PINGAN ETFs

PROSPECTUS

28 December 2017

Ping An of China CSI HK Dividend ETF

Stock Code: 3070

Ping An of China CSI 5-10Y CGB ETF

Stock Code: 3080

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

中国平安 PINGAN

保險・銀行・投資

Manager

中国平安资产管理(香港)

PING AN OF CHINA ASSET MANAGEMENT (HONG KONG)

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The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and confirm, having made all reasonable enquiries, that to the best of its knowledge opinions expressed in this Announcement have been arrived at after due and careful consideration.

Authorization by the Securities and Futures Commission is not a recommendation or endorsement of the product nor does it guarantee the commercial merits of the product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

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Ping An of China CSI HK Dividend ETF (Stock Code: 3070)
Ping An of China CSI 5-10Y CGB ETF (Stock Code: 3080)

sub-funds of the Ping An of China Trust
(a Hong Kong unit trust authorized under
section *104* of the Securities and Futures Ordinance
(Cap. 571 of the laws of the Hong Kong SAR))

Announcement on Change of Directors Issued by Ping An of China Asset Management (Hong Kong) Company Limited (as the Manager)

The manager of the Ping An of China CSI HK Dividend ETF and Ping An of China CSI 5-10Y CGB ETF (collectively, the "**Sub-Funds**") Ping An of China Asset Management (Hong Kong) Company Limited (the "**Manager**") hereby announces a change in the composition of the board of directors of the Manager. **Mr. LAU Chun Fai** has resigned as director of the Manager and **Mr. CHAI Chi Kit** has been appointed as director of the Manager, with effect on **12 April 2018**.

The Manager hereby issues an Addendum to the Prospectus of the Ping An of China CSI HK Dividend ETF and Ping An of China CSI 5-10Y CGB ETF (the "**Addendum**"). The Addendum is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and the website of the Manager. The webpage for Ping An of China CSI HK Dividend ETF is http://asset.pingan.com.hk/eng/3070 and Ping An of China CSI 5-10Y CGB ETF is http://asset.pingan.com.hk/eng/3080.

Investors who have any enquires regarding the above may contact the Manager's Hotline at (+852) 3762 9228 or visit us at http://asset.pingan.com.hk.

Ping An of China Asset Management (Hong Kong) Company Limited
12 April 2018

IMPORTANT:

*This Addendum is supplemental to and forms part of the Prospectus and the Product Key Facts of the Ping An of China CSI HK Dividend ETF and Ping An of China CSI 5-10Y CGB ETF dated 28 December 2017 (the "**Offering Document**"). Unless otherwise defined herein, words and expressions defined in the Prospectus shall have the same meaning when used in this Addendum.*

If you are in doubt about the contents of the Offering Document and this Addendum, you should consult your stockbroker, bank manager, solicitor or accountant or other financial adviser.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission take no responsibility for the contents of this Addendum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Addendum.

Authorization by the Securities and Futures Commission is not a recommendation or endorsement of the product nor does it guarantee the commercial merits of the product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Ping An of China CSI HK Dividend ETF (Stock Code: 3070)
Ping An of China CSI 5-10Y CGB ETF (Stock Code: 3080)

sub-funds of the Ping An of China Trust
(a Hong Kong unit trust authorized under
section *104* of the Securities and Futures Ordinance
(Cap. 571 of the laws of the Hong Kong SAR))

Addendum to the Prospectus

The Prospectus is hereby supplemented as follows:

1. Under the section headed "**PARTIES**" on page 6 of the Prospectus, the directors of the Manager will be updated as follows:

Directors of the Manager
CHAN Tak Yin
TUNG Hoi
CHOY Siu Kam David
ZHUANG Yan
LI Wen
CHAI Chi Kit

2. Under the sub-section headed "**Directors of the Manager**" on page 18 of the Prospectus:

(a) The name "**LAU Chun Fai**" and his biographical details are deleted.
(b) The name "**CHAI Chi Kit**" and the following biographical details are inserted:

"**CHAI Chi Kit**"

Mr. Chai joined Ping An as the Head of Capital Markets and CIO in 2017. He is in charge of all capital market investments. Prior to joining Ping An, Mr. Chai worked for Teacher Retirement System of Texas, one of the largest pension funds in the US, for 21 years. He was the senior managing director and head of Internal Public Markets there. Mr. Chai was also on the Management Committee and Investment Committee which approved all external investments. He holds a Bachelor of Arts in Economics from Virginia Polytechnic Institute & State University, a Master of Business Administration from Southern Methodist University as a Dean's Scholar and a Master of Arts in Economics from the University of Texas at Austin. Mr. Chai is also a CFA since 1998.

