investor will receive exposure to the Index greater than the inverse or leverage factor.

Risks Associated with the Indices

Fluctuations Risk

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

Licence to Use Index may be Terminated Risk

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

Compilation of Index Risk

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

Composition of an Index may Change Risk

The Securities 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 and/or Futures Contracts owned by the Products (either directly or indirectly) 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 Products will, at any given time accurately reflect the composition of the Index.

Risks Associated with Regulation

Withdrawal of SFC Authorisation Risk

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

General Legal and Regulatory Risk

Each Product must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objectives followed by the Product. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the Index and as a result, the performance of the relevant Product. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Product. In the worst case scenario, a Unitholder may lose a material part of its investments in a Product.

Units may be Delisted from the SEHK Risk

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

Taxation Risk

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

Legal and Compliance Risk

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

Valuation and Accounting Risk

The Manager intends to adopt IFRS in drawing up the annual financial accounts of the Products. However, the calculation of the Net Asset Value in the manner described under the section on “Determination of Net Asset Value” will not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Under IFRS, investments should be valued at fair value (valuations within the bid and offer pricings are considered to be representative of fair value for listed investments) rather than last traded price, and 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 annual financial reports as the Manager will make necessary adjustments in the annual 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 annual financial reports, including a reconciliation. Otherwise, non-compliance with IFRS may result in the auditors issuing a qualified or an adverse opinion on the annual financial reports depending on the nature and level of materiality of the non-compliance.

Contagion across Products Risk

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

Non-recognition of Product Segregation Risk

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

FATCA Related Risk

Section 1471-1474 of the United States Internal Revenue Code of 1986, as amended (commonly known as the Foreign Account Tax Compliance Act or “FATCA”) provides that a 30% withholding tax will be imposed on certain payments to foreign financial institutions, such as the Products, including interests and dividends from securities of US issuers, unless the relevant Product discloses to the US Internal Revenue Service (the “IRS”) the name, address and taxpayer identification number of certain US persons that own, directly or indirectly, an interest in the relevant

Product, as well as certain other information relating to any such interest.

The IRS has released regulations and other guidance that provide for the phased implementation of the foregoing withholding and reporting requirements. The United States and Hong Kong have entered into an intergovernmental agreement based on the “Model 2” format (“Model 2 IGA”). The Model 2 IGA modifies the foregoing requirements but generally requires similar information to be disclosed to the IRS. Each Product has completed its FATCA registration with the IRS. Although the Manager and the Products will endeavor to satisfy any obligations imposed on the Products to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Products will be able to achieve this and or satisfy such FATCA obligations. If a Product becomes subject to a the 30% FATCA withholding tax, the Net Asset Value of the Product may be adversely affected and the Product and its Unitholders may suffer material loss.

A Product’s ability to comply with FATCA will depend on each Unitholder providing the Product with information and/or documentation that the Product requests concerning the Unitholder or its direct and indirect owners. If a Unitholder fails to provide the Product with any of the requested information and/or documentation, and, in the opinion of the Manager, holding of Units by such person (whether directly or beneficially) will result in the Product incurring any liability to taxation or suffering a pecuniary disadvantage which the Product might not otherwise have incurred or suffered, or the Product being exposed to any liability, penalty or regulatory action, then the Manager, with the approval of the Trustee, may exercise its right to request a transfer of Units to another person or to compulsorily redeem the Units held by such Unitholder Any such transfer or compulsory redemption will be done in accordance with applicable laws and regulations, and the discretion to do so will be exercised by the Manager acting in good faith and on reasonable grounds.

Please also refer to the sub-section entitled “FATCA and compliance with US withholding requirements” under the section headed “Taxation” in this Prospectus for further details on FATCA.

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

MANAGEMENT OF THE TRUST

The Manager

The Manager of the Trust is China Asset Management (Hong Kong) Limited 華夏基金(香港)有限公司, which is a fully-owned subsidiary of China Asset Management Co., Ltd. ("ChinaAMC"). Established on 9 April 1998 with approval from the China Securities Regulatory Commission (the "CSRC"), ChinaAMC is one of the first nation-wide fund management firms in the PRC and is currently one of the largest fund management company in the PRC in terms of assets under management (RMB 1,727.9 billion as of 31 December 2021).

The Manager was established in 2008 as ChinaAMC's first venture in expanding its overseas activities. The Manager is now an integral part and extension of ChinaAMC's overseas investment and research team, providing international clients with investment products and discretionary investment management services.

The Manager was incorporated in Hong Kong with limited liability on 30 September 2008 and is licensed by the SFC to conduct types 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance with CE number ARS988.

Under the Trust Deed, the monies forming part of the Products 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 Product 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 has sufficient human and technical resources and capability plus adequate infrastructure systems, operational processes, controls and procedures in place in order to ensure the smooth and efficient management and operation of the Product, including creation and redemptions, general operation of the Product, cash management, procedures of handling corporate and other special events, portfolio composition file generation and checking, reference underlying portfolio value or estimated net asset value checking and monitoring and correlation risk management.

The Manager may appoint sub-managers or investment advisers in relation to specific Products, subject to the approval of the SFC. Where the investment management functions in respect of a Product are delegated to third party sub-managers or investment advisers, the Manager will conduct on-going supervision and regular monitoring of the competence of such delegates to ensure that the Manager's accountability to investors is not diminished, and although the investment management role of the Manager may be sub-contracted to third parties, the responsibilities and obligations of the Manager may not be delegated.

The directors of the Manager

The directors of the Manager are:

Ms. LI Yimei is currently a Director, the General Manager and the Chief Information Officer of China Asset Management Co., Ltd. and the Chairman of the Manager. Ms. Li previously worked as the Deputy General Manager, General Manager of Fund Marketing Department, Director of Sales and Director of Marketing of China Asset Management Co., Ltd., Executive Director and General Manager of Shanghai China Wealth Management Company Limited. Ms. Li holds a Bachelor of Economics from Renmin University of China, a Master of Economics from Renmin University of China and a Master in Public Policy from Harvard University.

Mr. SUN Liqiang is currently the Chief Financial Officer of China Asset Management Co., Ltd. and a Director of the Manager. Mr. Sun joined Fund Operations Department of China Asset Management Co., Ltd in 2008. He was the Deputy Head of Fund Operations Department in 2018 and Deputy Head of Finance Department in April 2020. Mr. Sun holds a Bachelor of Accounting Management from Central University of Finance and Economics.

Mr. GAN Tian is currently the Chief Executive Officer and Chief Investment Officer of the Manager. Mr. Gan joined ChinaAMC in 2008 as a portfolio manager. Before joining ChinaAMC, Mr Gan has worked in Guotai Junan Securities and Guotai Junan Assets (Asia) Ltd. Mr. Gan holds Master degrees from University of Reading and University of Leicester, United Kingdom. He also holds a Bachelor''s degree from Sichuan University, PRC.

Mr. LI Fung Ming is currently a Managing Director and the Chairman of Investment Committee of the Manager. He has close to 25 years of working experience in China securities industry. Before joining the Manager in 2012, Mr. Li worked as a Managing Director, Head of China Research, Chief China Strategist and Head of Asian Autos and Auto Parts Research of JP Morgan Securities (Asia Pacific) Limited. Prior to that, he has also worked for Indosuez W. I. Carr Securities and China Guotai Securities. Mr. Li holds a Master of Arts degree from Shanghai University of International Business and Economics, and a Bachelor degree in Economics from Jiangsu University of Technology.

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

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

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

The Trustee and Registrar

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

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

The Trustee may from time to time appoint such person or persons as it thinks fit (including, without limitation, any of its Connected Persons) to hold as custodian, nominee, agent or delegate, all or any of the investments, assets or other property comprised in the Trust Fund or any of the

Products and may empower any such custodian, nominee, agent or delegate to appoint, with the prior consent in writing of the Trustee, co-custodians and/or sub-custodians (each such custodian, nominee, agent, delegate, co-custodian and sub-custodian a "Correspondent"). The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and on-going monitoring of Correspondents which are appointed for the custody and/or safekeeping of any of the Investments, cash, assets or other property comprised in the assets of the Trust; and (b) be satisfied that each such Correspondent retained remain suitably qualified and competent on an ongoing basis to provide the relevant services to the Trust. The Trustee shall be liable for the acts and omissions of any Correspondent which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee, but provided that the Trustee has discharged its obligations set out in (a) and (b) as set out in this paragraph, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent which is not a Connected Person of the Trustee.

The Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of 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.

Neither the Trustee (including in its capacity as Registrar) nor the Manager shall be responsible for or incur any liability in respect of any fraud, negligence, misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of any such banker, accountant, broker, lawyer, agent or other person as aforesaid or (except as specified in this Deed) of the Manager (in the case of the Trustee (including in its capacity as Registrar)) or the Trustee (including in its capacity as Registrar) or the Registrar (in the case of the Manager).

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

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

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

The Trustee will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control (the "OFAC") of the US Department of the Treasury. .

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

The Trustee is entitled to the fees set under the section on "Fees and Expenses Payable by the Product" and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed.

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

The Service Agent

HK Conversion Agency Services Limited acts as Service Agent under the terms of the Service Agreement entered into among the Manager, the Trustee and Registrar, the Participating Dealer, the Service Agent and HKSCC. The Service Agent performs, through HKSCC, certain of its services in connection with the creation and redemption of Units in the Product by Participating Dealers.

The Auditor

The Manager has appointed Ernst & Young to act as the auditor of the Trust and the Products (the "Auditor"). The Auditor is independent of the Manager and the Trustee.

The Participating Dealers

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

The Market Makers

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

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

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 Products 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 Product as agent for the Product.

(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 a Product's assets.

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

(e) Any arrangements for the borrowing or deposit of any monies for the account of the Products may be made with any of the Trustee, the Manager 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) None of the Trustee, the Manager nor any of their Connected Persons shall be liable to account to each other or to the Products 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 the Products. Each will, at all times, have regard in such event to its obligations to the Products and the Unitholders and will endeavour to ensure that such conflicts are resolved fairly.

Subject to applicable rules and regulations, the Manager, their delegates or any of their Connected Persons may enter into portfolio transactions for or with the Products as agent in accordance with normal market practice, provided that commissions charged to the relevant Product 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 a Product in shares or units of a collective investment scheme managed by the Manager, its delegates or any Connected Person of any of them, the manager of the scheme in which the investment is being made by the Product must waive any management fee, 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 Connected Person of any of them) borne by the relevant Product.

None of the Manager, its delegates nor any Connected Person of any of them 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 the Products, and any such rebates or payments or benefits which are received shall be credited to the account of the relevant Product.

The Manager, its delegates or Connected Person of any of them may receive, and are entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Products (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 and brokerage rates are not in excess of customary full service brokerage rates.

The services of the Trustee provided to the Trust and the Products 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 Products 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 and the Conversion Agent and their respective holding companies, subsidiaries and affiliates. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the Products will be on arm's length terms. For so long as a Product is authorised by the SFC and it is an applicable requirement of the Code, the Manager, if transacting with brokers or dealers connected to the Manager or any of its respective Connected Person, 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 Products.

STATUTORY AND GENERAL INFORMATION

Reports

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

The first financial year-end of the ChinaAMC NASDAQ-100 Index Daily (-2x) Inverse Product will be 31 December 2020. The first audited annual financial reports and the first half-yearly unaudited financial reports of the ChinaAMC NASDAQ-100 Index Daily (-2x) Inverse Product will be for the period ending 31 December 2020 and 30 June 2020 respectively.

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

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

Trust Deed

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

Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the Trust Fund in respect of any action, costs, claims, damages, expenses or demands arising directly or indirectly from the proper performance of the Product. Nothing in the Trust Deed shall (i) exempt either the Trustee or the Manager (as the case may be) from or against any liability to Unitholders for breach of trust through fraud or negligence or any liability to Unitholders which by virtue of any Hong Kong rule of law or any other rule of law would otherwise attach to them in respect of any negligence, fraud or breach of trust of which they may be liable in relation to their duties nor (ii) indemnify either against such liability by Unitholders or at Unitholders' expense.

Liability of Unitholders

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

Modification of the Trust Deed

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

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

Name of the Trust and Product

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

Meetings of Unitholders

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

Voting Rights

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

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

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

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

Termination

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over any of its assets and not discharged within 60 days or (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily or (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders or (iv) a law is passed that renders it illegal or in the opinion of the Trustee or the Manager, impracticable or inadvisable to continue the Trust or (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated by the Trustee shall fail to be approved by Extraordinary Resolution or (vi) 60 days after the Trustee notifies the Manager in writing of its intention to retire, no new person willing to act as trustee has been identified.

The Manager may terminate the Trust if: (i) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Product outstanding is less than USD25 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the good faith opinion of the Manager, makes it impracticable or inadvisable to continue the Trust; or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate a Product if: (i) after one year from the date of establishment of the Product, the aggregate Net Asset Value of all the Units in the relevant Product outstanding is less than USD25 million or such other amount specified in the relevant Supplemental Deed; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Product and which renders the relevant Product illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue that Product; (iii) its Index is no longer available for benchmarking or if the Units of the relevant Product are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager; (iv) at any time, the relevant Product ceases to have any Participating Dealer; 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 Products by extraordinary resolution.

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

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

Distribution Policy

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

Inspection of Documents

Copies of the following documents in respect of each Product are available for inspection free of charge at the offices of the Manager and copies thereof (other than (d)) may be purchased from the Manager at a reasonable price:

(a) Trust Deed;

(b) Service Agreement;

(c) Participation Agreement(s); and

(d) The most recent annual financial report of the Trust and the Products (if any) and the most recent interim report of the Trust and the Products (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 Product.

Anti-money Laundering Regulations

As part of the Manager's, the Trustee's and the Participating Dealer's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee, the Product 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 where:

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

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

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

Liquidity Risk Management

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

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

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

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

Index Licence Agreements

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

Material Changes to an Index

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

Replacement of an Index

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

(a) the relevant Index ceasing to exist;

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

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

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

(e) investing in the Securities and/or Futures Contracts comprised within the Index becomes difficult;

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

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

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

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

Information Available on the Internet

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

(a) this Prospectus and the product key fact statements in respect of the Products (as revised from time to time);

(b) the latest annual audited financial report and half yearly unaudited financial report (in English only);

(c) any notices for material alterations or additions to this Prospectus or the Products' constitutive documents;

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

(e) the near real time indicative Net Asset Value per Unit updated every 15 seconds throughout each Dealing Day in HKD;

(f) the last Net Asset Value of each Product in the relevant base currency and the last Net Asset Value per Unit of each Product in the relevant base currency and (if the base currency is not HKD) in HKD;

(g) full portfolio information of each Product (updated on a Daily basis);

(h) a "performance simulator" of each Product which allows investors to select a historical time period and simulate the performance of the relevant Product during that period based on historical data;

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

(j) the composition of dividends for the Product (i.e. the relative amounts paid out of (i) net distributable income, and (ii) capital (if any)), for a rolling 12-month period; and

(k) in respect of a Product investing in FDIs, information on FDIs acquired by the Product including:

    (i) a list of derivatives counterparties;

    (ii) the details of collateral arrangements (if any); and

    (iii) the gross and net counterparty exposures of each Product.

(l) in respect of a Product investing in Swaps:

    (i) the gross and net exposure to each Swap Counterparty;

    (ii) the composition of the Asset Portfolio;

    (iii) total Asset Portfolio (expressed as a percentage of the Product's Net Asset Value);

    (iv) the list of Swap Counterparties (including hyperlinks to the websites of Swap Counterparties and their guarantors (if applicable));

    (v) pictorial presentation of Asset Portfolio information by way of pie charts showing the following:

    - a breakdown by asset type, e.g. equity, bond and cash and cash equivalents;
    - for equity, further breakdown by (1) primary listing (i.e. stock exchanges), (2) index constituents, and (3) sector;
    - for bond, further breakdown by (1) types of bonds, (2) countries of issuers/guarantors, and (3) credit rating; and

    (vi) top 10 holdings in the Asset Portfolio (including name, percentage of the Product's

Net Asset Value, type, primary listing for equities and country of issuers),

where items (i), (ii) and (iii) will be updated on a daily basis and items (iv) and (v) will be updated on a weekly basis and uploaded onto the website within three working days of the end of each week.

The near real-time indicative Net Asset Value per Unit in HKD is updated during SEHK trading hours. Real-time updates about the Index can be obtained through other financial data vendors. Investors should obtain additional and the latest updated information about the Index (including without limitation, a description of the way in which the Index is calculated, any change in the composition of the Index, any change in the method for compiling and calculating the Index) via the Manager's website at http://www.chinaamc.com.hk and the Index Provider's website (neither of which, nor any other website referred to in this Prospectus, has been reviewed by the SFC). Please refer to the section on "Website Information" for the warning and the disclaimer regarding information contained in such website.

Notices

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

Manager

China Asset Management (Hong Kong) Limited
華夏基金(香港)有限公司
37/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Trustee

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

Website information

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of the 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 http://www.chinaamc.com.hk (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC). The information and materials included in these websites have not been reviewed by the SFC or any regulatory body. You should exercise an appropriate degree of caution when assessing the value of such information.

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.

Hong Kong taxation

The Trust and the Products

Profits Tax: Gains/profits arising from the disposal/redemption of an investment in the Units will only be subject to Hong Kong profits tax for Unitholders who carry on a trade or business of investing in Securities in Hong Kong where such gains/profits, not being regarded as capital in nature, arise from such trade or business and are sourced in Hong Kong. In accordance with the practice of the Inland Revenue Department of Hong Kong (as at the date of this Prospectus), tax should not be payable in Hong Kong in respect of distributions payable to Unitholders.

Stamp Duty: Stamp duty payable in respect of any contract notes or instruments of transfer relating to the transfer in the shares or units of an exchange traded fund (as defined in Part 1 to Schedule 8 of the Stamp Duty Ordinance) 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.

No Hong Kong stamp duty is payable by a Product on an issue or a redemption of Units.

The Unitholders

Profits Tax: Profits arising from the redemption of an investment in the Units will only be subject to Hong Kong profits tax for Unitholders who carry on a trade or business in Hong Kong where the profits, not being regarded as capital in nature, arise from such trade or business and are sourced in Hong Kong. Unitholders who are not acquiring the Units as part of a trade or business that they carry on in Hong Kong will not be liable to profits tax in respect of any gains from the disposal/redemption of such Units.

Stamp Duty: Pursuant to the Stamp Duty (Amendment) Ordinance 2015, stamp duty payable in respect of any transfer in the shares or units of an exchange traded fund (as defined in Part 1 to Schedule 8 of the Stamp Duty Ordinance) on the SEHK is not payable. Accordingly transfers of Units do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

Investors pay no Hong Kong ad valorem stamp duty when a Product issues or redeems Units.

FATCA and compliance with US withholding requirements

The United States and Hong Kong government have entered into an Model 2 IGA on 13 November 2014. The Model 2 IGA modifies the foregoing requirements but generally requires Hong Kong Foreign Financial Institutions (“FFI”) to register with the IRS, enter into an FFI Agreement, and comply with the terms of FFI Agreement. As a result of the Model 2 IGA, FFIs in Hong Kong complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments made to non-consenting accounts (i.e. accounts of which the holders do not consent to FATCA reporting and disclosure to the IRS) or close those non-consenting accounts (provided that information regarding such non-consenting account holder is reported to the IRS pursuant to the provisions of the Model 2 IGA). Such FFIs, however, may be required to withhold tax on payments made to non-compliant FFIs.

Payments, include but are not limited to, dividends and interest from securities of U.S. issuers. The payments may be subject to FATCA withholding, unless the recipient of the payment satisfies certain requirements intended to enable the IRS to identify certain United States persons with interests in such payments. To avoid such FATCA withholding on certain payments made to it, a FFI will generally be required to enter into an agreement (an "FFI Agreement") with the IRS under which it will agree to identify its direct or indirect owners who are U.S. persons and report certain information concerning such U.S. person owners to the IRS.

Each Product has registered with the IRS as a participating FFI and have obtained a Global Intermediary Identification Number ("GIIN") of OPR24G.99999.SL.344 (for ChinaAMC NASDAQ-100 Index Daily (2x) Leveraged Product), 1Q165R.99999.SL.344 (for ChinaAMC NASDAQ-100 Index Daily (-1x) Inverse Product) and PSGYVM.99999.SL.344 (for ChinaAMC NASDAQ-100 Index Daily (-2x) Inverse Product). In order to protect Unitholders and avoid being subject to withholding under FATCA, it is the Manager's intention to endeavour to satisfy the requirements imposed under FATCA. Hence it is possible that this may require the Products (through its agents or service providers) as far as legally permitted, to report information on the holdings or investment returns of any Unitholder to the IRS or the local authorities pursuant to the terms of an applicable IGA (as the case may be), including certain Unitholders who fail to provide the information and documents required to identify their status, within other categories specified in the FATCA provisions and regulations. In any event, the Manager shall comply with personal data protection principles, and requirements as set out in the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and all other applicable regulations and rules governing personal data use in Hong Kong from time to time.

The Manager has obtained competent tax advice confirming that the Trust does not need to be registered with the IRS and that the registration of the Products with the IRS satisfies the FATCA requirements.

Although the Manager and the Products will endeavour to satisfy any obligations imposed on the Products to avoid the imposition of FATCA withholding tax, no assurance can be given that the Products will be able to fully satisfy these obligations. If a Product becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of the Product may be adversely affected and the Product and its Unitholders may suffer material loss.

The FATCA provisions are complex and continue to evolve. As such, the effects which the FATCA provisions may have on the Trust and each Product can still be subject to change. Withholding may apply to withholdable payments covered by FATCA if the Trust and each Product cannot satisfy the applicable requirements and is determined to be non-compliant with FATCA or if the Hong Kong government is found in breach of the terms of the agreed IGA. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Nothing in this section constitutes or purports to constitute tax advice and Unitholders should not rely on any information set out in this section for the purposes of making any investment decision, tax decision or otherwise. All Unitholders should therefore consult their own tax and professional advisers regarding the FATCA requirements, possible implications and related tax consequences with respect to their own situation. In particular, Unitholders who hold their Units through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer the above mentioned withholding tax on their investment returns.