The directors of the Manager accept responsibility for the accuracy of the information contained in this Addendum as at the date of publication.

The Offering Document may only be distributed if accompanied by this Addendum.

Ping An of China Asset Management (Hong Kong) Company Limited
12 April 2018

IMPORTANT: The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Securities and Futures Commission ("SFC") take no responsibility for the contents of this Announcement, 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 Announcement.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts of which would make any statement misleading.

Authorization by the SFC is not a recommendation or endorsement of the product nor does it guarantee the commercial merits of the product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

If you are in doubt about the contents of this Announcement, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

中國平安 PING AN ETFs

Ping An of China CSI 5-10Y CGB ETF (Stock Code: 3080)

a sub-fund of the Ping An of China Trust
(a Hong Kong unit trust authorized under
section 104 of the Securities and Futures Ordinance
(Cap. 571 of the laws of the Hong Kong SAR))

List of Market Makers

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Prospectus of the Sub-Fund.

Ping An of China Asset Management (Hong Kong) Company Limited (the "**Manager**"), the Manager of Ping An of China CSI 5-10Y CGB ETF (the "**Sub-Fund**") hereby announces that the list of Market Makers in the Prospectus is updated.

As at 29 December 2017, the Market Makers of the Sub-Fund are China Merchants Securities (HK) Co., Limited and Haitong International Securities Company Limited.

The Prospectus of the Sub-Fund has been updated by way of addendum to reflect the change described above. The revised Prospectus of the Sub-Fund is available at the Manager's website at http://asset.pingan.com.hk/eng/3080 (this website has not been reviewed by the SFC) from the date of this Announcement.

Investors who have any enquiries regarding the above may contact the Manager at (+852) 3762 9228 or visit us at http://asset.pingan.com.hk (this website has not been reviewed by the SFC).

Ping An of China Asset Management (Hong Kong) Company Limited
29 December 2017

IMPORTANT:

This Addendum is supplemental to and forms part of the Prospectus and the Product Key Facts of the Ping An of China CSI 5-10Y CGB ETF dated 28 December 2017 (the "Offering Document"). Unless otherwise defined herein, words and expressions defined in the Prospectus shall have the same meaning when used in this Addendum.

If you are in doubt about the contents of the Offering Document and this Addendum, you should consult your stockbroker, bank manager, solicitor or accountant or other financial adviser.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission take no responsibility for the contents of this Addendum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Addendum.

Authorisation by the Securities and Futures Commission is not a recommendation or endorsement of the product nor does it guarantee the commercial merits of the product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Ping An of China CSI 5-10Y CGB ETF (Stock Code: 3080)

a sub-fund of the Ping An of China Trust
(a Hong Kong unit trust authorized under
section 104 of the Securities and Futures Ordinance
(Cap. 571 of the laws of the Hong Kong SAR))

Addendum to the Prospectus

The Prospectus is hereby supplemented as follows:

Under the sub-section headed "KEY INFORMATION" of THE CGB ETF on page 37 of the Prospectus, the details of the row "Market Maker(s)" are deleted and replaced by the following:

For THE CGB ETF:

Market Maker(s):	• China Merchants Securities (HK) Co., Limited • Haitong International Securities Company Limited

The directors of the Manager accept responsibility for the accuracy of the information contained in this Addendum as at the date of publication.

The Offering Document may only be distributed if accompanied by this Addendum.