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 Ordinance requires Financial Institutions ("FI") in Hong Kong to collect Unitholders' information from 1 January 2017 and to file such information of Unitholders residing in jurisdictions which signed a Competent Authority Agreement ("CAA") with Hong Kong (collectively "Reportable Jurisdictions") with the Hong Kong Inland Revenue Department ("IRD") annually commencing from the year 2018. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a CAA; however, the Products and/or its agents may further collect information and/or documentation relating to the tax residents of other jurisdictions.

The Trust is a collective investment scheme within the definition set out in the Securities and Futures Ordinance that is resident in Hong Kong, and is accordingly an investment entity with obligations to comply with the requirements of the Ordinance. This means that the Trust and/or its agents shall collect and provide to the IRD tax information relating to Unitholders.

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

By investing in the Products and/or continuing to invest in the Products, Unitholders acknowledge that they may be required to provide additional information to the Trust, the Manager and/or the Trust's agents in order for the Trust to comply with the Ordinance. The Unitholder's information (and information on 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 government authorities of the Reportable 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 the Ordinance on its current or proposed investment in the Product(s).

PRC taxation

Where specified in an Appendix, a Product may gain an economic exposure to A-Share being the constituent securities of the relevant Index through Swaps. The relevant Products may be subject to PRC taxation as described below.

A Swap Counterparty may implement hedge arrangements by acquiring A-Shares through QFII, RQFII or Stock Connect. As a result, PRC tax liabilities accruing to the Swap Counterparty under the hedge arrangements may ultimately be charged to the relevant Product and would likely have an economic effect on the value of the Product.

Corporate Income Tax

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

The Manager and the Trustee intend to manage and operate the Trust and the Product in such a manner that the Trust and the Product should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with a PE in the PRC for CIT purposes, although this cannot be guaranteed. Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-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 PRC sourced passive income and gains arising from transfer of assets etc. PRC sourced passive income (such as dividend income) and gains may arise from investments in the PRC Securities.

Dividend Income

A 10% WIT has been levied on dividends and distributions from PRC companies to foreign investors. The entity distributing such dividends is required to withhold such tax. Accordingly, the Trust or the Product may be subject to WIT on any dividends and distributions it receives from its investment in PRC Securities.

Under current regulations in the PRC, foreign investors (such as the Swap Counterparties) may invest in onshore PRC securities through a QFII or a RQFII or Stock Connect. For investments via QFII or RQFII, since only the relevant QFII or RQFII's interests in onshore PRC securities are recognised under PRC laws, any tax liability would, if it arises, be payable by the relevant QFII or RQFII. However under the terms of the arrangement between the relevant QFII or RQFII, the Swap Counterparty(ies) and the relevant Product, the relevant RQFII will pass on any tax liability to the Trust for the account of the Product. 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 QFII or 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. The A-Shares issuers distributing such dividends are technically obliged to withhold the tax on behalf of the QFIIs and RQFIIs.

The Ministry of Finance ("MOF"), the State Taxation Administration ("STA") and the CSRC have jointly issued a circular concerning the tax treatment for the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81 – The Circular Concerning the Tax Treatment for the Pilot Program of the Shanghai-Hong Kong Stock Connect) ("Notice No. 81") and a circular concerning the tax treatment for the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127 – The Circular Concerning the Tax Treatment for the Pilot Program of the Shenzhen-Hong Kong Stock Connect) ("Notice No. 127"). Pursuant to Notice No. 81 and Notice No. 127, dividends received by Hong Kong market investors (including the Swap Counterparties) from A-Shares investment via Stock Connect will be subject to 10% WIT and the company distributing the dividend has the withholding obligation. If the recipient of the dividend is entitled to a lower treaty rate, it can apply to the tax bureau in-charge of the payer for a refund which would be subject to the approval of tax bureau.

Under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" (the "China-HK Arrangement"), dividends received by a Hong Kong tax resident holder of shares issued by a PRC tax resident enterprise will be subject to a reduced PRC WIT rate of 5% on the gross amount of the dividends, if (i) the Hong Kong tax resident is the beneficial owner of the dividends; (ii) the Hong Kong tax resident directly holds at least 25% of the equity of the company paying the dividends; and (iii) other relevant treaty conditions are satisfied. Due to the Products' investment restriction, each Product will not hold more than 10% of any ordinary shares issued by any single issuer. In this connection, dividends derived from A-Shares invested through QFII or RQFII will not be able to benefit from the reduced WIT rate of 5% and the general WIT rate of 10% will be applicable to the relevant Product.

Capital gains

Based on the PRC CIT Law and its Implementation Rules, "income from the transfer of property" sourced from the PRC by a non-PRC tax resident enterprise should be subject to WIT of 10%. However, pursuant to Notice No. 81 and Notice No. 127, PRC CIT will be temporarily exempted on gains derived by Hong Kong market investors (including the Swap Counterparties) on the trading of A-Shares through Shanghai-Hongkong Stock Connect and Shenzhen–Hongkong Stock Connect from 17 November 2014 and 5 December 2016 respectively.

The "Notice on the issues of temporary exemption from the imposition of corporate income tax arising from capital gains from the transfer of 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 "Notice No. 79") states that (i) PRC CIT will be imposed on gains obtained by QFII and RQFII from equity investment assets (including A-Shares) derived prior to 17 November 2014 in accordance with the laws; and (ii) QFIIs/RQFIIs will be temporarily exempt from CIT on gains derived from the trading of A-Shares effective from 17 November 2014. Notice No. 79 applies to QFIIs/RQFIIs without a PE in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE.

Based on Notice No. 79, Notice No. 81 and Notice No. 127, no WIT provision for gross realised or unrealised gains derived from trading of A-Shares via QFII, RQFII or the Stock Connect incurred by the Swap Counterparties (which may in turn be charged to the Products) is made by the Manager on behalf of the Products.

It is noted that the Notice No. 79, Notice No. 81 and Notice No. 127 all state that the CIT exemption is temporary. As such, as and when the PRC authorities announce the expiry date of the exemption, the Product may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the relevant Products.

It should be noted that there is a possibility of the PRC tax rules and practices being changed.

Please refer to the sub-section "General" below and the risk factor "PRC taxation risk" in the Appendix for each relevant Product for further information in this regard.

PRC Value-added Tax ("VAT") and other surtaxes

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

According to Caishui [2016] No. 70 ("Notice No. 70"), gains derived by QFIIs and RQFIIs from the trading of A-Shares are except from VAT since 1 May 2016.

Based on Notice No. 36 and Notice No. 127, the gains derived by Hong Kong market investors (including the Swap Counterparties) from trading of A-Shares through the Shanghai-Hong Kong Stock Connect are exempt from VAT since 1 May 2016 and the gains derived from transfer of A-Shares through the Shenzhen-Hong Kong Stock Connect are exempt from VAT since 5 December 2016.

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

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

Stamp duty

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

According to Notice No. 127, the borrowing and return of shares in relation to shares guarantee and short-selling by Hong Kong market investors (including the Swap Counterparties) through Stock Connect are exempt from stamp duty since 5 December 2016.

General

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

The Manager reserves the right to make tax provision for any tax liabilities arising from the income derived from the Product's exposure to investments in the PRC. If the actual applicable tax levied by PRC tax authorities is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Product may suffer more than the tax provision amount as the Product will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the actual applicable tax levied by PRC tax authorities is lower than that provided for by the Manager so that there is an excess in the tax provision amount, Unitholders who have redeemed their Units before PRC tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Manager's overprovision. In this case, the then existing and new Unitholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the Product as assets thereof. Notwithstanding the above provisions, Unitholders who have already redeemed their Units in the Product before the return of any overprovision to the account of the Product will not be entitled or have any right to claim any part of such overprovision.

Unitholders should seek their own tax advice on their tax position with regard to their investment in the Product.

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 investments than currently contemplated.

PART 2 – SPECIFIC INFORMATION RELATING TO EACH PRODUCT

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

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

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

APPENDIX 1: ChinaAMC NASDAQ-100 Index Daily (2x) Leveraged Product

Key Information

Set out below is a summary of key information in respect of the ChinaAMC NASDAQ-100 Index Daily (2x) Leveraged Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide Daily investment results, before fees and expenses, which closely correspond to twice (2x) the Daily performance of the Index
Index	NASDAQ-100 Index
Issue Price during the Initial Offer Period	USD2
Listing Date (SEHK)	28 September 2016
Exchange Listing	SEHK – Main Board
Stock Code	7261
Short Stock Name	FL2CAMNDQ100
Trading Board Lot Size	100 Units
Base Currency	USD
Trading Currency	HKD
Distribution Policy	The Manager does not intend to have the Product pay or make regular distributions or dividends. However, the Manager may pay special dividends on making an announcement prior to any dividend in respect of the relevant distribution amount (in USD only). Distributions will not be paid out of capital or effectively out of capital of the Product.
Creation/Redemption Policy	Cash (USD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 100,000 Units (or multiples thereof)
Dealing Deadline	5:00 pm (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Management Fee	Currently 0.99% per year of the Net Asset Value

Trustee Fee (inclusive of Registrar Fee)	Currently 0.12% per year of the Net Asset Value, plus USD15 per Participating Dealer per transaction
Financial Year End	31 December
Website	http://www.chinaamc.com.hk/liproduct7261/HKen

What is the Investment Objective?

The investment objective of the Product is to provide Daily investment results, before fees and expenses, which closely correspond to twice (2x) the Daily performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day.**

What is the Investment Strategy?

The Manager intends to adopt a futures-based replication investment strategy to achieve the investment objective of the Product, through directly investing in the nearest quarter E-Mini NASDAQ 100 Futures ("E-mini NASDAQ 100 Futures") which are traded on the Chicago Mercantile Exchange ("CME"), subject to the rolling strategy discussed below, to obtain the required exposure to the Index. The Product's exposure to E-mini NASDAQ 100 Futures will be 200% of its Net Asset Value. In entering the nearest quarter E-mini NASDAQ 100 Futures, it is anticipated that no more than 40% of the Net Asset Value of the Product from time to time will be used as margin to acquire the E-mini NASDAQ 100 Futures.

In extreme circumstances, such as a trading halt of the E-mini NASDAQ 100 Futures, extreme increase in margin requirement, extreme difference in performance between the E-mini NASDAQ 100 Futures and the Index, the Product will maintain an exposure to E-mini NASDAQ 100 Futures of at least 170% of the Net Asset Value, and may also be invested as follows: (i) 0 – 20% of the Net Asset Value directly in the constituent securities of the Index (the "NASDAQ Securities"); (ii) 0 – 10% of the Net Asset Value in US listed exchange traded funds ("ETFs") which track the performance of the Index.

Under normal circumstances, at least 60% of the Net Asset Value (this percentage may be reduced proportionately under exceptional circumstances, as described above) will be invested in cash (USD) and other USD denominated investment products, such as deposits with banks in Hong Kong, SFC authorised money market funds or other money market funds (either recognised jurisdiction money market funds or non-recognised jurisdiction money market funds) in accordance with the requirements of the Code. Yield in USD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be reinvested into the Product.

The Product will not enter into securities lending, repurchase, reverse-repurchase transactions or other similar over-the-counter transactions.

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

The Product's net derivative exposure to FDIs will not exceed 204% of its Net Asset Value (i) at the time of Daily rebalancing of the Product, and (ii) between Daily rebalancing, unless due to market movements.

The Product will be rebalanced Daily, on each day when the SEHK, the CME and the NASDAQ are open for trading (i.e. a Business Day), as further described below.

Daily rebalancing of the Product

At or around the close of trading on the NASDAQ on each Business Day, the Product will seek to rebalance its portfolio, by increasing exposure in response to the Index's Daily gains or reducing exposure in response to the Index's Daily losses, so that its Daily leverage exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as a leveraged product will rebalance its position following the movement of the Index by the end of the day.* Assuming that the initial Net Asset Value of the Product is 100 on Day 0, the Product will need to have an exposure of 200 to meet the objective of the Product. If the Index increases by 20% during the day, the Net Asset Value of the Product would have increased to 140, making the exposure of the Product 240. As the Product needs an exposure of 280, which is 2x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional 40.

Day 1 illustrates the rebalancing requirements if the Index falls by 10% on the subsequent day; day 2 illustrates the rebalancing requirements if the Index rises by 10% on the subsequent day.

	Calculation	Day 0	Day 1	Day 2
(a) Initial Product NAV		100.0	140.0	112.0
(b) Initial exposure	(b) = (a) x 2	200.0	280.0	224.0
(c) Daily Index change (%)		20%	-10%	10%
(d) Profit / loss on exposure	(d) = (b) x (c)	40.0	-28.00	22.40
(e) Closing Product NAV	(e) = (a) + (d)	140.0	112.00	134.40
(f) Closing exposure before rebalancing	(f) = (b) x (1+ (c))	240.0	252.00	246.40
(g) Target exposure to maintain leverage ratio	(g) = (e) x 2	280.0	224.00	268.80
(h) Required rebalancing amount	(h) = (g) - (f)	40.0	-28.00	22.40

** The above figures are calculated before fees and expenses.*

Futures Roll

The Index does not include provisions for the replacement (also referred to as "rolling") of the quarterly E-mini NASDAQ 100 Futures as it is a standard equity index. The Manager has full discretion of futures rolling execution to meet the Product's investment objective. The rolling of a E-mini NASDAQ 100 Future will occur within an 8-calendar day period in the last calendar month of each quarter (between 8 calendar days before the last trading day of the nearest quarterly E-mini NASDAQ 100 Futures and one business day before the last trading day of the nearest quarterly E-mini NASDAQ 100 Futures).

What are E-mini NASDAQ 100 Futures?

The E-mini NASDAQ 100 Futures are traded on the CME, which offer liquid benchmark contracts to manage exposure to the 100 constituents of the Index.

The E-mini NASDAQ 100 Futures are leveraged because they are traded on a margin basis. The margin to carry an open position is generally a small percentage (5-20%) of their value. The E-mini NASDAQ 100 Futures are traded on the CME. CME clears, settles and guarantees all matched transactions in CME contracts occurring electronically or through its floor facilities. CME is registered with the US Securities and Exchange Commission as a for-profit shareholder corporation, and the markets are primarily regulated by the US Commodity Futures Trading Commission along with other US governmental bodies.

Key specifications of the E-mini NASDAQ 100 Futures are as follows:

Underlying index	NASDAQ-100 Index

Exchange	CME
Trading hours (Chicago Time)	Opening time at 5:00 p.m. (Sunday to Thursday) and closing time at 4:00 p.m. on the next day (Monday to Friday), with a trading halt from 3:15 p.m. – 3:30 p.m. (Monday to Friday)
Contract expiry	Quarterly Cycle (March, June, September, December) For example, as at 31 March 2023, June 2023, September 2023, December 2023, March 2024 and December 2024 contracts are traded on the CME.
Last trading day	The third Friday of the contract month
Contract size	US$20 x NASDAQ-100 Index
Settlement method	Cash settlement
Final settlement price	The final settlement price of the E-mini NASDAQ 100 Futures shall be determined on the third Friday of the contract month or, if the Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published. The final settlement price shall be a Special Opening Quotation of the Index to be determined by the NASDAQ. If the NASDAQ does not open on the day scheduled for the determination of the final settlement price, then the final settlement price shall be the Special Opening Quotation of the first subsequent day on which NASDAQ does open. The "Special Opening Quotation" of the Index shall be based on the opening values of each of the component stocks at NASDAQ, namely the NASDAQ Official Opening Price (NOOP) of Index stocks. The NOOP is a single opening price that is reflective of supply and demand at the market open determined by the NASDAQ Opening Cross, which is a price discovery facility that cross orders at a single price.
Position limit	50,000 net long or short E-mini NASDAQ 100 Futures in all contract months combined. The position limit applies to a person such as the Manager, i.e. the Manager cannot hold or control E-mini NASDAQ 100 Futures over this limit. A person seeking an exemption from position limit for bona fide commercial purpose shall apply to the market regulation department of the CME on forms provided by the CME, and the market regulation department may grant qualified exemptions in its sole discretion.
Price limits	Monday – Friday 8:30 am – 2:25 pm: 7%, 13% and 20% declines below the previous trading day's reference price of the E-mini NASDAQ 100 Futures. From 2:25 pm to 3pm, only the 20% decline limit will be applicable. Monday – Friday 3:00 pm – 4:00 pm: 5% up and down based on the 3:00 pm reference price of the E-mini NASDAQ 100 Futures. If the limit is reached, trading will continue within the ±5% range, provided that the 5% down limit shall not be lower than the 20% down limit applicable before 3:00 pm on the current trading day. If the E-mini NASDAQ 100 Futures is offered at the 7% down limit before 2:25 pm, a 2-minute monitoring period will commence. During this monitoring period, trading will continue at or above the 7% down limit. If a limit condition exists (i.e. the price still down 7% or more) at the end of the 2-minute monitoring period, a 2-minute trading halt occurs with price limits expanding to 13%. If a limit condition does NOT exist, trading will continue with price limits expanding to 13%.

	Similarly, if the E-mini NASDAQ 100 Futures is offered at the 13% down limit, a 2-minute monitoring period will commence, followed by (if a limit condition exists (i.e. the price still down 13% or more) at the end of the 2-minute monitoring period) a 2-minute trading halt occurs with price limits expanding to 20%. If a limit condition does NOT exist, trading will continue with price limits expanding to 20%. If the E-mini NASDAQ 100 Futures is offered at the 20% down limit before 2:25 pm, trading will continue at or above the 20% down limit for the remainder of the trading day. An offer entered with a price below the prevailing down limit will be rejected. For instance, if the prevailing circuit breaker is at the 7% limit, then orders below the 7% down limit will not be accepted. The order will be accepted, however, when the price limit is expanded to 13%, provided that it is offering at higher than the 13% limit. From 5:00pm to 8:30 am, there shall be no trading for a given delivery month at any price that is either strictly lower than or strictly higher than the range defined by the 5% price limits on such trading day (based on the 3:00 pm reference price). All times are Chicago times. Please refer to the website: http://www.cmegroup.com/trading/equity-index/faq-us-based-equity-index-price-limits.html for further information (this website has not been reviewed by the SFC)
Regulatory Trading Halts of the NASDAQ	A "Market Decline" means a decline in price of the S&P 500 Index between 9:30 am EST and 4:00 pm EST on a NASDAQ trading day (or between 9:30 am EST and 1:00 pm EST in case of any early scheduled close) as compared to the closing price of the S&P 500 Index for the immediately preceding NASDAQ trading day. If a Market Decline of 7% or 13% between 9:30 pm EST and (up to and including) 3:25 pm EST or in the case of an early scheduled close, 12:25 pm EST, trading of all US-listed equity securities (including the NASDAQ) shall halt for 15 minutes. The trading halt based on a Market Decline of 7% or 13% only once per NASDAQ trading day. The trading halt will not occur if a 7% Market Decline or a 13% Market Decline occurs after 3:25 pm EST or in the case of an early scheduled close, 12:25 pm EST. If a 20% Market Decline occurs at any time during the NASDAQ trading day, the NASDAQ shall halt trading until it opens the next trading day. There may also be unscheduled non-regulatory halts, for example due to bad weather or terrorist attack, on the NASDAQ. EST stands for Eastern Standard Time, which is 1 hour ahead of Chicago time. **When there is a trading halt on the NASDAQ as described above, trading of the E-mini NASDAQ 100 Futures shall halt at the same time.**

For more information, please refer to "E-mini NASDAQ 100 Futures Quotes" under "trading" on the CME Group website.

Futures Liquidity

As of 31 March 2023, the daily average volume and open interest of the spot month (June 2023)

E-mini NASDAQ 100 Futures for the year of 2023 are USD 42.3 billion and USD 166.3 billion. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as a leveraged product tracking the Index.

Borrowing Policy and Restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

Distribution Policy

The Manager does not intend to pay or make regular distributions or dividends. However, the Manager may pay special dividends upon making an announcement in respect of the relevant distribution amount (in USD only). In the event that the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions. There can be no assurance of the payment of distributions or the rate (if any).

Distributions will not be paid out of capital or effectively out of capital of the Product.

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 NASDAQ-100 Index (the "Index") includes 100 of the largest US and international non-financial companies listed on the NASDAQ Stock Market based on market capitalisation. It is a price return index, meaning that the performance of the Index is calculated on the basis that dividends are not reinvested. It is denominated in USD.

The Index was launched on 31 January 1985 and had a base date of 31 January 1985 and a base level of 125.

As at 10 April 2023, the Index had a total market capitalisation of USD15.11 trillion and 100 constituents. An issuer may have more than one class of securities which are eligible for inclusion in the Index and which will be included as separate constituents.

Index Provider

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

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

Index Methodology

The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies. To be eligible for initial inclusion in the NASDAQ 100 Index, a security must meet the following criteria:

- the issuer of the security's primary US listing must be exclusively listed on the NASDAQ Global Select Market or the NASDAQ Global Market (unless the security was dually listed on another US market prior to January 1, 2004 and has continuously maintained such listing);

- a security must be issued by a non-financial company;

- a security may not be issued by an issuer currently in bankruptcy proceedings;

- a security must have average daily trading volume of at least 200,000 shares (measured annually during the Ranking Review process);

- if the issuer of the security is organised under the laws of a jurisdiction outside the US, then such security must have listed options on a recognised options market in the US or be eligible for listed-options trading on a recognised options market in the US (measured annually during the Ranking Review process);

- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible;

- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn;

- the security must be "seasoned" on NASDAQ, NYSE or NYSE Amex. Generally, a company is considered to be seasoned if it has been listed on a market for at least three full months (excluding the first month of initial listing).

The Index is a modified capitalisation-weighted methodology. The methodology is expected to retain in general the economic attributes of capitalisation-weighting while providing enhanced diversification. To accomplish this, NASDAQ will review the composition of the Index on a quarterly basis and adjust the weightings of Index components using a proprietary algorithm, if certain pre-established weight distribution requirements are not met.

To be eligible for continued inclusion in the Index, an Index security must meet the above criteria and must have a weight equal to or exceeding 0.1% in the Index at each month-end. In the event that a company does not meet this criterion for 2 consecutive month-ends, it is removed from the Index effective after the close of trading on the third Friday of the following month.

Index Periodical Review

On a quarterly basis coinciding with the quarterly rebalancing schedule, the weights of the securities in the Index will be reviewed and the Index will be rebalanced if it is determined that:

(1) the weight of the single largest security is greater than 24%; and/or

(2) the collective weight of Index securities whose individual weights are each in excess of 4.5% exceeds 48% of the Index.

During the rebalancing process, the weights of all securities with individual weights greater than 1% will be scaled down proportionately such that the adjusted weight of the single largest Index security is 20% and the collective weight of individual securities exceeding 4.5% does not exceed 40%.

The Index securities are reviewed annually in December. The above eligibility criteria are applied and all eligible securities are ranked (based on market capitalisation) using market data through the end of October. During the annual review process, those Index securities that are ranked within the top 100 of all eligible companies at the annual review are retained in the index, while those ranked between 101 and 125 are retained only if they were in the top 100 at the previous annual review or were added subsequent to the previous annual review. Companies not retained in the Index are replaced by those who have the largest market capitalisation and are not existing constituents in the Index.

Index Constituents

You can obtain the most updated list of the constituents of the Index, their respective weightings and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at www.nasdaq.com (the contents of which have not been reviewed by the SFC).

Index Code

Bloomberg: NDX

Comparison Between the Index and the Leveraged Performance of the Index for a Period Longer Than One Day (i.e. Comparison of the Point-to-point Performance)

The Product's objective is to provide returns which are of a predetermined leverage factor (2x) of the Daily performance of the Index. The Product does not attempt to, and should not be expected to, provide returns, before fees and expenses, which are twice the return of the Index for periods other than a single day. The Product rebalances its portfolio on a Daily basis, increasing exposure in response to the Index's Daily gains or reducing exposure in response to the Index's Daily losses. This means that for a period longer than one Business Day, the pursuit of a Daily leveraged investment objective may result in Daily leveraged compounding for the Product. As such, the Product's performance may not track twice the cumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by 200% generally will not equal the Product's performance over that same period. Over time, the cumulative percentage increase or decrease in the value of the Product's portfolio may diverge significantly from the cumulative percentage increase or decrease in of the return of the Index due to the compounding effect of losses and gains on the returns of the Product.

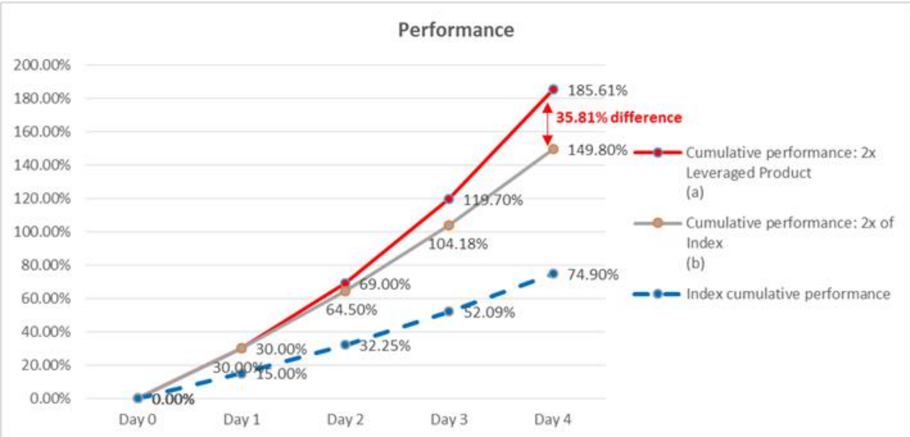
It is also expected that the Product will underperform the return of 200% of the Index in a trendless or flat market. This is caused by compounding, which is the cumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. The effect of compounding becomes more pronounced on the Product's performance as its experiences volatility. In addition, the effects of volatility are magnified in the Product due to leverage. The following scenarios illustrate how the Product's performance may deviate from that of the cumulative Index return (2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical USD10 investment in the Product.

Scenario I: Continuous Upward Trend

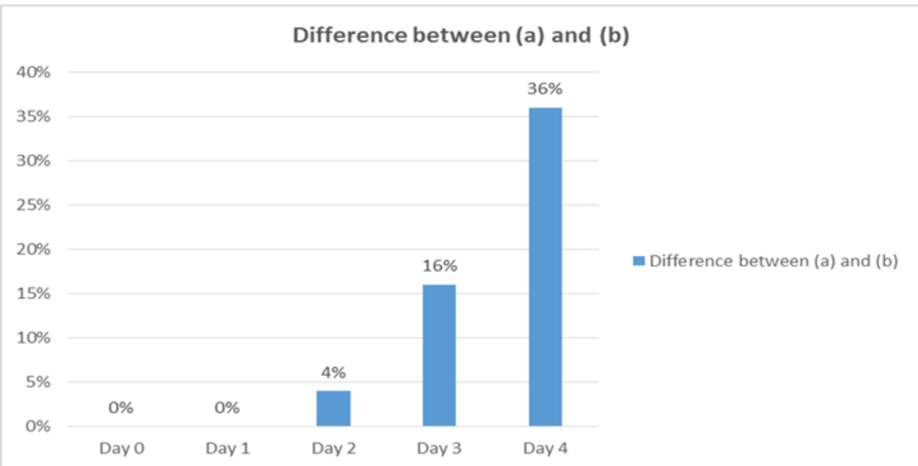
In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated return will be greater than twice the cumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 15% Daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 185.61%, compared with a 149.80% gain which is twice the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Leveraged Product Daily return	Leveraged Product NAV	Cumulative performance: Leveraged product	Cumulative performance: 2x of Index
Day 0		100.00	0.00%		USD 10.00	0.00%	0.00%
Day 1	15.0%	115.00	15.00%	30.0%	USD 13.00	30.00%	30.00%
Day 2	15.0%	132.25	32.25%	30.0%	USD 16.90	69.00%	64.50%
Day 3	15.0%	152.09	52.09%	30.0%	USD 21.97	119.70%	104.18%
Day 4	15.0%	174.90	74.90%	30.0%	USD 28.56	185.61%	149.80%

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



The chart below sets out the difference between (a) 2x leverage product cumulative return and (b) 2x of index cumulative return in this scenario.

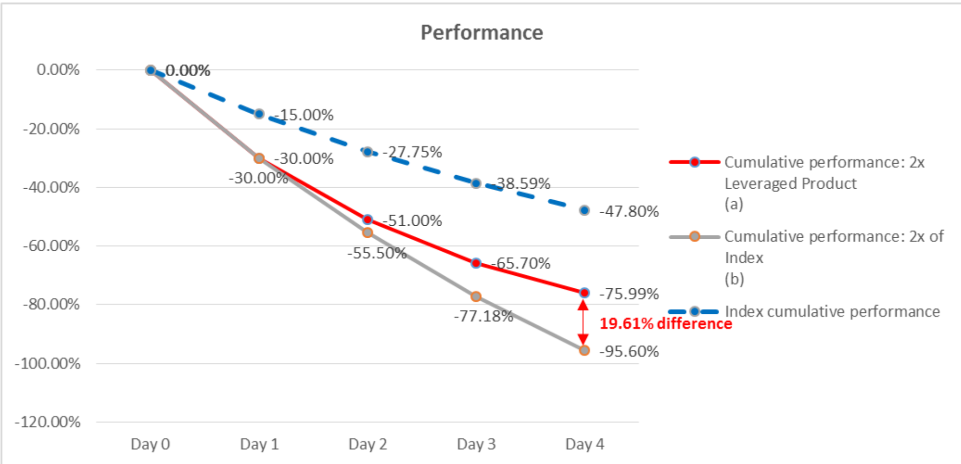


Scenario II: Continuous Downward Trend

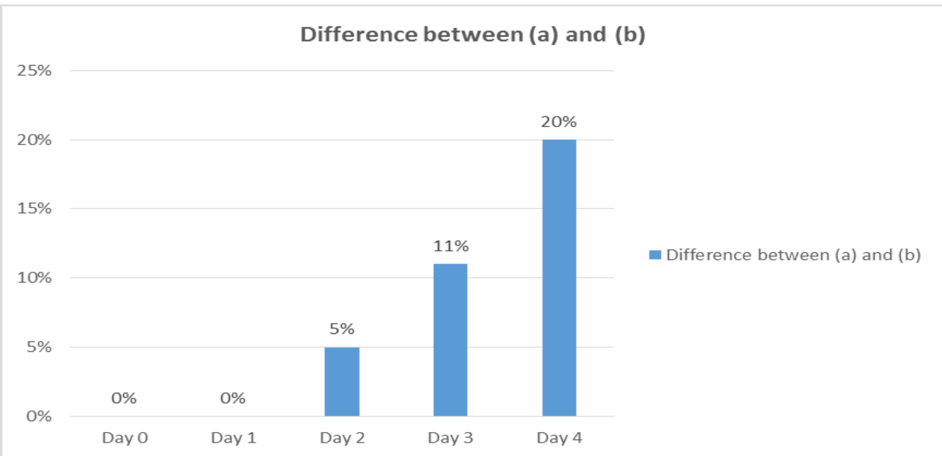
In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated loss will be less than twice the cumulative Index loss. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 15% Daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 75.99%, compared with a 95.60% loss which is twice the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Leveraged Product Daily return	Leveraged Product NAV	Cumulative performance: Leveraged product	Cumulative performance: 2x of Index
Day 0		100.00	0.00%		USD 10.00	0.00%	0.00%
Day 1	-15.0%	85.00	-15.00%	-30.0%	USD 7.00	-30.00%	-30.00%
Day 2	-15.0%	72.25	-27.75%	-30.0%	USD 4.90	-51.00%	-55.50%
Day 3	-15.0%	61.41	-38.59%	-30.0%	USD 3.43	-65.70%	-77.18%
Day 4	-15.0%	52.20	-47.80%	-30.0%	USD 2.40	-75.99%	-95.60%

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



The chart below sets out the difference between (a) 2x leverage product cumulative return and (b) 2x of index cumulative return in this scenario.

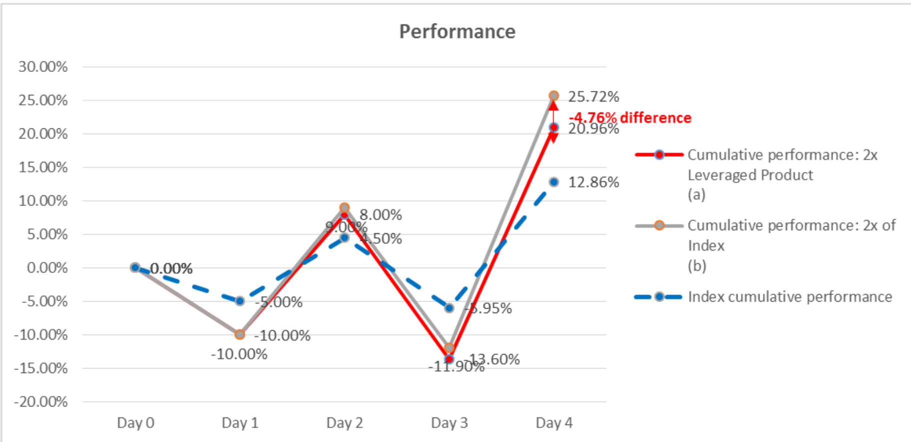


Scenario III: Volatile Upward Trend

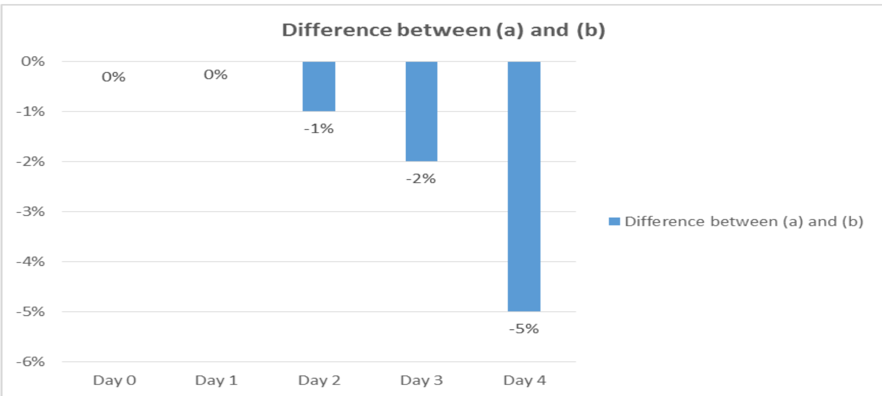
In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with Daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the cumulative Index return. As illustrated in the scenario below, where the Index grows by 12.86% over 5 Business Days but with Daily volatility, the Product would have an accumulated gain of 20.96%, compared with a 25.72% gain which is twice the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Leveraged Product Daily return	Leveraged Product NAV	Cumulative performance: Leveraged product	Cumulative performance: 2x of Index
Day 0		100.00	0.00%		USD 10.00	0.00%	0.00%
Day 1	-5.0%	95.00	-5.00%	-10.0%	USD 9.00	-10.00%	-10.00%
Day 2	10.0%	104.50	4.50%	20.0%	USD 10.80	8.00%	9.00%
Day 3	-10.0%	94.05	-5.95%	-20.0%	USD 8.64	-13.60%	-11.90%
Day 4	20.0%	112.86	12.86%	40.0%	USD 12.10	20.96%	25.72%

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



The chart below sets out the difference between (a) 2x leverage product cumulative return and (b) 2x of index cumulative return in this scenario.

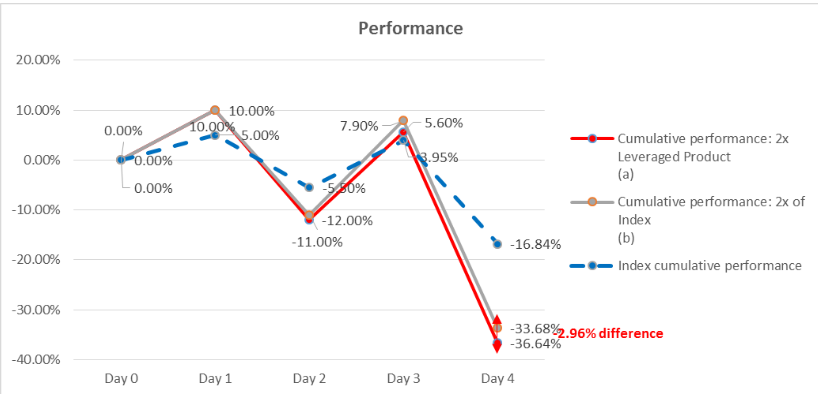


Scenario IV: Volatile Downward Trend

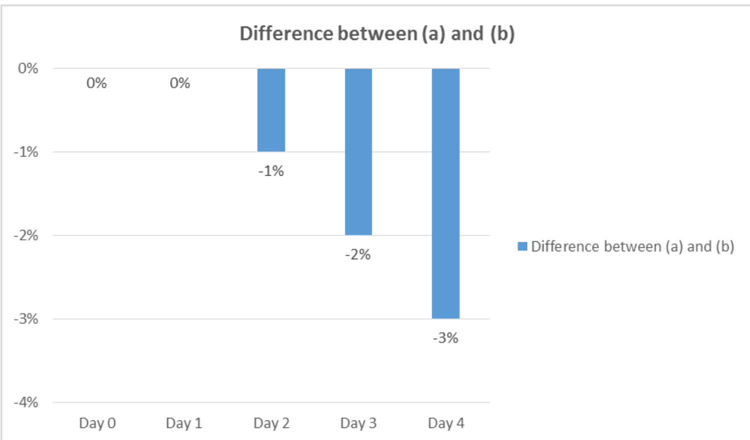
In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with Daily volatility, the Product's performance may be adversely affected in that the Product's performance may be more than twice the cumulative Index loss. As illustrated in the scenario below, where the Index falls by 16.84% over 5 Business Days but with Daily volatility, the Product would have an accumulated loss of 36.64%, compared with a 33.68% loss which is twice the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Leveraged Product Daily return	Leveraged Product NAV	Cumulative performance: Leveraged product	Cumulative performance: 2x of Index
Day 0		100.00	0.00%		USD 10.00	0.00%	0.00%
Day 1	5.0%	105.00	5.00%	10.0%	USD 11.00	10.00%	10.00%
Day 2	-10.0%	94.50	-5.50%	-20.0%	USD 8.80	-12.00%	-11.00%
Day 3	10.0%	103.95	3.95%	20.0%	USD 10.56	5.60%	7.90%
Day 4	-20.0%	83.16	-16.84%	-40.0%	USD 6.34	-36.64%	-33.68%

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



The chart below sets out the difference between (a) 2x leverage product cumulative return and (b) 2x of index cumulative return in this scenario.

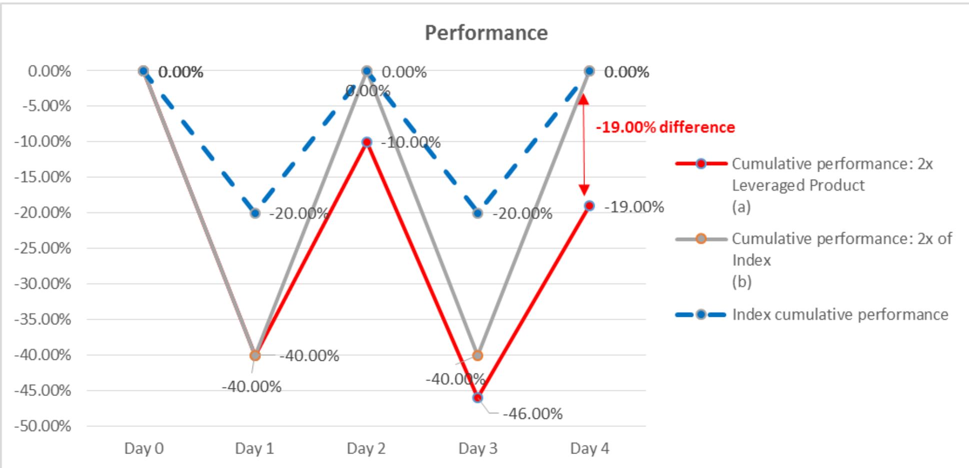


Scenario V: Volatile Market with Flat Index Performance

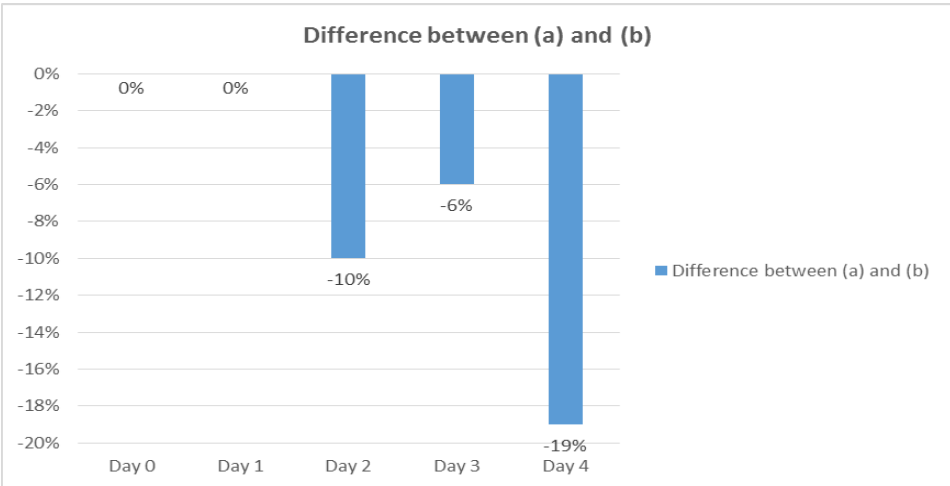
In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Index cumulative return	Leveraged Product Daily return	Leveraged Product NAV	Cumulative performance: Leveraged product	Cumulative performance: 2x of Index
Day 0		100.00	0.00%		USD 10.00	0.00%	0.00%
Day 1	-20.0%	80.00	-20.00%	-40.0%	USD 6.00	-40.00%	-40.00%
Day 2	25.0%	100.00	0.00%	50.0%	USD 9.00	-10.00%	0.00%
Day 3	-20.0%	80.00	-20.00%	-40.0%	USD 5.40	-46.00%	-40.00%
Day 4	25.0%	100.00	0.00%	50.0%	USD 8.10	-19.00%	0.00%

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



The chart below sets out the difference between (a) 2x leverage product cumulative return and (b) 2x of index cumulative return in this scenario.



RESTRICTED

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

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

The Product seeks leveraged investment results on a Daily basis – from the close of regular trading on one trading day to the close on the next trading day – which should not be equated with seeking a leveraged investment objective for any other period. For instance, if the Index gains 10% for a week, the Product should not be expected to provide a return of 20% for the week even if it meets its Daily leveraged investment objective throughout the week. This is true because of the expenses and charges noted above but also because the pursuit of Daily goals may result in Daily leveraged compounding, which means that the return of the Index over a period of time greater than one Business Day multiplied by the Product's Daily leveraged investment objective (200%) will not generally equal the Product's performance over that same period. In addition, the effects of compounding become greater the longer Units are held beyond a single trading day.

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

Holding an unmanaged position opens the investor to the risk of market volatility adversely affecting the performance of the investment. The Product is not appropriate for investors who do not intend to actively monitor and manage their portfolios. These scenarios are intended to underscore the fact that the Products are designed as short-term trading vehicles for investors who intend to actively monitor and manage their portfolios.