Ping An of China Asset Management (Hong Kong) Company Limited
29 December 2017

Ping An of China CSI HK Dividend ETF Stock Code: 3070
Ping An of China CSI 5-10Y CGB ETF Stock Code: 3080

sub-funds of the Ping An of China Trust
a Hong Kong umbrella unit trust authorized under
Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong

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PROSPECTUS

LISTING AGENT FOR THE PING AN OF CHINA CSI 5-10Y CGB ETF

Altus Capital Limited

28 December 2017

The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. Each of Ping An of China CSI HK Dividend ETF and Ping An of China CSI 5-10Y CGB ETF has been authorised as a collective investment scheme by the Hong Kong Securities and Futures Commission. SFC authorization is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

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

TABLE OF CONTENTS

PARTIES

Manager

Ping An of China Asset Management (Hong Kong) Company Limited
Suite 2301, 23rd Floor,
Two International Finance Centre,
8 Finance Street, Central, Hong Kong

Directors of the Manager

CHAN Tak Yin
TUNG Hoi
CHOY Siu Kam David
ZHUANG Yan
LI Wen
LAU Chun Fai

Trustee, Custodian and Registrar

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

Conversion Agent (for the HK Dividend ETF) / Service Agent (for the CGB ETF)

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

Listing Agent for the Ping An of China CSI 5-10Y CGB ETF

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

Legal Adviser to the Manager

Simmons & Simmons
13rd Floor, One Pacific Place
88 Queensway
Hong Kong

Auditors

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

PRELIMINARY

This Prospectus has been prepared in connection with the offer in Hong Kong of Units in the Ping An of China CSI HK Dividend ETF (the "**HK Dividend ETF**") and the Ping An of China CSI 5-10Y CGB ETF (the "**CGB ETF**") (together, the "**Sub-Funds**" and each a "**Sub-Fund**"). Each of the Sub-Funds is an Index Fund of the Ping An of China Trust (the "**Trust**"), an umbrella unit trust established under Hong Kong law by a trust deed dated 19 April 2010 (as amended) between Ping An of China Asset Management (Hong Kong) Company Limited (the "**Manager**") and HSBC Institutional Trust Services (Asia) Limited (the "**Trustee**").

The Manager accepts full responsibility and accuracy of the information contained in this Prospectus and the enclosed Product Key Facts Statements (the "**Product KFS**") as being accurate as at the date of publication and confirms that this Prospectus and the Product KFS include particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") and the Code on Unit Trusts and Mutual Funds (the "**Code**") and the overarching principles section of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the Units of the Sub-Funds and that having made all reasonable enquiries, the Manager confirms that, to the best of its knowledge and belief there are no other matters the omission of which would make any statement in this Prospectus or the Product KFS misleading, whether of fact or opinion; any inferences that might reasonably be drawn from any statement in the Prospectus or the Product KFS are true and are not misleading; and all opinions and intents expressed in this Prospectus and the Product KFS have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable. The Trustee is not responsible for the preparation of this Prospectus or the Product KFS and is therefore not responsible for the contents herein or therein, apart from descriptions of or relating to HSBC Institutional Trust Services (Asia) Limited as the Trustee, Custodian and Registrar of the Trust under the section headed "Trustee, Custodian and Registrar" of this Prospectus.

The Trust and the Sub-Funds have been authorised by the Securities and Futures Commission (the **"SFC"**) in Hong Kong pursuant to section 104 of the Securities and Futures Ordinance. The Trust and the Sub-Funds are exchange traded funds that fall within section 8.6 and Appendix I of the Code. The SFC takes no responsibility for the financial soundness of the Trust and the Sub-Funds or for the correctness of any statements made or opinions expressed in this Prospectus. Authorisation by the SFC is not a recommendation or endorsement of the product nor does it guarantee the commercial merits of the product or its performance. It does not mean that the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Applicants for Units should consult their financial advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to acquire Units and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable.

Dealings in the Units in the HK Dividend ETF on the SEHK commenced on 15 February 2012. Units in the HK Dividend ETF have been accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("**HKSCC**") for deposit, clearing and settlement in the Central Clearing and Settlement System ("**CCASS**") with effect from the date of commencement of dealings in Units on the SEHK.

Dealings in the Units in the CGB ETF is expected to commence on 29 December 2017. Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units of the CGB ETF. Subject to compliance with the admission requirements of HKSCC, the Units of the CGB ETF will be accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCASS with effect from the date of commencement of dealings in the Units on the SEHK or such other date as may be determined by HKSCC. Settlement of transactions between participants on the SEHK is required to take place in CCASS on the second CCASS settlement day after the trading day.

Applications may be made to list Units in other Index Funds constituted under the Trust in future on the SEHK. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized.

In particular:

(a) Units in the Sub-Funds have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act).