For further illustration of the Product's performance under different market conditions, investors may access the 'performance simulator' on the Product's website at http://www.chinaamc.com.hk/liproduct7261/HKen, which will show the Product's historical performance data during a selected time period since the launch of the Product.

Index Licence Agreement

The initial term of the licence of the Index commenced on 6 June 2016 and will continue for 2 years. After the expiration of the initial 2-year term, the licence should be automatically renewed for successive terms of 1 year unless either party to the licence agreement gives at least 90 days' notice of termination prior to the end of the then current term to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

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The Offering Phases

After Listing

"After Listing" commences on the Listing Date and continues until the Trust is terminated.

Dealings in the Units on the SEHK commenced on the Listing Date (28 September 2016).

All investors may buy and sell Units in the secondary market on the SEHK through any designated brokers. Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market in Application Unit Size, 9:30 a.m. (Hong Kong time) to 5:00 p.m. (Hong Kong time) on each Dealing Day.

Exchange Listing and Trading (Secondary Market)

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units traded in HKD.

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 traded in began on 28 September 2016.

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.

Fees and Expenses

Management Fee

The current Management Fee percentage in respect of the Product is 0.99%. The Management Fee is calculated as at each Dealing Day and payable monthly in USD in arrears out of the Trust Fund.

Trustee's and Registrar's Fee

The Trustee receives out of the assets of the Product a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at 0.12% per annum of the Net Asset Value of the Product, subject to a monthly minimum of USD10,000 (which is waived for the first 12 calendar months from the Listing Date). The Trustee is also entitled to receive a transaction fee of USD15 on each open and closed future contract of the Product (subject to a monthly maximum of USD10,000).

The Registrar is entitled to receive from the Product a registrar fee of USD15 per Participating Dealer per transaction for updating of the register record of the Product.

Brokerage Rates

The Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its standard rates.

Standard market rates vary with the contract and the market on which the contract is traded. The rates comprise of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately USD3 to USD5 per round turn levied by the broker.

The above rates are estimated to be approximately 0.09% per annum of the Net Asset Value and may increase to approximately 0.28% per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Commission is only charged once for each transaction in Futures Contracts.

Risk Factors Specific to the Product

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable specifically to the Product.

New Product Risk

The Product is a futures-based listed leveraged product which aims to provide investment results that, before fees and expenses, which closely correspond to twice the performance of the Index on a Daily basis. The Product is one of the first futures-based listed leveraged products in Hong Kong. The novelty and untested nature of the Product and the fact that the Product is one of the first of its kind in Hong Kong makes the Product riskier than traditional exchange traded funds which track the "long" non-leveraged performance of an index and do not rebalance on a Daily basis.

Long Term Holding Risk

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

Leverage Risk

The Product will utilise leverage to achieve a Daily return equivalent to twice (2x) the return of the

Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bear market will be substantially more than a fund that does not employ leverage.

Risk of Rebalancing Activities

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

Liquidity Risk

The rebalancing activities of the Product typically take place at or around the close of trading on the NASDAQ, to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Intraday Investment Risk

The Product is normally rebalanced at or around the close of trading on the NASDAQ. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than two times (2x) leveraged investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

Portfolio Turnover Risk

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

Price Limit Risk

If the price of the E-mini NASDAQ 100 Futures included in the Product's portfolio and/or the price of constituents of the NASDAQ hit certain price limits, depending on the time of the day and the limit being reached, the trading of the E-mini NASDAQ 100 Futures may be limited within the set price limits, suspended for a short period of time, or suspended for the remainder of the trading day. This may affect the Product's tracking of the leveraged performance of the Index, and, if a trading halt takes place near the end of a trading day, may result in imperfect Daily rebalancing.

Difference in Price Limit Risk

The Product's investment objective is to provide investment results that closely correspond to twice (2x) the Daily performance of the Index. Although the Index is an equity index, the Product invests in E-mini NASDAQ 100 Futures. The daily price limit for the NASDAQ (which is triggered when the price of the S&P 500 Index drops 20% in a day) and the daily price limit for the E-mini NASDAQ 100 Futures are different. As such, should the Index's daily price movement be greater than the price limit of the E-mini NASDAQ 100 Futures, the Product may not be able to achieve its investment objective as the E-mini NASDAQ 100 Futures are unable to deliver a return beyond their price limit.

Trading Time Differences Risk

As the CME may be open when Units in the Product are not priced, the value of the E-mini NASDAQ 100 Futures in the Product's portfolio, or the value of constituents in the Index to which such futures contracts are linked, may change on days when investors will not be able to purchase or sell the Product's Units. Differences in trading hours between the CME and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.

The NASDAQ and the CME have different trading hours. Trading of the Index constituents closes earlier than trading of the E-mini NASDAQ 100 Futures. There may be imperfect correlation between the value of the Index constituents and the E-mini NASDAQ 100 Futures, which may prevent the Product from achieving its investment objective.

Risks Associated with Investment in Futures Contracts

Rolling of Futures Contracts Risk

The Product may utilise Futures Contracts which may expose the Product to liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying but with a later expiration date. The Product may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Contango and Backwardation Risk

As the E-mini NASDAQ 100 Futures come to expiration, they are replaced by contracts that have a later expiration. For example, a contract entered into a long position and held until June may specify a June expiration. As time passes, the contract expiring in June is replaced by a contract for expiration in September. This is accomplished by selling the June contract and entering into a long position of the September contract. This process is referred to as "rolling". Excluding other considerations, if the market for these contracts is in "contango", where the prices are higher in the distant expiration months than in the nearer expiration months, the sale of the June contract would take place at a price that is lower than the price of the September contract. Accordingly sale proceeds when rolling (selling and then buying the E-mini NASDAQ 100 Futures) will not be sufficient to purchase the same number of E-mini NASDAQ 100 Futures which have a higher price, thereby creating a negative "roll yield" which adversely affects the Net Asset Value. By contrast, if the market for these contracts is in "backwardation", where the prices are lower in the distant expiration months than in the nearer expiration months, the sale of the June contract would take place at a price that is higher than the price of the September contract, thereby creating a positive "roll yield".

Margin Risk

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

Futures Contracts Market Risk

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

Clearing House's Failure Risk

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

Holding of Futures Contracts Restriction Risk

The holding by a person for his own account, or for another person but which he controls, of particular type of Futures Contracts or stock options contracts may be limited by regulation. A person shall not hold more than 50,000 E-mini NASDAQ 100 Futures net long or short in all contract months combined, which is the initial limit and any extension is subject to approval. As such, the positions held by a Product and controlled by the Manager (i.e. of other products) may not in aggregate exceed the relevant maximum. Because Unitholders do not themselves hold Futures Contracts or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the relevant regulation. Whilst the Manager does not anticipate that this will have any immediate effect on a Product, if the Net Asset Value of a Product grows significantly the restrictions under the relevant regulation may prevent creations of Units due to the inability under the relevant regulation of the Product to acquire further Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit.

Regulatory Change Risk

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

Path Dependency

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to twice the performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking a leveraged position for periods longer than a day. Investors in the Product should note that the point-to-point performance of the Product over a period longer than one day may not be twice the performance of the Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Index. Please refer to the section "Comparison Between the Index and the Leveraged Performance of the Index for a Period Longer Than One Day (i.e. Comparison of the Point-to-point Performance)" above.

Investors must exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, will likely deviate from the leveraged performance of the Index.

Equity Market Risk

The Product's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

Concentration Risk, US Markets Risk and NASDAQ-100 Constituents Risk

Due to the concentration of the Index in the technology sector, which is characterised by relatively higher volatility in price performance when compared to other economic sectors, the performance of the Index may be more volatile when compared to other broad-based stock indexes. The price volatility of the Product may be greater than the price volatility of exchange traded funds tracking more broad-based indices.

The Product's investments will be concentrated in the US. The US securities markets may be more volatile than other securities markets. Changes in financial regulations, tax regulations or governmental regulations on trade, decreasing imports or exports, terrorist acts, political movements and/or an economic crisis or recession in the US may have a significant adverse effect on the US economy. Such changes may have a negative impact on the constituents of the Index and in turn the E-mini NASDAQ 100 Futures.

Technology companies are characterised by periodic new product introductions, innovations and evolving industry standards, and, as a result, face intense competition, which may have an adverse effect on profit margins. Companies in the technology sector are often smaller and less experienced companies and may be subject to greater risks than larger companies; these risks may be heightened for technology companies in non-US markets. Technology companies may have limited product lines, markets, financial resources or personnel. The products of technology companies may face product obsolescence due to rapid technological developments and frequent new product introduction, changes in consumer and business purchasing patterns, unpredictable changes in growth rates and competition for the services of qualified personnel. In addition, a rising interest rate environment tends to negatively affect companies in the technology sector because, in such an environment, those companies with high market valuations may appear less attractive to investors, which may cause sharp decreases in the companies' market prices. Companies in the technology sector are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies. The technology sector may also be adversely affected by changes or trends in commodity prices, which may be influenced or characterised by unpredictable factors. Finally, while all companies may be susceptible to network security breaches, certain companies in the technology sector may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses.

Distributions Risk

Distributions (if any) will be made in USD. If a Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD to HKD or any other currency.

Suspension of Creation Risk

There can be no assurance that there are sufficient E-mini NASDAQ 100 Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to illiquidity of the E-mini NASDAQ 100 Futures, and delay or disruption in execution of trades or in settlement of trades.

US-listed ETFs Risk

Investments in the securities of US-listed ETFs, may involve duplication of advisory fees and certain other expenses. By investing in US-listed ETFs, the Product becomes a shareholder thereof. As a result, Unitholders indirectly bear the Product's proportionate share of the fees and expenses paid by shareholders of the US-listed ETFs, in addition to the fees and expenses Unitholders bear in connection with the Product's own operations. The Product's performance may be magnified positively or negatively by virtue of its investment in US-listed ETFs.

The Product does not have control of the investment of the underlying US-listed ETFs and there is no assurance that the investment objective and strategy of the underlying US-listed ETFs will be successfully achieved, which may have a negative impact to the Net Asset Value of the Product. In addition, shares of US registered closed end ETFs potentially may trade at a discount or a premium and are subject to brokerage and other trading costs, which could result in greater expenses to the Product. Finally, because the value of shares of the US-listed ETFs depends on the demand in the market, there is no guarantee that the underlying US-listed ETFs will always have sufficient liquidity to meet the Product's redemption requests as and when made. If this is the case, the Product's performance may be adversely affected.

Foreign Exchange Risk

The Product's Base Currency is in USD but has Units traded in HKD. Accordingly secondary market investors may be subject to additional costs or losses associated with foreign currency fluctuations between the Base Currency and HKD when trading units in the secondary market.

APPENDIX 2: ChinaAMC NASDAQ-100 Index Daily (-1x) Inverse Product

Key Information

Set out below is a summary of key information in respect of the ChinaAMC NASDAQ-100 Index Daily (-1x) Inverse Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide Daily investment results, before fees and expenses, which closely correspond to the inverse (-1x) of the Daily performance of the Index
Index	NASDAQ-100 Index
Issue Price during the Initial Offer Period	USD2
Listing Date (SEHK)	28 September 2016
Exchange Listing	SEHK – Main Board
Stock Code	7331
Short Stock Name	FICAMNDQ100
Trading Board Lot Size	100 Units
Base Currency	USD
Trading Currency	HKD
Distribution Policy	The Manager does not intend to have the Product pay or make regular distributions or dividends. However, the Manager may pay special dividends on making an announcement prior to any dividend in respect of the relevant distribution amount (in USD only). Distributions will not be paid out of capital or effectively out of capital of the Product.
Creation/Redemption Policy	Cash (USD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 100,000 Units (or multiples thereof)
Dealing Deadline	5:00 pm (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Management Fee	Currently 0.99% per year of the Net Asset Value

Trustee Fee (inclusive of Registrar Fee)	Currently 0.12% per year of the Net Asset Value, plus USD15 per Participating Dealer per transaction
Financial Year End	31 December
Website	http://www.chinaamc.com.hk/liproduct7331/HKen

What is the Investment Objective?

The investment objective of the Product is to provide Daily investment results, before fees and expenses, which closely correspond to the inverse (-1x) of the Daily performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day.**

What is the Investment Strategy?

The Manager intends to adopt a futures-based replication investment strategy to achieve the investment objective of the Product through directly investing in the nearest quarter E-Mini NASDAQ 100 Futures ("E-mini NASDAQ 100 Futures") which are traded on the Chicago Mercantile Exchange ("CME"), subject to the rolling strategy discussed below, to obtain the required exposure to the Index. In entering the nearest quarter E-mini NASDAQ 100 Futures, it is anticipated that no more than 20% of the Net Asset Value of the Product from time to time will be used as margin to acquire the E-mini NASDAQ 100 Futures.

The remaining 80% of the Net Asset Value of the Product will be invested in cash (USD) and other USD denominated investment products, such as deposits with banks in Hong Kong, SFC authorised money market funds or other money market funds (either recognised jurisdiction money market funds or non-recognised jurisdiction money market funds) in accordance with the requirements of the Code. Yield in USD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be reinvested into the Product.

The Product will not enter into securities lending, repurchase, reverse-repurchase transactions or other similar over-the-counter transactions.

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

The Product's net derivative exposure to FDIs will not exceed -102% of its Net Asset Value (i) at the time of Daily rebalancing of the Product, and (ii) between Daily rebalancing, unless due to market movements.

The Product will be rebalanced Daily, on each day when the SEHK, the CME and the NASDAQ are open for trading (i.e. a Business Day), as further described below.

Daily rebalancing of the Product

At or around the close of trading on the NASDAQ on each Business Day, the Product will seek to rebalance its portfolio, by decreasing inverse exposure in response to the Index's Daily gains or increasing inverse exposure in response to the Index's Daily losses, so that its Daily inverse exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as an inverse product will rebalance its position following the movement of the Index by the end of the day.* Assuming that the initial Net Asset Value of the Product is 100 on Day 0, the Product will need to have an exposure of -100 to meet the objective of the Product. If the Index decreases by 20% during the day, the Net Asset Value of the Product would have increased to 120, making the exposure of the Product -80. As the Product needs an exposure of -120, which is -1x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional -40.

Day 1 illustrates the rebalancing requirements if the Index increases by 10% on the subsequent day; day 2 illustrates the rebalancing requirements if the Index falls by 10% on the subsequent day.

	Calculation	Day 0	Day 1	Day 2
(a) Initial Product NAV		100.0	120.0	108.0
(b) Initial exposure	(b) = (a) x -1	-100.0	-120.0	-108.0
(c) Daily Index change (%)		-20%	10%	-10%
(d) Profit / loss on exposure	(d) = (b) x (c)	20.0	-12.0	10.8
(e) Closing Product NAV	(e) = (a) + (d)	120.0	108.0	118.8
(f) Closing exposure before rebalancing	(f) = (b) x (1+ (c))	-80.0	-132.0	-97.2
(g) Target exposure	(g) = (e) x -1	-120.0	-108.0	-118.8
(h) Required rebalancing amount	(h) = (g) - (f)	-40.0	24.0	-21.6

** The above figures are calculated before fees and expenses.*

Futures roll

The Index does not include provisions for the replacement (also referred to as "rolling") of the quarterly E-mini NASDAQ 100 Futures as it is a standard equity index. The Manager has full discretion of futures rolling execution to meet the Product's investment objective. The rolling of a E-mini NASDAQ 100 Future will occur within an 8-calendar day period in the last calendar month of each quarter (between 8 calendar days before the last trading day of the nearest quarterly E-mini NASDAQ 100 Futures and one business day before the last trading day of the nearest quarterly E-mini NASDAQ 100 Futures).

What are E-mini NASDAQ 100 Futures?

The E-mini NASDAQ 100 Futures are traded on the CME, which offer liquid benchmark contracts to manage exposure to the 100 constituents of the Index.

The E-mini NASDAQ 100 Futures are leveraged because they are traded on a margin basis. The margin to carry an open position is generally a small percentage (5-20%) of their value. The E-mini NASDAQ 100 Futures are traded on the CME. CME clears, settles and guarantees all matched transactions in CME contracts occurring electronically or through its floor facilities. CME is registered with the US Securities and Exchange Commission as a for-profit shareholder corporation, and the markets are primarily regulated by the US Commodity Futures Trading Commission along with other US governmental bodies.

Key specifications of the E-mini NASDAQ 100 Futures are as follows:

Underlying index	NASDAQ-100 Index
Exchange	CME
Trading hours (Chicago Time)	Opening time at 5:00 p.m. (Sunday to Thursday) and closing time at 4:00 p.m. on the next day (Monday to Friday), with a trading halt from 3:15 p.m. – 3:30 p.m. (Monday to Friday)
Contract expiry	Quarterly Cycle (March, June, September, December) For example, as at 31 March 2023, June 2023, September 2023, December 2023, March 2024 and December 2024 contracts are traded on the CME.
Last trading day	The third Friday of the contract month

Contract size	US$20 x NASDAQ-100 Index
Settlement method	Cash settlement
Final settlement price	The final settlement price of the E-mini NASDAQ 100 Futures shall be determined on the third Friday of the contract month or, if the Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published. The final settlement price shall be a Special Opening Quotation of the Index to be determined by the NASDAQ. If the NASDAQ does not open on the day scheduled for the determination of the final settlement price, then the final settlement price shall be the Special Opening Quotation of the first subsequent day on which NASDAQ does open. The "Special Opening Quotation" of the Index shall be based on the opening values of each of the component stocks at NASDAQ, namely the NASDAQ Official Opening Price (NOOP) of Index stocks. The NOOP is a single opening price that is reflective of supply and demand at the market open determined by the NASDAQ Opening Cross, which is a price discovery facility that cross orders at a single price.
Position limit	50,000 net long or short E-mini NASDAQ 100 Futures in all contract months combined. The position limit applies to a person such as the Manager, i.e. the Manager cannot hold or control E-mini NASDAQ 100 Futures over this limit. A person seeking an exemption from position limit for bona fide commercial purpose shall apply to the market regulation department of the CME on forms provided by the CME, and the market regulation department may grant qualified exemptions in its sole discretion.
Price limits	Monday – Friday 8:30 am – 2:25 pm: 7%, 13% and 20% declines below the previous trading day's reference price of the E-mini NASDAQ 100 Futures. From 2:25 pm to 3:00 pm, only the 20% decline limit will be applicable. Monday – Friday 3:00 pm – 4:00 pm: 5% up and down based on the 3:00 pm reference price of the E-mini NASDAQ 100 Futures. If the limit is reached, trading will continue within the ±5% range, provided that the 5% down limit shall not be lower than the 20% down limit applicable before 3:00 pm on the current trading day. If the E-mini NASDAQ 100 Futures is offered at the 7% down limit before 2:25 pm, a 2-minute monitoring period will commence. During this monitoring period, trading will continue at or above the 7% down limit. If a limit condition exists (i.e. the price still down 7% or more) at the end of the 2-minute monitoring period, a 2-minute trading halt occurs with price limits expanding to 13%. If a limit condition does NOT exist, trading will continue with price limits expanding to 13%. Similarly, if the E-mini NASDAQ 100 Futures is offered at the 13% down limit, a 2-minute monitoring period will commence, followed by (if a limit condition exists (i.e. the price still down 13% or more) at the end of the 2-minute monitoring period) a 2-minute trading halt occurs with price limits expanding to 20%. If a limit condition does NOT exist, trading will continue with price limits expanding to 20%. If the E-mini NASDAQ 100 Futures is offered at the 20% down limit before 2:25 pm, trading will continue at or above the 20% down limit for the remainder of the trading day. An offer entered with a price below the prevailing down limit will be

	rejected. For instance, if the prevailing circuit breaker is at the 7% limit, then orders below the 7% down limit will not be accepted. The order will be accepted, however, when the price limit is expanded to 13%, provided that it is offering at higher than the 13% limit. From 5:00pm to 8:30 am, there shall be no trading for a given delivery month at any price that is either strictly lower than or strictly higher than the range defined by the 5% price limits on such trading day (based on the 3:00 pm reference price). All times are Chicago times. Please refer to the website: http://www.cmegroup.com/trading/equity-index/faq-us-based-equity-index-price-limits.html for further information (this website has not been reviewed by the SFC)
Regulatory Trading Halts of the NASDAQ	A "Market Decline" means a decline in price of the S&P 500 Index between 9:30 am EST and 4:00 pm EST on a NASDAQ trading day (or between 9:30 am EST and 1:00 pm EST in case of any early scheduled close) as compared to the closing price of the S&P 500 Index for the immediately preceding NASDAQ trading day. If a Market Decline of 7% or 13% between 9:30 pm EST and (up to and including) 3:25 pm EST or in the case of an early scheduled close, 12:25 pm EST, trading of all US-listed equity securities (including the NASDAQ) shall halt for 15 minutes. The trading halt based on a Market Decline of 7% or 13% only once per NASDAQ trading day. The trading halt will not occur if a 7% Market Decline or a 13% Market Decline occurs after 3:25 pm EST or in the case of an early scheduled close, 12:25 pm EST. If a 20% Market Decline occurs at any time during the NASDAQ trading day, the NASDAQ shall halt trading until it opens the next trading day. There may also be unscheduled non-regulatory halts, for example due to bad weather or terrorist attack, on the NASDAQ. EST stands for Eastern Standard Time, which is 1 hour ahead of Chicago time. **When there is a trading halt on the NASDAQ as described above, trading of the E-mini NASDAQ 100 Futures shall halt at the same time.**

For more information, please refer to "E-mini NASDAQ 100 Futures Quotes" under "trading" on the CME Group website.

Futures Liquidity

As of 31 March 2023, the daily average volume and open interest of the spot month (June 2023) E-mini NASDAQ 100 Futures for the year of 2023 are USD 42.3 billion and USD 166.3 billion. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as an inverse product tracking the Index.