(b) The Sub-Funds have not been and will not be registered under the United States Investment Company Act of 1940 as amended.

(c) Units in the Sub-Funds may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An "ERISA Plan" is any retirement plan subject to Title 1 of the United States Employee Retirement Income Securities Act of 1974, as amended or any individual retirement account plan subject to section 4975 of the United States Internal Revenue Code of 1986, as amended.

The Manager shall have the power to impose such restrictions as the Manager may think necessary for the purpose of ensuring that no Units in an Index Fund is acquired or held by an Unqualified Person (as defined in the "Definitions" section on page 10).

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

Any amendment or addendum to this Prospectus will be posted on the SEHK's website (www.hkex.com.hk) and at the Manager's website. The webpage for the HK Dividend ETF is http://asset.pingan.com.hk/eng/3070. The webpage for the CGB ETF is http://asset.pingan.com.hk/eng/3080.

DEFINITIONS

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

"Application" means, in respect of an Index Fund, a Creation Application or a Redemption Application.

"Application Cancellation Fee" means the fee payable by a Participating Dealer in respect of cancellation of an Application as set out in the Trust Deed, and the rate for which is set out in Schedule 1 to the Prospectus in respect of the relevant Index Fund.

"Application Unit" means, in relation to each Index Fund, such number of Units of a class or multiples thereof as specified in the Prospectus for the relevant Index Fund or such other multiple of Units of a class from time to time determined by the Manager, approved by the Trustee and notified to the Participating Dealers, either generally or for a particular class or classes of Units.

"Auditors" means the auditor or auditors of the Trust from time to time appointed by the Manager with the prior written approval of the Trustee pursuant to the provisions of the Trust Deed.

"Base Currency" means the currency of account of an Index Fund as specified by the Manager from time to time.

"Basket" means, in respect of each Sub-Fund, a portfolio of Index Securities and/or non-Index Securities, which seeks to benchmark the Underlying Index by either a replication strategy or representative sampling strategy or otherwise provided that such portfolio shall comprise only whole numbers of Index Securities and/or non-Index Securities and no fraction or, if the Manager determines, shall comprise only round lots and not odd lots.

"Basket Value" means, in respect of each Sub-Fund, the aggregate value of the Index Securities and/or non-Index Securities (as the case may be) constituting the Basket at the Valuation Point on the relevant Dealing Day as determined in accordance with the provisions of the Trust Deed.

"Business Day" in respect of each Sub-Fund, means, unless the Manager and the Trustee otherwise agree, a day on which (a) (i) the SEHK is open for normal trading; and (ii) the relevant securities market on which the Index Securities or non-Index Securities comprising the Basket(s) are traded is open for normal trading; and (iii) if there are more than one (1) such securities market, the securities market designated by the Manager is open for normal trading, and (b) the relevant Underlying Index is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant securities or commodities 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 cancellation of an Application pursuant to the Trust Deed.

"Cash Component" means, in respect of an Application, the aggregate Net Asset Value of all the relevant Units less the relevant Basket Value.

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

"CCASS Operational Procedures" means the CCASS Operational Procedures as amended from time to time.

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

"China" or **"PRC"** means the People's Republic of China but, for the purposes of this Prospectus for geographical reference excludes Taiwan, Macau and Hong Kong.

"CGB ETF" means Ping An of China CSI 5-10Y CGB ETF, an Index Fund of the Trust.

"CGB Index" means CSI PingAn 5-10y CGB Benchmark Index, the Underlying Index in respect of the CGB ETF.

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

"Collective Investment Scheme" has the same meaning given to such term in Section 1 of Part I of Schedule 1 of the Securities and Futures Ordinance.

"Connected Person" in relation to a company, means:

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

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

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

(d) any director or other officer of that company or of any of its Connected Persons as defined in (a), (b) or (c) above.

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

"Conversion Agent Fee" or "Service Agent Fee" means the fee which may be charged for the benefit of the Conversion Agent or the Service Agent (as the case may be) to each Participating Dealer or its agent, which is a CCASS participant, on each Dealing Day upon which an Application has been made by the relevant Participating Dealer.

"Creation Application" means, an application by a Participating Dealer for the creation of Units of an Index Fund in accordance with the relevant procedures set out in the Trust

Deed, the relevant Operating Guidelines and the relevant Participation Agreement.