Borrowing Policy and Restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

Distribution Policy

The Manager does not intend to pay or make regular distributions or dividends. However, the Manager may pay special dividends upon making an announcement in respect of the relevant distribution amount (in USD only). In the event that the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions. There can be no assurance of the payment of distributions or the rate (if any).

Distributions will not be paid out of capital or effectively out of capital of the Product.

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 NASDAQ-100 Index (the "Index") includes 100 of the largest US and international non-financial companies listed on the NASDAQ Stock Market based on market capitalisation. It is a price return index, meaning that the performance of the Index is calculated on the basis that dividends are not reinvested, it is denominated in USD.

The Index was launched on 31 January 1985 and had a base date of 31 January 1985 and a base level of 125.

As at 10 April 2023, the Index had a total market capitalisation of USD15.11 trillion and 100 constituents. An issuer may have more than one class of securities which are eligible for inclusion in the Index and which will be included as separate constituents.

Index Provider

The Index is compiled and managed by Nasdaq, Inc. (the "Index Provider").
The Manager (and each of its Connected Persons) is independent of the Index Provider.

Index Methodology

The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies. To be eligible for initial inclusion in the NASDAQ 100 Index, a security must meet the following criteria:

- the issuer of the security's primary US listing must be exclusively listed on the NASDAQ Global Select Market or the NASDAQ Global Market (unless the security was dually listed on another US market prior to January 1, 2004 and has continuously maintained such listing);
- a security must be issued by a non-financial company;
- a security may not be issued by an issuer currently in bankruptcy proceedings;

- a security must have average daily trading volume of at least 200,000 shares (measured annually during the Ranking Review process);

- if the issuer of the security is organised under the laws of a jurisdiction outside the US, then such security must have listed options on a recognised options market in the US or be eligible for listed-options trading on a recognised options market in the US (measured annually during the Ranking Review process);

- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible;

- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn;

- the security must be “seasoned” on NASDAQ, NYSE or NYSE Amex. Generally, a company is considered to be seasoned if it has been listed on a market for at least three full months (excluding the first month of initial listing).

The Index is a modified capitalisation-weighted methodology. The methodology is expected to retain in general the economic attributes of capitalisation-weighting while providing enhanced diversification. To accomplish this, NASDAQ will review the composition of the Index on a quarterly basis and adjust the weightings of Index components using a proprietary algorithm, if certain pre-established weight distribution requirements are not met.

To be eligible for continued inclusion in the Index, an Index security must meet the above criteria and must have a weight equal to or exceeding 0.1% in the Index at each month-end. In the event that a company does not meet this criterion for 2 consecutive month-ends, it is removed from the Index effective after the close of trading on the third Friday of the following month.

Index Periodical Review

On a quarterly basis coinciding with the quarterly rebalancing schedule, the weights of the securities in the Index will be reviewed and the Index will be rebalanced if it is determined that:

(1) the weight of the single largest security is greater than 24%; and/or

(2) the collective weight of Index securities whose individual weights are each in excess of 4.5% exceeds 48% of the Index.

During the rebalancing process, the weights of all securities with individual weights greater than 1% will be scaled down proportionately such that the adjusted weight of the single largest Index security is 20% and the collective weight of individual securities exceeding 4.5% does not exceed 40%.

The Index securities are reviewed annually in December. The above eligibility criteria are applied and all eligible securities are ranked (based on market capitalisation) using market data through the end of October. During the annual review process, those Index securities that are ranked within the top 100 of all eligible companies at the annual review are retained in the index, while those ranked between 101 and 125 are retained only if they were in the top 100 at the previous annual review or were added subsequent to the previous annual review. Companies not retained in the Index are replaced by those who have the largest market capitalisation and are not existing constituents in the Index.

Index Constituents

You can obtain the most updated list of the constituents of the Index, their respective weightings and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at www.nasdaq.com (the contents of which have not been reviewed by the SFC).

Index Code

Bloomberg: NDX

Comparison Between the Index and the Inverse Performance of the Index for a Period Longer Than One Day (i.e. Comparison of the Point-to-point Performance)

The Product's objective is to provide returns which are of a predetermined inverse factor (-1x) of the Daily performance of the Index. The Product does not attempt to, and should not be expected to, provide returns which are the inverse of the return of the Index for periods other than a single day. The Product rebalances its portfolio on a Daily basis, increasing exposure in response to the Index's Daily losses and reducing exposure in response to the Index's Daily gains. This means that for a period longer than one Business Day, the pursuit of a Daily inverse investment objective may result in Daily compounding. As such, the Product's performance may not track -1x the cumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by -100% generally will not equal the Product's performance over that same period. Over time, the cumulative percentage increase or decrease in the value of the Product's portfolio may diverge significantly from the cumulative percentage increase or decrease in of the return of the Index due to the compounding effect of losses and gains on the returns of the Product.

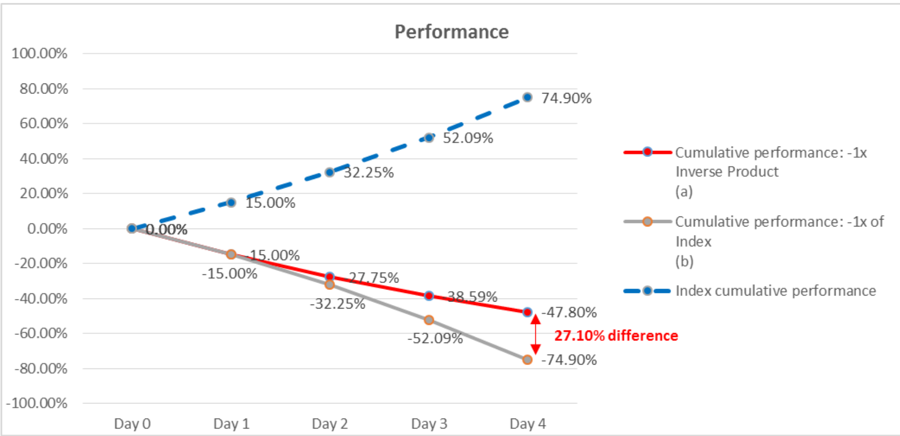
It is also expected that the Product will underperform the return of -100% of the Index in a trendless or flat market. This is caused by compounding, which is the cumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. The effect of compounding becomes more pronounced on the Product's performance as its experiences volatility. The following scenarios illustrate how the Product's performance may deviate from that of the cumulative Index return (-1x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical USD10 investment in the Product.

Scenario I: Continuous Upward Trend

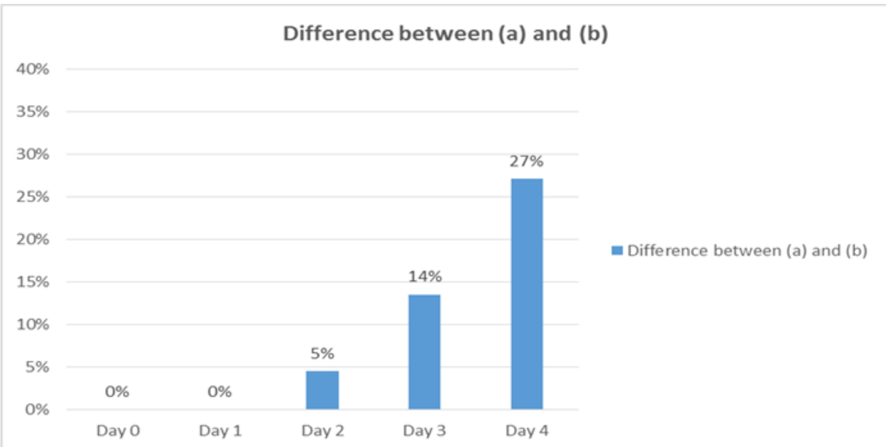
In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated loss will be less than -1x the cumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 15% Daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 47.80%, compared with a 74.90% loss which is -1x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Inverse Product Daily return	Inverse Product NAV	Cumulative performance: Inverse product	Cumulative performance: -1x of Index
Day 0		100.00	0.00%		USD 10.00	0.00%	0.00%
Day 1	15.0%	115.00	15.00%	-15.0%	USD 8.50	-15.00%	-15.00%
Day 2	15.0%	132.25	32.25%	-15.0%	USD 7.23	-27.75%	-32.25%
Day 3	15.0%	152.09	52.09%	-15.0%	USD 6.14	-38.59%	-52.09%
Day 4	15.0%	174.90	74.90%	-15.0%	USD 5.22	-47.80%	-74.90%

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



The chart below sets out the difference between (a) -1x inverse product cumulative return and (b) -1x of index cumulative return in this scenario.

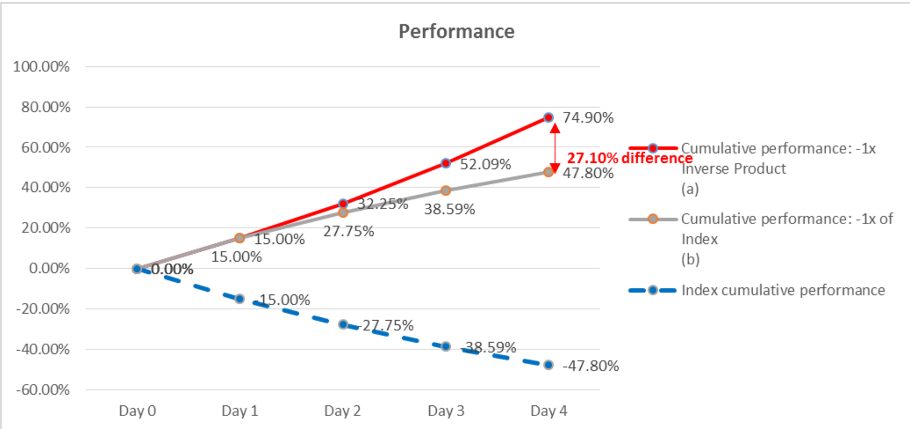


Scenario II: Continuous Downward Trend

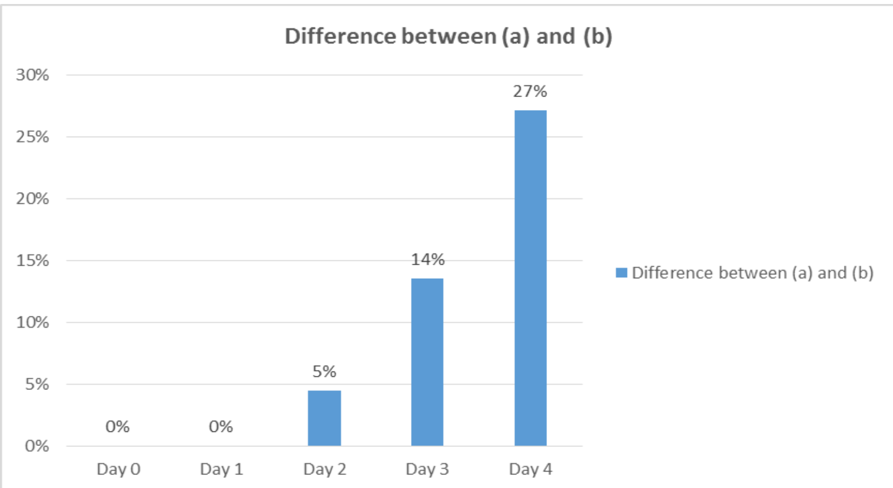
In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated gains will be greater than -1x the cumulative Index return. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 15% Daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 74.90%, compared with a 47.80% gain which is -1x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse Product NAV	Cumulative performance: Inverse product	Cumulative performance: -1x of Index
Day 0		100.00	0.00%		USD 10.00	0.00%	0.00%
Day 1	-15.0%	85.00	-15.00%	15.0%	USD 11.50	15.00%	15.00%
Day 2	-15.0%	72.25	-27.75%	15.0%	USD 13.23	32.25%	27.75%
Day 3	-15.0%	61.41	-38.59%	15.0%	USD 15.21	52.09%	38.59%
Day 4	-15.0%	52.20	-47.80%	15.0%	USD 17.49	74.90%	47.80%

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



The chart below sets out the difference between (a) -1x inverse product cumulative return and (b) -1x of index cumulative return in this scenario.

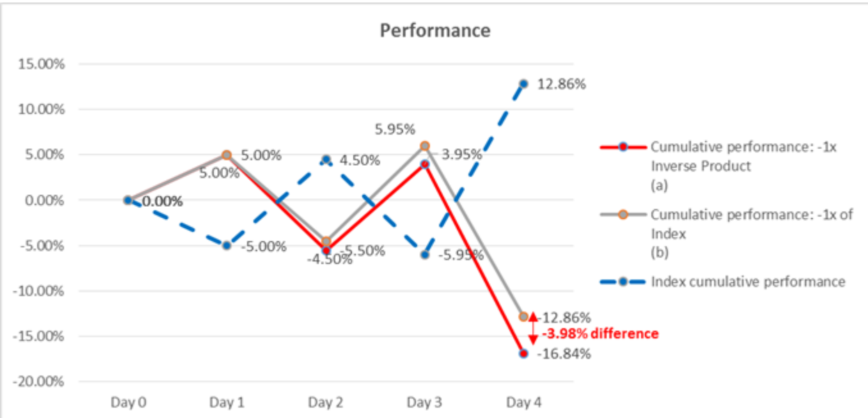


Scenario III: Volatile Upward Trend

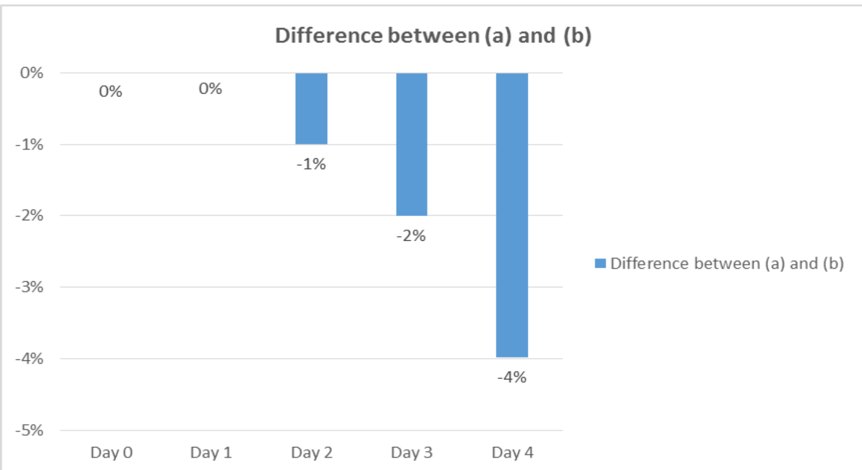
In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with Daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the cumulative Index return. As illustrated in the scenario below, where the Index grows by 12.86% over 5 Business Days but with Daily volatility, the Product would have an accumulated loss of 16.84%, compared with a 12.86% loss which is -1x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse Product NAV	Cumulative performance: Inverse product	Cumulative performance: -1x of Index
Day 0		100.00	0.00%		USD 10.00	0.00%	0.00%
Day 1	-5.0%	95.00	-5.00%	5.0%	USD 10.50	5.00%	5.00%
Day 2	10.0%	104.50	4.50%	-10.0%	USD 9.45	-5.50%	-4.50%
Day 3	-10.0%	94.05	-5.95%	10.0%	USD 10.40	3.95%	5.95%
Day 4	20.0%	112.86	12.86%	-20.0%	USD 8.32	-16.84%	-12.86%

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



The chart below sets out the difference between (a) -1x inverse product cumulative return and (b) -1x of index cumulative return in this scenario.

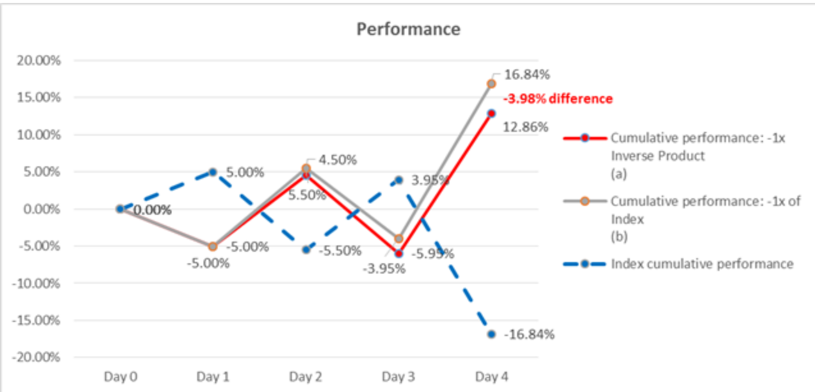


Scenario IV: Volatile Downward Trend

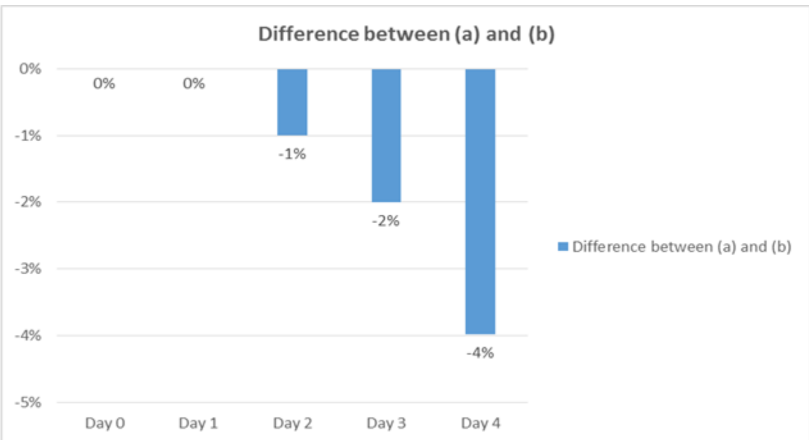
In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with Daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the cumulative Index return. As illustrated in the scenario below, where the Index falls by 16.84% over 5 Business Days but with Daily volatility, the Product would have an accumulated gain of 12.86%, compared with a 16.84% gain which is -1x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Inverse Product Daily return	Inverse Product NAV	Cumulative performance: Inverse product	Cumulative performance: -1x of Index
Day 0		100.00	0.00%		USD 10.00	0.00%	0.00%
Day 1	5.0%	105.00	5.00%	-5.0%	USD 9.50	-5.00%	-5.00%
Day 2	-10.0%	94.50	-5.50%	10.0%	USD 10.45	4.50%	5.50%
Day 3	10.0%	103.95	3.95%	-10.0%	USD 9.41	-5.95%	-3.95%
Day 4	-20.0%	83.16	-16.84%	20.0%	USD 11.29	12.86%	16.84%

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



The chart below sets out the difference between (a) -1x inverse product cumulative return and (b) -1x of index cumulative return in this scenario.

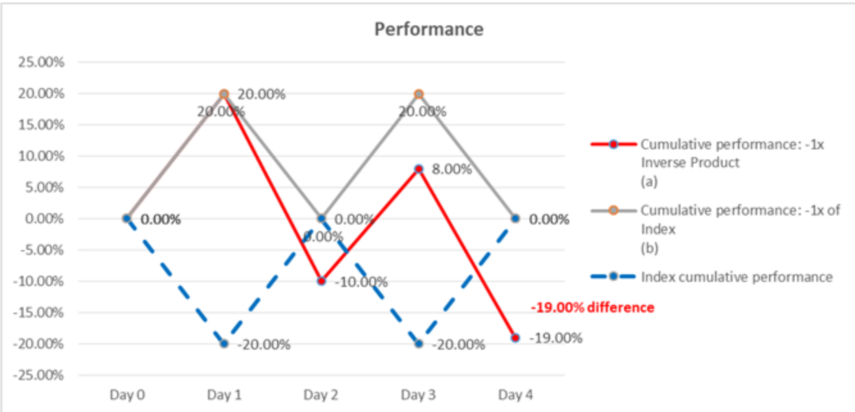


Scenario V: Volatile Market with Flat Index Performance

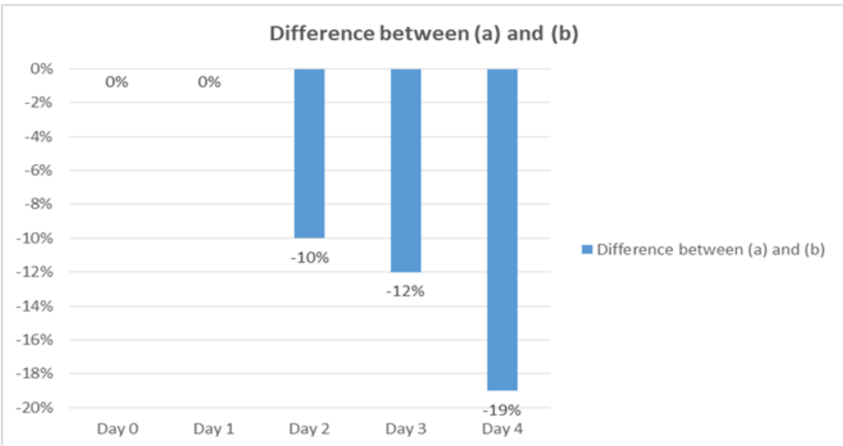
In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Index cumulative return	Inverse Product Daily return	Inverse Product NAV	Cumulative performance: Inverse product	Cumulative performance: -1x of Index
Day 0		100.00	0.00%		USD 10.00	0.00%	0.00%
Day 1	-20.0%	80.00	-20.00%	20.0%	USD 12.00	20.00%	20.00%
Day 2	25.0%	100.00	0.00%	-25.0%	USD 9.00	-10.00%	0.00%
Day 3	-20.0%	80.00	-20.00%	20.0%	USD 10.80	8.00%	20.00%
Day 4	25.0%	100.00	0.00%	-25.0%	USD 8.10	-19.00%	0.00%

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



The chart below sets out the difference between (a) -1x inverse product cumulative return and (b) -1x of index cumulative return in this scenario.



As illustrated in the graphs and the tables, the performance of the Product before deduction of fees and expenses is not "symmetrical" to the cumulative performance of the Index over a period longer than 1 Business Day.

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

The Product seeks investment results on a Daily basis – from the close of regular trading on one trading day to the close on the next trading day – which should not be equated with seeking an investment objective for any other period. For instance, if the Index gains 10% for a week, the Product should not be expected to provide a return of -10% for the week even if it meets its Daily inverse investment objective throughout the week. This is true because of the expenses and charges noted above but also because the pursuit of Daily investment objectives may result in Daily compounding, which means that the return of the Index over a period of time greater than one Business Day multiplied by the Product's Daily inverse investment objective (-100%) will not generally equal the Product's performance over that same period. In addition, the effects of compounding become greater the longer Units are held beyond a single trading day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Index, the performance of the Product before deduction of fees and expenses for periods longer than a single day, especially in periods of market volatility which has a negative impact on the cumulative return of the Product, may be completely uncorrelated to the extent of change of the Index over the same period.

Holding an unmanaged position opens the investor to the risk of market volatility adversely affecting the performance of the investment. The Product is not appropriate for investors who do not intend to actively monitor and manage their portfolios. These scenarios are intended to underscore the fact that the Products are designed as short-term trading vehicles for investors who intend to actively monitor and manage their portfolios.

For further illustration of the Product's performance under different market conditions, investors may access the 'performance simulator' on the Product's website at http://www.chinaamc.com.hk/liproduct7331/HKen, which will show the Product's historical performance data during a selected time period since the launch of the Product.

Index Licence Agreement

The initial term of the licence of the Index commenced on 6 June 2016 and will continue for 2 years. After the expiration of the initial 2-year term, the licence should be automatically renewed for successive terms of 1 year unless either party to the licence agreement gives at least 90 days' notice of termination prior to the end of the then current term to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

The ChinaAMC NASDAQ-100 Index Daily (-1x) Inverse Product (the "Product") is not sponsored, endorsed, sold or promoted by Nasdaq, Inc. or its affiliates (Nasdaq, Inc. with its affiliates, is referred to as "NASDAQ"). NASDAQ has not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Product. NASDAQ makes no representation or warranty, express or implied, to the owners of shares of the Product or any member of the public regarding the advisability of investing in securities generally or in the Product particularly or the ability of the Index to track general stock market performance. NASDAQ's only relationship to the Product and China Asset Management (Hong Kong) Limited ("ChinaAMC") is in the licensing of certain trademarks and trade names of NASDAQ and of the Index which is determined, composed and calculated by NASDAQ without regard to ChinaAMC or the Product. NASDAQ has no obligation to take the needs of ChinaAMC or its affiliates or the owners of shares of the Product into consideration in determining, composing or calculating the Index. NASDAQ is not responsible for and has not participated in the determination of the prices and amount of shares of the Product, or the timing of the issuance or sale of such shares or in the determination or calculation of the equation by which shares of the Product are to be converted into cash. NASDAQ has no obligation or liability in connection with the administration, marketing or trading of the Product.

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The Offering Phases

After Listing

"After Listing" commences on the Listing Date and continues until the Trust is terminated.

Dealings in the Units on the SEHK commenced on the Listing Date (28 September 2016).

All investors may buy and sell Units in the secondary market on the SEHK through any designated brokers. Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market in Application Unit Size, 9:30 a.m. (Hong Kong time) to 5:00 p.m. (Hong Kong time) on each Dealing Day.

Exchange Listing and Trading (Secondary Market)

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units traded in HKD.

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 traded in HKD began on 28 September 2016.

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.

Fees and Expenses

Management Fee

The current Management Fee percentage in respect of the Product is 0.99%. The Management Fee is calculated as at each Dealing Day and payable monthly in USD in arrears out of the Trust Fund.

Trustee's and Registrar's Fee

The Trustee receives out of the assets of the Product a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at 0.12% per annum of the Net Asset Value of the Product, subject to a monthly minimum of USD10,000. (which is waived for the first 12 calendar months from the Listing Date). The Trustee is also entitled to receive a transaction fee of USD15 on each open and closed future contract of the Product (subject to a monthly maximum of USD10,000).

The Registrar is entitled to receive from the Product a registrar fee of USD15 per Participating Dealer per transaction for updating of the register record of the Product.

Brokerage Rates

The Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its standard rates.

Standard market rates vary with the contract and the market on which the contract is traded. The rates comprise of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately USD3 to USD5 per round turn levied by the broker.

The above rates are estimated to be approximately 0.05% per annum of the Net Asset Value and may increase to approximately 0.26% per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Commission is only charged once for each transaction in Futures Contracts.

Risk Factors Specific to the Product

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable specifically to the Product.

New Product Risk

The Product is a futures-based listed inverse product which aims to provide investment results, before fees and expenses, which closely correspond to the inverse of the performance of the Index on a Daily basis. The Product is one of the first futures-based listed inverse products in Hong Kong. The novelty and untested nature of the Product the fact that the Product is one of the first of its kind in Hong Kong makes the Product riskier than traditional exchange traded funds which track the "long" performance rather than inverse performance of an index and do not rebalance on a Daily basis.

Long Term Holding Risk

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the inverse performance of the Index over that same period (e.g. the loss may be more than -1 time the fall in the Index). The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. The deviation of the Product's performance from the inverse performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance falls or is flat.

Inverse Product vs. Short Selling Risk

Investing in the Product is different from taking a short position. Because of rebalancing the return profile of the Product is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Product may deviate from a short position.

Unconventional Return Pattern Risk

Risk investment outcome of the Product is the opposite of conventional investment funds. If the value of the Index increases for extended periods, the Product will likely to lose most or all of its value.

Risk of Rebalancing Activities

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

Liquidity Risk

The rebalancing activities of the Product typically take place at or around the close of trading on the NASDAQ, shortly before the close of the underlying market, to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Intraday Investment Risk

The Product is normally rebalanced at or around the close of trading on the NASDAQ. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than the inverse investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

Portfolio Turnover Risk

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

Price Limit Risk

If the price of the E-mini NASDAQ 100 Futures included in the Product's portfolio and/or or the price of constituents of the NASDAQ hit certain price limits, depending on the time of the day and the limit being reached, the trading of the E-mini NASDAQ 100 Futures may be limited within the set price limits, suspended for a short period of time, or suspended for the remainder of the trading day. This may affect the Product's tracking of the inverse performance of the Index, and, if a trading halt takes place near the end of a trading day, may result in imperfect Daily rebalancing.

Difference in Price Limit Risk

The Product's investment objective is to provide investment results that closely correspond to the inverse (-1x) Daily performance of the Index. Although the Index is an equity index, the Product invests in E-mini NASDAQ 100 Futures. The daily price limit for the NASDAQ (which is triggered when the price of the S&P 500 Index drops 20% in a day) and the daily price limit for the E-mini NASDAQ 100 Futures are different. As such, should the Index's daily price movement be greater than the price limit of the E-mini NASDAQ 100 Futures, the Product may not be able to achieve its investment objective as the E-mini NASDAQ 100 Futures are unable to deliver a return beyond their price limit.

Trading Time Differences Risk

As the CME may be open when Units in the Product are not priced, the value of the E-mini NASDAQ 100 Futures in the Product's portfolio, or the value of constituents in the Index to which such futures contracts are linked, may change on days when investors will not be able to purchase or sell the Product's Units. Differences in trading hours between the CME and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.

The NASDAQ and the CME have different trading hours. Trading of the Index constituents closes earlier than trading of the E-mini NASDAQ 100 Futures. There may be imperfect correlation between the value of the Index constituents and the E-mini NASDAQ 100 Futures, which may prevent the Product from achieving its investment objective.

Risks Associated with Investment in Futures Contracts

Rolling of Futures Contracts Risk

The Product may utilise Futures Contracts which may expose the Product to liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying but with a later expiration date. The Product may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Contango and Backwardation Risk

As the E-mini NASDAQ 100 Futures come to expiration, they are replaced by contracts that have a later expiration. For example, a contract entered into a short position and held until June may specify a June expiration. As time passes, the contract expiring in June is replaced by a contract for expiration in September. This is accomplished by buying the June contract and entering into a short position of the September contract. This process is referred to as "short rolling". Excluding other considerations, if the market for these contracts is in "contango", where the prices are higher in the distant expiration months than in the nearer expiration months, the purchase of the June contract would take place at a price that is lower than the price of the September contract. Accordingly proceeds from closing out the June short position when rolling (buying and then selling the E-mini NASDAQ 100 Futures) would take place at a price that is lower than the price of the September contract, thereby creating a positive "roll yield". By contrast, if the market for these contracts is in "backwardation", where the prices are lower in the distant expiration months than in the nearer expiration months, the closing out of the June short position would take place at a price that is higher than the price of the September contract, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

Margin Risk

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

Futures Contracts Market Risk

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

Clearing House's Failure Risk

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

Holding of Futures Contracts Restriction Risk

The holding by a person for his own account, or for another person but which he controls, of particular type of Futures Contracts or stock options contracts may be limited by regulation. A person shall not hold more than 50,000 E-mini NASDAQ 100 Futures net long or short in all contract months combined, which is the initial limit and any extension is subject to approval. As such, the positions held by a Product and controlled by the Manager (i.e. of other products) may not in aggregate exceed the relevant maximum. Because Unitholders do not themselves hold Futures Contracts or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the relevant regulation. Whilst the Manager does not anticipate that this will have any immediate effect on a Product, if the Net Asset Value of a Product grows significantly the restrictions under the relevant regulation may prevent creations of Units due to the inability under the relevant regulation of the Product to acquire further Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit.

Regulatory Change Risk

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

Inverse Performance of Index

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than inverse performance of an index. Should the value of the underlying Securities of the Index increase, it could have a negative effect on the performance of the Product. As such, Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking Daily inverse results and the associated risks constantly monitor the performance of their holding on a daily basis.

Path Dependency

The objective of the Product is to provide inverse investment results that, before fees and expenses, closely correspond to the inverse performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking an inverse position for periods longer than a day. Investors in the Product should note that the point-to-point performance of the historical inverse performance of the Product over a certain period may not be "symmetrical" to the point-to-point performance of the Index multiplied by -100% over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Product. Please refer to the section "Comparison Between the Index and the Inverse Performance of the Index for a Period Longer Than One Day (i.e. Comparison of the Point-to-point Performance)" above.

Investors must exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, will likely deviate from the inverse performance of the Index.

Concentration Risk, US Markets Risk and NASDAQ-100 Constituents Risk

Due to the concentration of the Index in the technology sector, which is characterised by relatively higher volatility in price performance when compared to other economic sectors, the performance of the Index may be more volatile when compared to other broad-based stock indexes. The price volatility of the Product may be greater than the price volatility of exchange traded funds tracking more broad-based indices.

The Product's investments will be concentrated in the US. The US securities markets may be more volatile than other securities markets, which may adversely affect the Product.

Technology companies are characterised by periodic new product introductions, innovations and evolving industry standards, and, as a result, face intense competition, which may have an adverse effect on profit margins. Companies in the technology sector are often smaller and less experienced companies and may be subject to greater risks than larger companies; these risks may be heightened for technology companies in non-US markets. Technology companies may have limited product lines, markets, financial resources or personnel. The products of technology companies may face product obsolescence due to rapid technological developments and frequent new product introduction, changes in consumer and business purchasing patterns, unpredictable changes in growth rates and competition for the services of qualified personnel. In addition, a rising interest rate environment tends to negatively affect companies in the technology sector because, in such an environment, those companies with high market valuations may appear less attractive to investors, which may cause sharp decreases in the companies' market prices. Companies in the technology sector are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies. The technology sector may also be adversely affected by changes or trends in commodity prices, which may be influenced or characterised by unpredictable factors. Finally, while all companies may be susceptible to network security breaches, certain companies in the technology sector may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses.

Distributions Risk
Distributions (if any) will be made in USD. If a Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD to HKD or any other currency.

Suspension of Creation Risk

There can be no assurance that there are sufficient E-mini NASDAQ 100 Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to illiquidity of the E-mini NASDAQ 100 Futures, and delay or disruption in execution of trades or in settlement of trades.

Foreign Exchange Risk

The Product's Base Currency is in USD but has Units traded in HKD. Accordingly secondary market investors may be subject to additional costs or losses associated with foreign currency fluctuations between the Base Currency and HKD when trading units in the secondary market.

APPENDIX 3: ChinaAMC NASDAQ-100 Index Daily (-2x) Inverse Product

Key Information

Set out below is a summary of key information in respect of the ChinaAMC NASDAQ-100 Index Daily (-2x) Inverse Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide Daily investment results, before fees and expenses, which closely correspond to the two times inverse (-2x) of the Daily performance of the Index
Index	NASDAQ-100 Index
Initial Offer Period	9:30 a.m. (Hong Kong time) of 3 September 2019 to 5:00 p.m. (Hong Kong time) of 4 September 2019, or such other date as the Manager may determine
Initial Issue Date	5 September 2019, or such other date as the Manager may determine
Issue Price during the Initial Offer Period	USD 1.5
Listing Date (SEHK)	Expected to be 6 September 2019, but may be postponed by the Manager to a date no later than 30 September 2019
Exchange Listing	SEHK – Main Board
Stock Code	7522
Short Stock Name	FI2CAMNDQ100
Trading Board Lot Size	100 Units
Base Currency	USD
Trading Currency	HKD
Distribution Policy	The Manager does not intend to have the Product pay or make regular distributions or dividends. However, the Manager may pay special dividends on making an announcement prior to any dividend in respect of the relevant distribution amount (in USD only)*. Distributions will not be paid out of capital or effectively out of capital of the Product.
Creation/Redemption Policy	Cash (USD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 100,000 Units (or multiples thereof)

Dealing Deadline	5:00 pm (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Management Fee	Currently 1.20% per year of the Net Asset Value
Trustee Fee (inclusive of Registrar Fee)	Currently 0.12% per year of the Net Asset Value, plus USD15 per Participating Dealer per transaction
Financial Year End	31 December (The first financial year-end of the Product will be 31 December 2020. The first audited accounts and the first semi-annual unaudited interim reports of the Product will be for the period ending 31 December 2020 and 30 June 2020 respectively.)
Website	7522EN.chinaamc.com.hk

***** In the event the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions. Please refer to "Other Distributions Risk" in this Appendix.

What is the Investment Objective?

The investment objective of the Product is to provide <u>Daily</u> investment results, before fees and expenses, which closely correspond to the <u>two-times inverse (-2x)</u> of the <u>Daily</u> performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day.**

What is the Investment Strategy?

The Manager intends to adopt a futures-based replication investment strategy to achieve the investment objective of the Product through directly investing in the nearest quarter E-Mini NASDAQ 100 Futures ("E-mini NASDAQ 100 Futures") which are traded on the Chicago Mercantile Exchange ("CME"), subject to the rolling strategy discussed below, to obtain the required exposure to the Index. In entering the nearest quarter E-mini NASDAQ 100 Futures, it is anticipated that no more than 40% of the Net Asset Value of the Product from time to time will be used as margin to acquire the E-mini NASDAQ 100 Futures.

The remaining 60% of the Net Asset Value of the Product will be invested in cash (USD) and other USD denominated investment products, such as deposits with banks in Hong Kong, SFC authorised money market funds or other money market funds (either recognised jurisdiction money market funds or non-recognised jurisdiction money market funds) in accordance with the requirements of the Code. The money market funds may be managed by the Manager or third party. Yield in USD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be reinvested into the Product.

The Product will not enter into securities lending, repurchase, reverse-repurchase transactions or other similar over-the-counter transactions.

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

The Product's net derivative exposure to FDIs will not exceed -204% of its Net Asset Value (i) at the time of Daily rebalancing of the Product, and (ii) between Daily rebalancing, unless due to market movements.

The Product will be rebalanced Daily, on each day when the SEHK, the CME and the NASDAQ are open for trading (i.e. a Business Day), as further described below.

Daily rebalancing of the Product

At or around the close of trading on the NASDAQ on each Business Day, the Product will seek to rebalance its portfolio, by decreasing inverse exposure in response to the Index's two times inverse (-2x) Daily gains or increasing inverse exposure in response to the Index's two times inverse (-2x) Daily losses, so that its Daily inverse exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as an inverse product will rebalance its position following the movement of the Index by the end of the day.* Assuming that the initial Net Asset Value of the Product is 100 on Day 0, the Product will need to have an exposure of -200 to meet the objective of the Product. If the Index decreases by 20% during the day, the Net Asset Value of the Product would have increased to 140**,** making the exposure of the Product -160%. As the Product needs an exposure of -280%, which is -2x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional -120.

Day 1 illustrates the rebalancing requirements if the Index increases by 10% on the subsequent day; day 2 illustrates the rebalancing requirements if the Index falls by 10% on the subsequent day.

	Calculation	**Day 0**	**Day 1**	**Day 2**
(a) Initial Product NAV		100.0	140.0	112.0
(b) Initial exposure	(b) = (a) x -2	-200.0	-280.0	-224.0
(c) Daily Index change (%)		-20%	10%	-10%
(d) Profit / loss on exposure	(d) = (b) x (c)	40.0	-28.0	22.4
(e) Closing Product NAV	(e) = (a) + (d)	140.0	112.0	134.4
(f) Closing exposure before rebalancing	(f) = (b) x (1+ (c))	-160.0	-308.0	-201.6
(g) Target exposure	(g) = (e) x -1	-280.0	-224.0	-268.8
(h) Required rebalancing amount	(h) = (g) - (f)	-120.0	84.0	-67.2

** The above figures are calculated before fees and expenses.*

Futures roll

The Index does not include provisions for the replacement (also referred to as "rolling") of the quarterly E-mini NASDAQ 100 Futures as it is a standard equity index. The Manager has full discretion of futures rolling execution to meet the Product's investment objective. The rolling of a E-mini NASDAQ 100 Future will occur within an 8-calendar day period in the last calendar month of each quarter (between 8 calendar days before the last trading day of the nearest quarterly E-mini NASDAQ 100 Futures and one business day before the last trading day of the nearest quarterly E-mini NASDAQ 100 Futures).

What are E-mini NASDAQ 100 Futures?

The E-mini NASDAQ 100 Futures are traded on the CME, which offer liquid benchmark contracts to manage exposure to the 100 constituents of the Index.

The E-mini NASDAQ 100 Futures are leveraged because they are traded on a margin basis. The margin to carry an open position is generally a small percentage (5-20%) of their value. The E-mini NASDAQ 100 Futures are traded on the CME. CME clears, settles and guarantees all matched transactions in CME contracts occurring electronically or through its floor facilities. CME is registered with the US Securities and Exchange Commission as a for-profit shareholder corporation, and the markets are primarily regulated by the US Commodity Futures Trading Commission along with other US governmental bodies.

Key specifications of the E-mini NASDAQ 100 Futures are as follows:

Underlying index	NASDAQ-100 Index
Exchange	CME
Trading hours (Chicago Time)	Opening time at 5:00 p.m. (Sunday to Thursday) and closing time at 4:00 p.m. on the next day (Monday to Friday), with a trading halt from 3:15 p.m. – 3:30 p.m. (Monday to Friday)
Contract expiry	Quarterly Cycle (March, June, September, December) For example, as at 31 March 2023, June 2023, September 2023, December 2023, March 2024 and December 2024 contracts are traded on the CME.
Last trading day	The third Friday of the contract month
Contract size	US$20 x NASDAQ-100 Index
Settlement method	Cash settlement
Final settlement price	The final settlement price of the E-mini NASDAQ 100 Futures shall be determined on the third Friday of the contract month or, if the Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published. The final settlement price shall be a Special Opening Quotation of the Index to be determined by the NASDAQ. If the NASDAQ does not open on the day scheduled for the determination of the final settlement price, then the final settlement price shall be the Special Opening Quotation of the first subsequent day on which NASDAQ does open. The "Special Opening Quotation" of the Index shall be based on the opening values of each of the component stocks at NASDAQ, namely the NASDAQ Official Opening Price (NOOP) of Index stocks. The NOOP is a single opening price that is reflective of supply and demand at the market open determined by the NASDAQ Opening Cross, which is a price discovery facility that cross orders at a single price.
Position limit	50,000 net long or short E-mini NASDAQ 100 Futures in all contract months combined. The position limit applies to a person such as the Manager, i.e. the Manager cannot hold or control E-mini NASDAQ 100 Futures over this limit. A person seeking an exemption from position limit for bona fide commercial purpose shall apply to the market regulation department of the CME on forms provided by the CME, and the market regulation department may grant qualified exemptions in its sole discretion.
Price limits	Monday – Friday 8:30 am – 2:25 pm: 7%, 13% and 20% declines below the previous trading day's reference price of the E-mini NASDAQ 100 Futures. From 2:25 pm to 3:00 pm, only the 20% decline limit will be applicable. Monday – Friday 3:00 pm – 4:00 pm: 5% up and down based on the 3:00 pm reference price of the E-mini NASDAQ 100 Futures. If the limit is reached, trading will continue within the ±5% range, provided that the 5%

	down limit shall not be lower than the 20% down limit applicable before 3:00 pm on the current trading day. If the E-mini NASDAQ 100 Futures is offered at the 7% down limit before 2:25 pm, a 2-minute monitoring period will commence. During this monitoring period, trading will continue at or above the 7% down limit. If a limit condition exists (i.e. the price still down 7% or more) at the end of the 2-minute monitoring period, a 2-minute trading halt occurs with price limits expanding to 13%. If a limit condition does NOT exist, trading will continue with price limits expanding to 13%. Similarly, if the E-mini NASDAQ 100 Futures is offered at the 13% down limit, a 2-minute monitoring period will commence, followed by (if a limit condition exists (i.e. the price still down 13% or more) at the end of the 2-minute monitoring period) a 2-minute trading halt occurs with price limits expanding to 20%. If a limit condition does NOT exist, trading will continue with price limits expanding to 20%. If the E-mini NASDAQ 100 Futures is offered at the 20% down limit before 2:25 pm, trading will continue at or above the 20% down limit for the remainder of the trading day. An offer entered with a price below the prevailing down limit will be rejected. For instance, if the prevailing circuit breaker is at the 7% limit, then orders below the 7% down limit will not be accepted. The order will be accepted, however, when the price limit is expanded to 13%, provided that it is offering at higher than the 13% limit. From 5:00pm to 8:30 am, there shall be no trading for a given delivery month at any price that is either strictly lower than or strictly higher than the range defined by the 5% price limits on such trading day (based on the 3:00 pm reference price). All times are Chicago times. Please refer to the website: http://www.cmegroup.com/trading/equity-index/faq-us-based-equity-index-price-limits.html for further information (this website has not been reviewed by the SFC)
Regulatory Trading Halts of the NASDAQ	A "Market Decline" means a decline in price of the S&P 500 Index between 9:30 am EST and 4:00 pm EST on a NASDAQ trading day (or between 9:30 am EST and 1:00 pm EST in case of any early scheduled close) as compared to the closing price of the S&P 500 Index for the immediately preceding NASDAQ trading day. If a Market Decline of 7% or 13% between 9:30 pm EST and (up to and including) 3:25 pm EST or in the case of an early scheduled close, 12:25 pm EST, trading of all US-listed equity securities (including the NASDAQ) shall halt for 15 minutes. The trading halt based on a Market Decline of 7% or 13% only once per NASDAQ trading day. The trading halt will not occur if a 7% Market Decline or a 13% Market Decline occurs after 3:25 pm EST or in the case of an early scheduled close, 12:25 pm EST. If a 20% Market Decline occurs at any time during the NASDAQ trading day, the NASDAQ shall halt trading until it opens the next trading day. There may also be unscheduled non-regulatory halts, for example due to bad weather or terrorist attack, on the NASDAQ. EST stands for Eastern Standard Time, which is 1 hour ahead of Chicago

	time. **When there is a trading halt on the NASDAQ as described above, trading of the E-mini NASDAQ 100 Futures shall halt at the same time.**

For more information, please refer to "E-mini NASDAQ 100 Futures Quotes" under "trading" on the CME Group website.

Futures Liquidity

As of 31 March 2023, the daily average volume and open interest of the spot month (June 2023) E-mini NASDAQ 100 Futures for the year of 2023 are USD42.3 billion and USD166.3 billion. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as an inverse product tracking the Index.

Borrowing Policy and Restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

Distribution Policy

The Manager does not intend to pay or make regular distributions or dividends. However, the Manager may pay special dividends upon making an announcement in respect of the relevant distribution amount (in USD only). In the event that the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions. There can be no assurance of the payment of distributions or the rate (if any).

Distributions will not be paid out of capital or effectively out of capital of the Product.

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 NASDAQ-100 Index (the "Index") includes 100 of the largest US and international non-financial companies listed on the NASDAQ Stock Market based on market capitalisation. It is a price return index, meaning that the performance of the Index is calculated on the basis that dividends are not reinvested, it is denominated in USD.

The Index was launched on 31 January 1985 and had a base date of 31 January 1985 and a base level of 125.

As at 10 April 2023, the Index had a total market capitalisation of USD15.11 trillion and 100 constituents. An issuer may have more than one class of securities which are eligible for inclusion in the Index and which will be included as separate constituents.

Index Provider

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

The Manager and its Connected Persons are independent of the Index Provider.

Index Methodology

The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies. To be eligible for initial inclusion in the NASDAQ 100 Index, a security must meet the following criteria:

- the issuer of the security's primary US listing must be exclusively listed on the NASDAQ Global Select Market or the NASDAQ Global Market (unless the security was dually listed on another US market prior to January 1, 2004 and has continuously maintained such listing);
- a security must be issued by a non-financial company;
- a security may not be issued by an issuer currently in bankruptcy proceedings;
- a security must have average daily trading volume of at least 200,000 shares (measured annually during the Ranking Review process);
- if the issuer of the security is organised under the laws of a jurisdiction outside the US, then such security must have listed options on a recognised options market in the US or be eligible for listed-options trading on a recognised options market in the US (measured annually during the Ranking Review process);
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible;
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn;
- the security must be "seasoned" on NASDAQ, NYSE or NYSE Amex. Generally, a company is considered to be seasoned if it has been listed on a market for at least three full months (excluding the first month of initial listing).

The Index is a modified capitalisation-weighted methodology. The methodology is expected to retain in general the economic attributes of capitalisation-weighting while providing enhanced diversification. To accomplish this, NASDAQ will review the composition of the Index on a quarterly basis and adjust the weightings of Index components using a proprietary algorithm, if certain pre-established weight distribution requirements are not met.

To be eligible for continued inclusion in the Index, an Index security must meet the above criteria and must have a weight equal to or exceeding 0.1% in the Index at each month-end. In the event that a company does not meet this criterion for 2 consecutive month-ends, it is removed from the Index effective after the close of trading on the third Friday of the following month.

Index Periodical Review

On a quarterly basis coinciding with the quarterly rebalancing schedule, the weights of the securities in the Index will be reviewed and the Index will be rebalanced if it is determined that:

(1) the weight of the single largest security is greater than 24%; and/or

(2) the collective weight of Index securities whose individual weights are each in excess of 4.5%

exceeds 48% of the Index.

During the rebalancing process, the weights of all securities with individual weights greater than 1% will be scaled down proportionately such that the adjusted weight of the single largest Index security is 20% and the collective weight of individual securities exceeding 4.5% does not exceed 40%.

The Index securities are reviewed annually in December. The above eligibility criteria are applied and all eligible securities are ranked (based on market capitalisation) using market data through the end of October. During the annual review process, those Index securities that are ranked within the top 100 of all eligible companies at the annual review are retained in the index, while those ranked between 101 and 125 are retained only if they were in the top 100 at the previous annual review or were added subsequent to the previous annual review. Companies not retained in the Index are replaced by those who have the largest market capitalisation and are not existing constituents in the Index.

Index Constituents

You can obtain the most updated list of the constituents of the Index, their respective weightings and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at www.nasdaq.com (the contents of which have not been reviewed by the SFC).

Index Code

Bloomberg: NDX

Comparison Between the Index and the Two Times Inverse Performance of the Index for a Period Longer Than One Day (i.e. Comparison of the Point-to-point Performance)

The Product's objective is to provide returns which are of a predetermined inverse factor (-2x) of the Daily performance of the Index. The Product does not attempt to, and should not be expected to, provide returns which are the inverse of the return of the Index for periods other than a single day. The Product rebalances its portfolio on a Daily basis, increasing exposure in response to the Index's Daily losses and reducing exposure in response to the Index's Daily gains. This means that for a period longer than one Business Day, the pursuit of a Daily inverse investment objective may result in Daily compounding. As such, the Product's performance may not track -2x the cumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by -200% generally will not equal the Product's performance over that same period. Over time, the cumulative percentage increase or decrease in the value of the Product's portfolio may diverge significantly from the cumulative percentage increase or decrease in of the return of the Index due to the daily compounding effect of losses and gains on the returns of the Product.

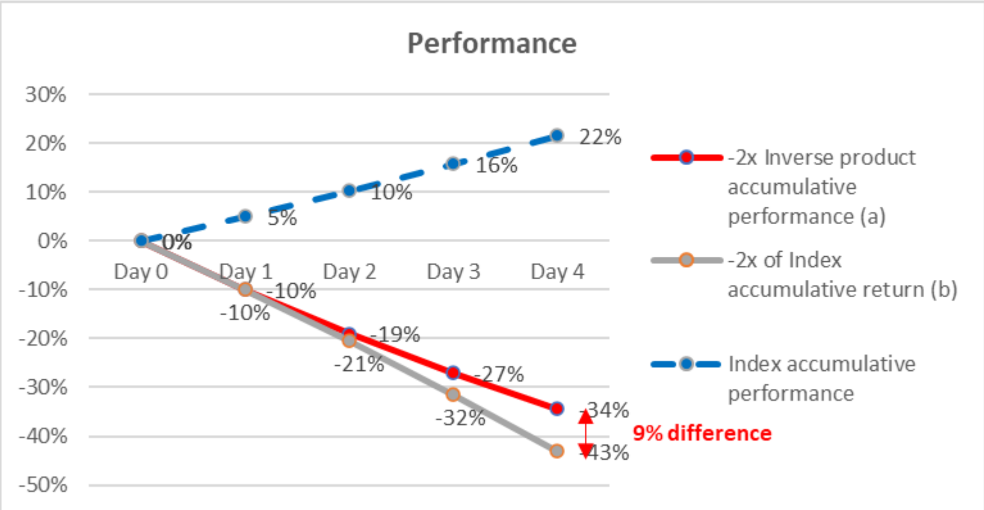
It is also expected that the Product will underperform the return of -200% of the Index in a trendless or flat market. This is caused by compounding, which is the cumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. The effect of compounding becomes more pronounced on the Product's performance as its experiences volatility. The following scenarios illustrate how the Product's performance may deviate from that of the cumulative Index return (-2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical USD10 investment in the Product.

Scenario I: Continuous Upward Trend

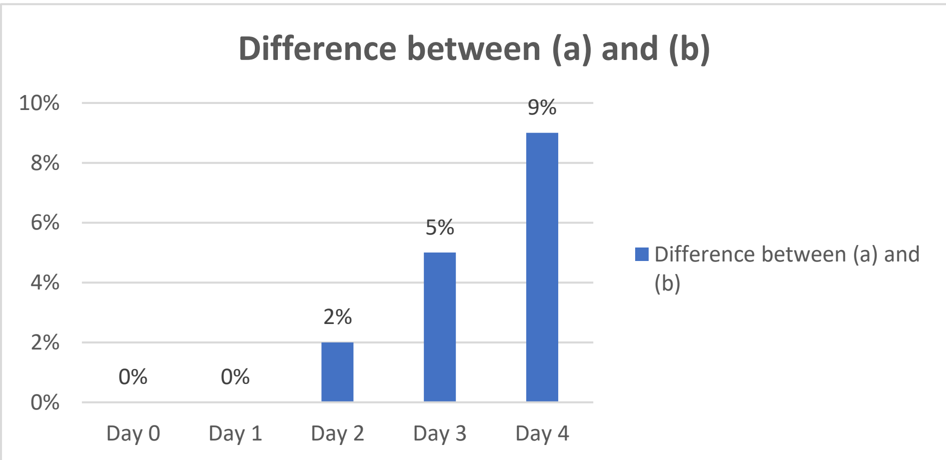
In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated loss will be less than -2x the cumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 5% Daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 34%, compared with a 43% loss which is -2x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	-2x Inverse Product Daily return	-2x Inverse Product NAV (USD)	Cumulative performance: -2x Inverse product (a)	Cumulative performance: -2x of Index (b)	Difference between (a) and (b)	Index cumulative performance
Day 0		100.00	0.00%		10.00	0%	0%	0%	0%
Day 1	5.0%	105.00	5.00%	-10.0%	9.00	-10%	-10%	0%	5%
Day 2	5.0%	110.25	10.25%	-10.0%	8.10	-19%	-21%	2%	10%
Day 3	5.0%	115.76	15.76%	-10.0%	7.29	-27%	-32%	5%	16%
Day 4	5.0%	121.55	21.55%	-10.0%	6.56	-34%	-43%	9%	22%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -2x the cumulative Index return; and (iii) cumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day. –



The chart below sets out the difference between (a) -2x inverse product cumulative return and (b) -2x of index cumulative return in this scenario.

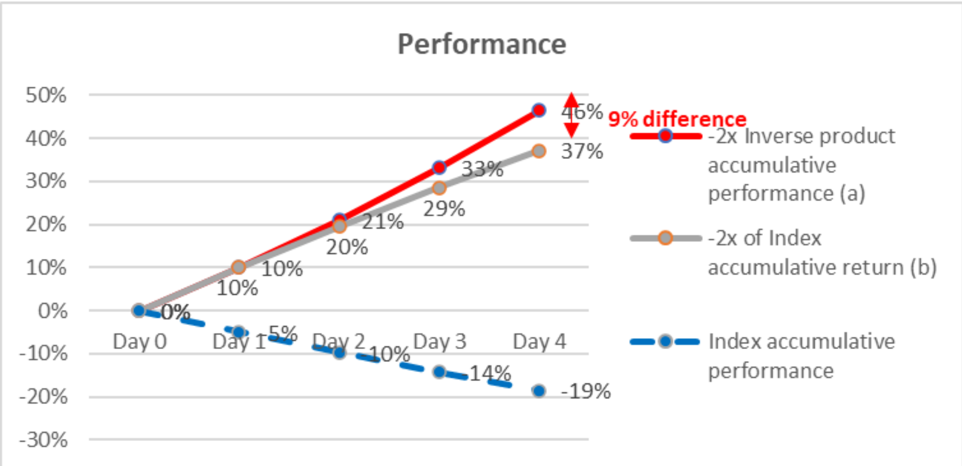


Scenario II: Continuous Downward Trend

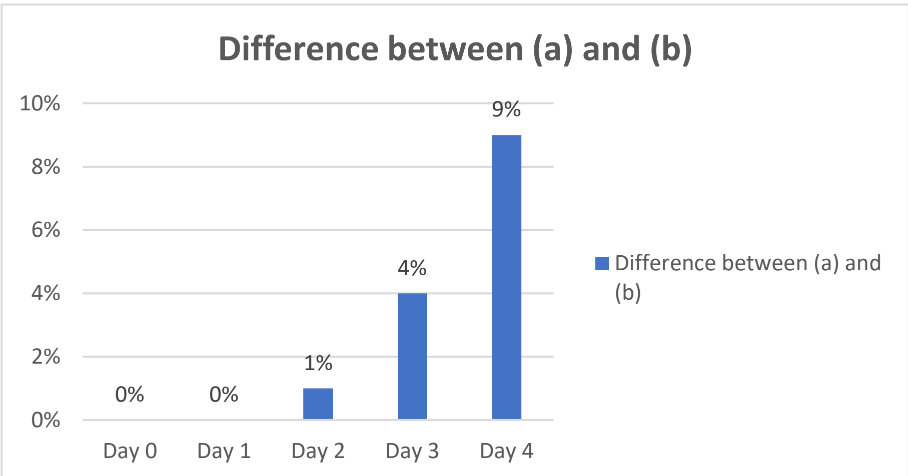
In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated gains will be greater than -2x the cumulative Index return. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 5% Daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 46%, compared with a 37% gain which is -2x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	-2x Inverse Product Daily return	-2x Inverse Product NAV (USD)	Cumulative performance: -2x Inverse product (a)	Cumulative performance: -2x of Index (b)	Difference between (a) and (b)	Index cumulative performance
Day 0		100.00	0.00%		10.00	0%	0%	0%	0%
Day 1	-5.0%	95.00	-5.00%	10.0%	11.00	10%	10%	0%	-5%
Day 2	-5.0%	90.25	-9.75%	10.0%	12.10	21%	20%	1%	-10%
Day 3	-5.0%	85.74	-14.26%	10.0%	13.31	33%	29%	4%	-14%
Day 4	-5.0%	81.45	-18.55%	10.0%	14.64	46%	37%	9%	-19%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -2x the cumulative Index return; and (iii) cumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.



The chart below sets out the difference between (a) -2x inverse product cumulative return and (b) -2x of index cumulative return in this scenario.

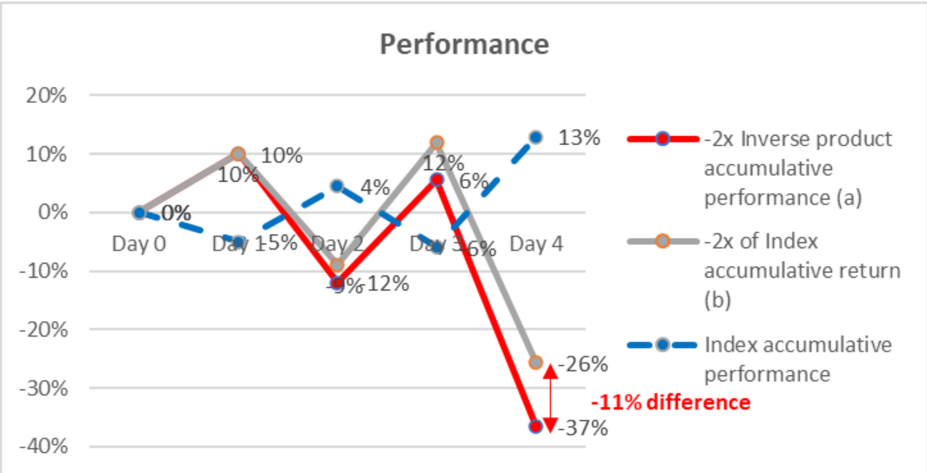


Scenario III: Volatile Upward Trend

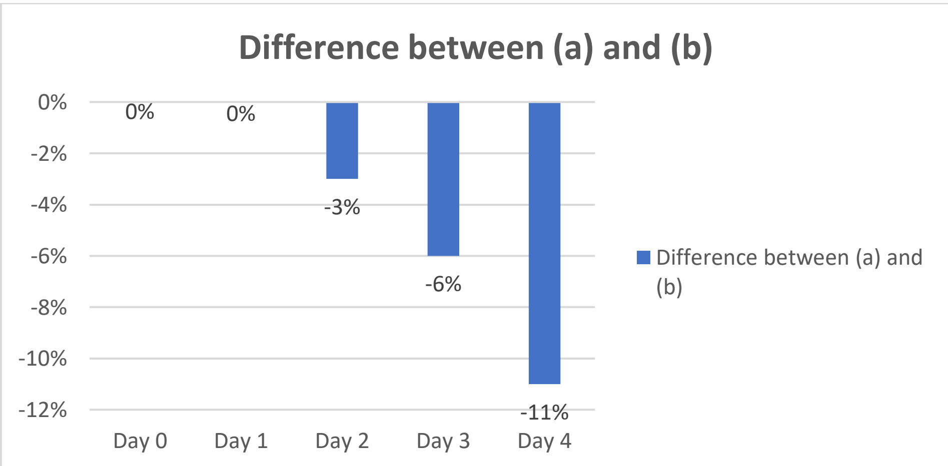
In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with Daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -2x the cumulative Index return. As illustrated in the scenario below, where the Index grows by 12.86% over 5 Business Days but with Daily volatility, the Product would have an accumulated loss of 37%, compared with a 26% loss which is -2x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	-2x Inverse Product Daily return	-2x Inverse Product NAV (USD)	Cumulative performance: -2x Inverse product (a)	Cumulative performance: -2x of Index (b)	Difference between (a) and (b)	Index cumulative performance
Day 0		100.00	0.00%		10.00	0%	0%	0%	0%
Day 1	-5.0%	95.00	-5.00%	10.0%	11.00	10%	10%	0%	5%
Day 2	10.0%	104.50	4.50%	-20.0%	8.80	-12%	-9%	-3%	4%
Day 3	-10.0%	94.05	-5.95%	20.0%	10.56	6%	12%	-6%	-6%
Day 4	20.0%	112.86	12.86%	-40.0%	6.34	-37%	-26%	-11%	13%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -2x the cumulative Index return; and (iii) cumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.



The chart below sets out the difference between (a) -2x inverse product cumulative return and (b) -2x of index cumulative return in this scenario.

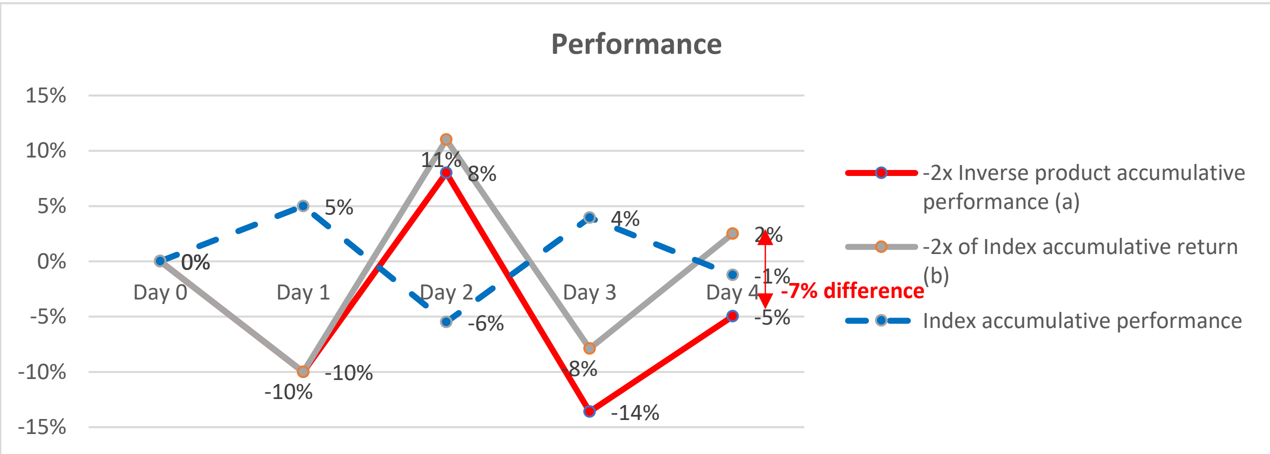


Scenario IV: Volatile Downward Trend

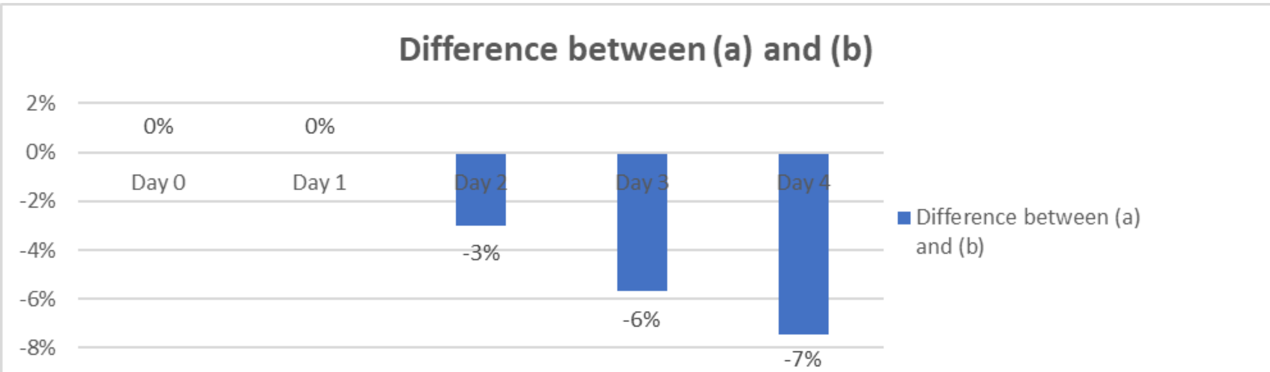
In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with Daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -2x the cumulative Index return. As illustrated in the scenario below, where the Index falls by 1.25% over 5 Business Days but with Daily volatility, the Product would have an accumulated loss of -5%, compared with a 2% gain which is -2x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	-2x Inverse Product Daily return	-2x Inverse Product NAV (USD)	Cumulative performance: -2x Inverse product (a)	Cumulative performance: -2x of Index (b)	Difference between (a) and (b)	Index cumulative performance
Day 0		100.00	0.00%		10.00	0%	0%	0%	0%
Day 1	5.0%	105.00	5.00%	-10.0%	9.00	-10%	-10%	0%	5%
Day 2	-10.0%	94.50	-5.50%	20.0%	10.80	8%	11%	-3%	-6%
Day 3	10.0%	103.95	3.95%	-20.0%	8.64	-14%	-8%	-6%	4%
Day 4	-5.0%	98.75	-1.25%	10.0%	9.50	-5%	2%	-7%	-1%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -2x the cumulative Index return; and (iii) cumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.



The chart below sets out the difference between (a) -2x inverse product cumulative return and (b) -2x of index cumulative return in this scenario.

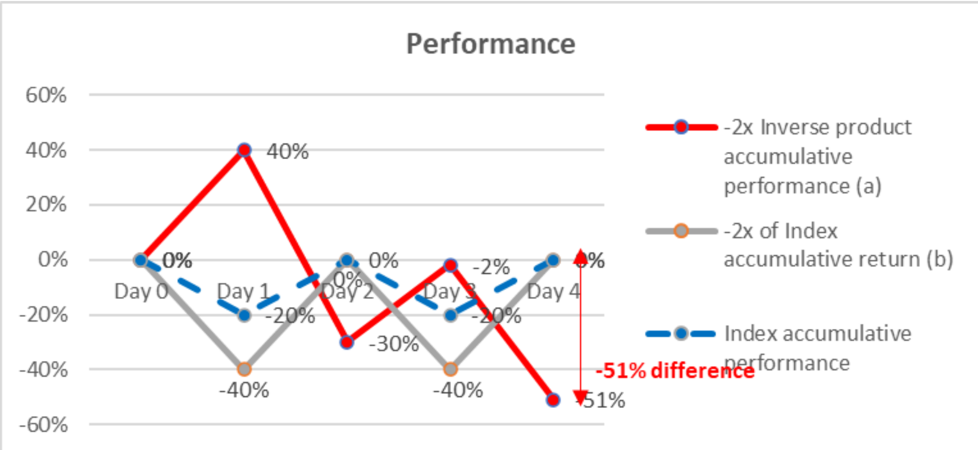


Scenario V: Volatile Market with Flat Index Performance

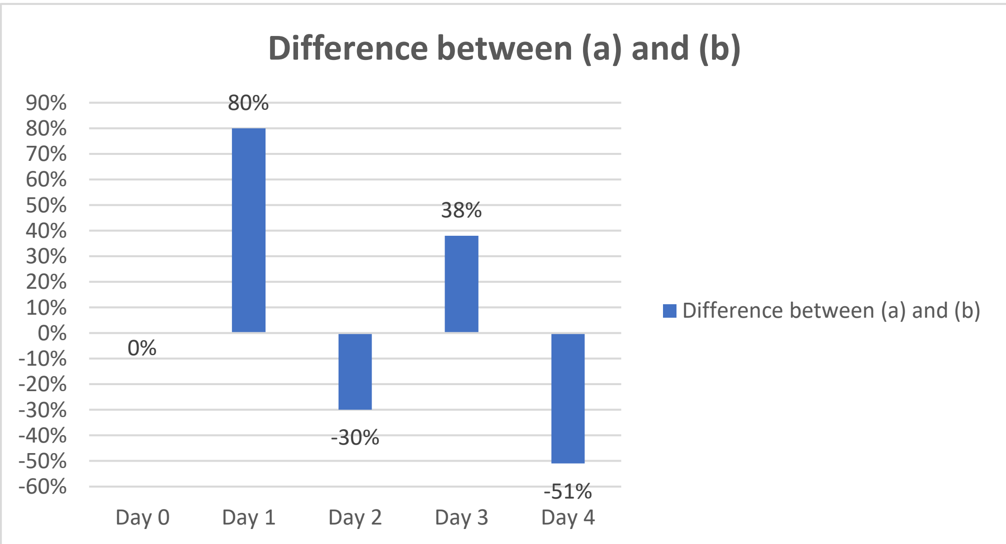
In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Index cumulative return	-2x Inverse Product Daily return	-2x Inverse Product NAV (USD)	Cumulative performance: -2x Inverse product (a)	Cumulative performance: -2x of Index (b)	Difference between (a) and (b)	Index cumulative performance
Day 0		100.00	0.00%		10.00	0%	0%	0%	0%
Day 1	-20.0%	80.00	-20.00%	40.0%	14.00	40%	-40%	80%	-20%
Day 2	25.0%	100.00	0.00%	-50.0%	7.00	-30%	0%	-30%	0%
Day 3	-20.0%	80.00	-20.00%	40.0%	9.80	-2%	-40%	38%	-20%
Day 4	25.0%	100.00	0.00%	-50.0%	4.90	-51%	0%	-51%	0%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -2x the cumulative Index return; and (iii) cumulative Index return, in a volatile market with flat index performance over a period greater than 1 Business Day.



The chart below sets out the difference between (a) -2x inverse product cumulative return and (b) -2x of index cumulative return in this scenario.



As illustrated in the graphs and the tables, the performance of the Product before deduction of fees and expenses is not equal to the cumulative two times inverse performance of the Index over a period longer than 1 Business Day.

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

The Product seeks investment results on a Daily basis – from the close of regular trading on one trading day to the close on the next trading day – which should not be equated with seeking an investment objective for any other period. For instance, if the Index gains 10% for a week, the Product should not be expected to provide a return of -20% for the week even if it meets its Daily inverse investment objective throughout the week. This is true because of the expenses and charges noted above but also because the pursuit of Daily investment objectives may result in Daily compounding, which means that the return of the Index over a period of time greater than one Business Day multiplied by the Product's Daily two times inverse investment objective (-200%) will not generally equal the Product's performance over that same period. In addition, the effects of compounding become greater the longer Units are held beyond a single trading day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Index, the performance of the Product before deduction of fees and expenses for periods longer than a single day, especially in periods of market volatility which has a negative impact on the cumulative return of the Product, may be completely uncorrelated to the extent of change of the Index over the same period.

Holding an unmanaged position opens the investor to the risk of market volatility adversely affecting the performance of the investment. The Product is not appropriate for investors who do not intend to actively monitor and manage their portfolios. These scenarios are intended to underscore the fact that the Products are designed as short-term trading vehicles for investors who intend to actively monitor and manage their portfolios.

For further illustration of the Product's performance under different market conditions, investors may access the 'performance simulator' on the Product's website at 7522EN.chinaamc.com.hk, which will show the Product's historical performance data during a selected time period since the launch of the Product.

Index Licence Agreement

The initial term of the licence of the Index commenced on 30 April 2019 and will continue for 2 years. After the expiration of the initial 2-year term, the licence should be automatically renewed for successive terms of 1 year unless either party to the licence agreement gives at least 90 days' notice of termination prior to the end of the then current term to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

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NASDAQ has no obligation to take the needs of ChinaAMC or its affiliates or the owners of shares of the Product into consideration in determining, composing or calculating the Index. NASDAQ is not responsible for and has not participated in the determination of the prices and amount of shares of the Product, or the timing of the issuance or sale of such shares or in the determination or calculation of the equation by which shares of the Product are to be converted into cash. NASDAQ has no obligation or liability in connection with the administration, marketing or trading of the Product.

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The Offering Phases

Initial Offer Period

The Initial Offer Period commences at 9:30 a.m. (Hong Kong time) on 3 September 2019 and ends at 5:00 p.m. (Hong Kong time) on 4 September 2019, or such other date as the Manager may determine.

The Listing Date is expected to be on 6 September 2019 but may be postponed by the Manager to a date no later than 30 September 2019.

The purpose of the Initial Offer Period is to enable Participating Dealers to subscribe for Units either on their own account or for their clients, in accordance with the Trust Deed and the Operating Guidelines. During this period, Participating Dealers (acting for themselves or for their clients) may apply for Units to be available for trading on the Listing Date by creation. No redemptions are permitted during the Initial Offer Period.

Upon receipt of a Creation Application from a Participating Dealer (acting for itself or its clients) during the Initial Offer Period, the Manager shall procure the creation of Units for settlement on the Initial Issue Date.

Participating Dealers may have their own application procedures for their respective clients and may set application and payment cut-off times for their respective clients which are earlier than those set out in this Prospectus. Investors are therefore advised to consult with the relevant Participating Dealer on its requirements if they want a Participating Dealer to subscribe for Units on their behalf.

After Listing

"After Listing" commences on the Listing Date and continues until the Trust is terminated.

Dealings in the Units on the SEHK will commence on the Listing Date, which is expected to be on 6 September 2019 but may be postponed by the Manager to a date no later than 30 September 2019.

All investors may buy and sell Units in the secondary market on the SEHK through any designated brokers. Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market in Application Unit Size, 9:30 a.m. (Hong Kong time) to 5:00 p.m. (Hong Kong time) on each Dealing Day.

Please refer to the section on "The Offering Phases" for details. The following table summarises all key events and the Manager's expected timetable (all references to times are to Hong Kong time):

Initial Offer Period commences • Participating Dealers may apply for creation for themselves or for their clients in Application Unit size	• 9:30 a.m. (Hong Kong time) on 3 September 2019 but may be postponed by the Manager to no later than 9:30 a.m. (Hong Kong time) 25 September 2019
The date that is two 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	• 5:00 p.m. (Hong Kong time) on 4 September 2019 but may be postponed by the Manager to no later than 5:00 p.m. (Hong Kong time) on 26 September 2019
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 Application Unit size	• Commence at 9:30 a.m. (Hong Kong time) on 6 September 2019, but may be postponed by the Manager to a date no later than 30 September 2019 • 9:30 a.m. (Hong Kong time) to 5:00 p.m. (Hong Kong time) on each Dealing Day

Exchange Listing and Trading (Secondary Market)

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units traded in HKD.

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 traded in HKD is expected to begin on 6 September 2019.

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.

Fees and Expenses

Management Fee

The current Management Fee percentage in respect of the Product is 1.20%. The Management Fee is calculated as at each Dealing Day and payable monthly in USD in arrears out of the Trust Fund.

Trustee's and Registrar's Fee

The Trustee receives out of the assets of the Product a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at 0.12% per annum of the Net Asset Value of the Product, subject to a monthly minimum of USD3,000. (which is waived for the first 6 calendar months from the Listing Date). The Trustee is also entitled to receive a transaction fee of USD15 on each open and closed future contract of the Product (subject to a monthly maximum of USD10,000).

The Registrar is entitled to receive from the Product a registrar fee of USD15 per Participating Dealer per transaction for updating of the register record of the Product.

Brokerage Rates

The Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its standard rates.

Standard market rates vary with the contract and the market on which the contract is traded. The rates comprise of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately USD3 to USD5 per round turn levied by the broker.

The above rates are estimated to be approximately 0.1% per annum of the Net Asset Value and may increase to approximately 0.52% per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Commission is only charged once for each transaction in Futures Contracts.

Risk Factors Specific to the Product

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable specifically to the Product.

Leverage Risk

The Product will utilise leverage to achieve a Daily return equivalent to minus two times (-2x) the return of the Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bull market will be substantially more than a fund that does not employ leverage. For example, the Index could increase by more than 50% on a particular day and this may result in the total loss of the investors' investment in the Product. Such total loss of investment could occur in a relatively short period of time if there is a material market movement.

Long Term Holding Risk

The Product is not suitable for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the two times inverse performance of the Index over that same period (e.g. the loss may be more than -2 times the increase in the Index). This effect of compounding becomes more pronounced for longer holding periods and in products with larger leverage factor and/or inverse exposure. Investors should not expect the actual percentage return of investing in the Product to be equal to two times the inverse percentage change in the Index for periods of longer than one day.

The effect of daily compounding becomes more pronounced on the Product's performance as the Index experiences volatility. The deviation of the Product's performance from the two times inverse performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance falls or is flat. Investors in the Product should actively manage and monitor their investments, as frequently as daily

Inverse Product vs. Short Selling Risk

Investing in the Product is different from taking a short position. Because of rebalancing the return profile of the Product is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Product may deviate from a short position.

Unconventional Return Pattern Risk

Risk investment outcome of the Product is the opposite of conventional investment funds, and any gains and losses will be magnified by approximately two times. If the value of the Index increases for extended periods, the Product will likely to lose most or all of its value.

Risk of Rebalancing Activities

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

Volatility Risk

The price of the Product may also be more volatile than conventional exchange traded funds because of the daily rebalancing activities and the leverage effect.

Liquidity Risk

The rebalancing activities of the Product typically take place at or around the close of trading on the NASDAQ, shortly before the close of the underlying market, to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Intraday Investment Risk

The Product is normally rebalanced at or around the close of trading on the NASDAQ. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than the two times inverse investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

Portfolio Turnover Risk

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

Price Limit Risk

If the price of the E-mini NASDAQ 100 Futures included in the Product's portfolio and/or or the price of constituents of the NASDAQ hit certain price limits, depending on the time of the day and the limit being reached, the trading of the E-mini NASDAQ 100 Futures may be limited within the set price limits, suspended for a short period of time, or suspended for the remainder of the trading day. This may affect the Product's tracking of the two-times inverse performance of the Index, and, if a trading halt takes place near the end of a trading day, may result in imperfect Daily rebalancing.

Difference in Price Limit Risk

The Product's investment objective is to provide investment results that closely correspond to the two-times inverse (-2x) Daily performance of the Index. Although the Index is an equity index, the Product invests in E-mini NASDAQ 100 Futures. The daily price limit for the NASDAQ (which is triggered when the price of the S&P 500 Index drops 20% in a day) and the daily price limit for the E-mini NASDAQ 100 Futures (which may be triggered by 7%, 13%, 20% declines or 5% up and down changes of the price of the E-mini NASDAQ 100 Futures, depending on the time of the day) are different, as they are triggered at different price changes. Please refer to the section "What are E-mini NASDAQ 100 Futures?" above for further details of the price limits for the E-mini NASDAQ 100 Futures. As such, should the Index's daily price movement be greater than the price limit of the E-mini NASDAQ 100 Futures, the Product may not be able to achieve its investment objective as the E-mini NASDAQ 100 Futures are unable to deliver a return beyond their price limit.

Trading Time Differences Risk

As the CME may be open when Units in the Product are not priced, the value of the E-mini NASDAQ 100 Futures in the Product's portfolio, or the value of constituents in the Index to which such futures contracts are linked, may change on days when investors will not be able to purchase or sell the Product's Units. Differences in trading hours between the CME and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.

The NASDAQ and the CME have different trading hours. Trading of the Index constituents closes earlier than trading of the E-mini NASDAQ 100 Futures. There may be imperfect correlation between the value of the Index constituents and the E-mini NASDAQ 100 Futures, which may prevent the Product from achieving its investment objective.

Risks Associated with Investment in Futures Contracts

Rolling of Futures Contracts Risk

The Product may utilise Futures Contracts which may expose the Product to liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying but with a later expiration date. The Product may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. This effect may be more pronounced in products with higher leverage ratio. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Contango and Backwardation Risk

As the E-mini NASDAQ 100 Futures come to expiration, they are replaced by contracts that have a later expiration. For example, a contract entered into a short position and held until June may specify a June expiration. As time passes, the contract expiring in June is replaced by a contract for expiration in September. This is accomplished by buying the June contract and entering into a short position of the September contract. This process is referred to as "short rolling". Excluding other considerations, if the market for these contracts is in "contango", where the prices are higher in the distant expiration months than in the nearer expiration months, the purchase of the June contract would take place at a price that is lower than the price of the September contract. Accordingly proceeds from closing out the June short position when rolling (buying and then selling the E-mini NASDAQ 100 Futures) would take place at a price that is lower than the price of the September contract, thereby creating a positive "roll yield". By contrast, if the market for these contracts is in "backwardation", where the prices are lower in the distant expiration months than in the nearer expiration months, the closing out of the June short position would take place at a price that is higher than the price of the September contract, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

Margin Risk

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

Futures Contracts Market Risk

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

Clearing House's Failure Risk

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

Holding of Futures Contracts Restriction Risk

The holding by a person for his own account, or for another person but which he controls, of particular type of Futures Contracts or stock options contracts may be limited by regulation. A person shall not hold more than 50,000 E-mini NASDAQ 100 Futures net long or short in all contract months combined, which is the initial limit and any extension is subject to approval. As such, the positions held by a Product and controlled by the Manager (i.e. of other products) may not in aggregate exceed the relevant maximum. Because Unitholders do not themselves hold Futures Contracts or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the relevant regulation. Whilst the Manager does not anticipate that this will have any immediate effect on a Product, if the Net Asset Value of a Product grows significantly the restrictions under the relevant regulation may prevent creations of Units due to the inability under the relevant regulation of the Product to acquire further Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the

Net Asset Value per Unit.

Regulatory Change Risk

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

Inverse Performance of Index

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than the two times inverse performance of an index. Should the value of the underlying Securities of the Index increase, it could have a negative effect on the performance of the Product and the negative effect will be magnified by approximately two times. As such, Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking two times (-2x) inverse Daily results and the associated risks constantly monitor the performance of their holding on a daily basis.

Path Dependency

The objective of the Product is to provide inverse investment results that, before fees and expenses, closely correspond to the two times inverse performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking a two times inverse position for periods longer than a day. Investors in the Product should note that the point-to-point performance of the historical two times inverse performance of the Product over a certain period may not be equal to the point-to-point performance of the Index multiplied by -200% over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Product. Please refer to the section "Comparison Between the Index and the Two Times Inverse Performance of the Index for a Period Longer Than One Day (i.e. Comparison of the Point-to-point Performance)" above.

Investors must exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, will likely deviate from the two times inverse performance of the Index.

Concentration Risk, US Markets Risk and NASDAQ-100 Constituents Risk

Due to the concentration of the Index in the technology sector, which is characterised by relatively higher volatility in price performance when compared to other economic sectors, the performance of the Index may be more volatile when compared to other broad-based stock indexes. The price volatility of the Product may be greater than the price volatility of exchange traded funds tracking more broad-based indices.

The Product's investments will be concentrated in the US. The US securities markets may be more volatile than other securities markets, which may adversely affect the Product.

Technology companies are characterised by periodic new product introductions, innovations and evolving industry standards, and, as a result, face intense competition, which may have an adverse effect on profit margins. Companies in the technology sector are often smaller and less experienced companies and may be subject to greater risks than larger companies; these risks may be heightened for technology companies in non-US markets. Technology companies may have limited product lines, markets, financial resources or personnel. The products of technology companies may face product obsolescence due to rapid technological developments and frequent new product introduction, changes in consumer and business purchasing patterns, unpredictable changes in growth rates and competition for the services of qualified personnel. In addition, a rising interest rate environment tends to negatively affect companies in the technology sector because, in such an environment, those companies with high market valuations may appear less attractive to investors, which may cause sharp decreases in the companies' market prices. Companies in the technology sector are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies. The technology sector may also be adversely affected by changes or trends in commodity prices, which may be influenced or characterised by unpredictable factors. Finally, while all companies may be susceptible to network security breaches, certain companies in the technology sector may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses.

Suspension of Creation Risk

There can be no assurance that there are sufficient E-mini NASDAQ 100 Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to illiquidity of the E-mini NASDAQ 100 Futures, and delay or disruption in execution of trades or in settlement of trades.

Foreign Exchange Risk

The Product's Base Currency is in USD but has Units traded in HKD. Accordingly secondary market investors may be subject to additional costs or losses associated with foreign currency fluctuations between the Base Currency and HKD when trading units in the secondary market.

Other Currency Distributions Risk

Investors should note that all Units will receive distributions in the Base Currency (USD) only. In the event the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency. Unitholder may also have to bear bank or financial institution fees and charges associated with the handling of the distribution payment. Unitholders are advised to check with their brokers concerning arrangements for distributions.

Currency risk

A class of Units may be designated in a currency other than the Base Currency of the Product. The Net Asset Value may be affected unfavourably by fluctuations in the exchange rates between the class currency and the Product's Base Currency.

Investment in Other Funds Risk

The Product may invest in SFC authorised money market funds (the "underlying funds"). There is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the Net Asset Value of the Product.

The value of the shares or units of the underlying funds will take into account their fees and expenses, including fees charged by their investment managers. Whilst the Manager will take the level of any such fees into account when deciding whether or not to invest, investors should nevertheless be aware that investing into underlying funds may involve another layer of fees, in addition to the fees charged by the Product.

If the Sub-Fund invests in an underlying fund managed by the Manager or Connected Person of the Manager, all initial charges on these underlying funds must be waived, and the Manager must not obtain rebate of any fees or charges levied by these underlying funds. In case any conflict of interest may still arise out of such investments, the Manager will use its best endeavours to resolve it fairly.