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

"CSI" means China Securities Index Co., Ltd.

"CSI HK Dividend" means CSI Hong Kong Dividend Index, the Underlying Index in respect of the HK Dividend ETF.

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

"Custodian" means person (or persons) who is duly appointed to be custodian (or custodians) of the Trust. In the absence of the appointment of a custodian, the Trustee shall be the custodian.

"Dealing Day" for each Sub-Fund, means, each Business Day during the continuance of the Trust, and/or such day or days as the Manager may from time to time determine with the approval of the Trustee either generally or for a particular class or classes of Units.

"Dealing Deadline" in relation to any Dealing Day, shall be such time as the Manager may from time to time with the approval of the Trustee determine generally or in relation to a particular class or classes of Units or any particular place for submission of Application(s) by a Participating Dealer.

"Deposited Property" means, in respect of each Index Fund, all the assets (including cash) for the time being held or deemed to be held by or to the order of the Trustee upon the trusts of the Trust Deed for the account of the Index Fund excluding (i) the Income Property and (ii) any amount for the time being standing to the credit of the distribution account of the Index Fund.

"Extension Fee" means any fee payable by a Participating Dealer to the Trustee for its own account and benefit on each occasion the Manager grants the request of such Participating Dealer for extended settlement in respect of an Application.

"HK Dividend ETF" means the Ping An of China CSI HK Dividend ETF, an Index Fund of the Trust.

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

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC.

"Hong Kong dollar" or **"HK$"** mean the lawful currency for the time being and from time to time of Hong Kong.

"IFRS" means the International Financial Reporting Standards.

"Income Property" means, in respect of each Index Fund, (a) all interest, dividends and other sums deemed by the Manager, (after consulting the Auditors), 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 Index Fund (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale of any Income Property received in a form other than cash); (b) all Cash Component payments received or receivable by the Trustee for the account of the relevant Index Fund; (c) all Cancellation Compensation received by the Trustee for the account of the relevant Index Fund; and (d) all interest and other sums received or receivable by the Trustee in respect of (a), (b) or (c) of this definition, but excluding (i) the Deposited Property of the relevant Index Fund; (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed) for the account of the relevant Index Fund or previously distributed to Unitholders; (iii) gains for the account of the relevant Index Fund arising from the realisation of Securities; and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the relevant Index Fund.

"Index Fund" means a segregated pool of assets and liabilities established under the Trust, including the HK Dividend ETF and the CGB ETF.

"Index Provider" means, in respect of each Index Fund, the person responsible for compiling the Underlying Index against which the relevant Index Fund benchmarks its investments and who holds the right to license the use of such Underlying Index to the relevant Index Fund, and in respect of the HK Dividend ETF and the CGB ETF, means, the China Securities Index Co., Ltd.

"Index Securities" means, for the HK Dividend ETF, shares of all or any of the constituent companies of the relevant Underlying Index and, for the CGB ETF, Securities included as constituents of the relevant Underlying Index.

"Initial Offer Period", in respect of each Index Fund, means such period as may be agreed between the Trustee and the Manager.

"Issue Price" means, in respect of each Index Fund, the issue price per Unit of a particular class during the Initial Offer Period as determined by the Manager in respect of such class of Units and thereafter the issue price per Unit calculated pursuant to the Trust Deed at which Units are from time to time issued or to be issued.

"Listing Agent" means, in respect of the Ping An of China CSI 5-10Y CGB ETF, Altus Capital Limited.

"Manager" means Ping An of China Asset Management (Hong Kong) Company Limited or any other person (or persons) who for the time being is duly appointed as manager (or managers) of the Trust and being approved by the SFC as qualified to act as such for the purposes of the Code.

"MOF" means the Ministry of Finance (中華人民共和國財政部) of the PRC.

"Net Asset Value" or **"NAV"** means the net asset value of an Index Fund or, as the context may require, of a Unit calculated pursuant to the Trust Deed.

"Operating Guidelines" means in relation to an Index Fund, the operating guidelines governing the Participating Dealers, including without limitation, the procedures for creation and redemption of Units.

"Participating Dealer" means, in respect of an Index Fund, a broker or dealer (licensed for Type 1 regulated activity under the Securities and Futures Ordinance) which has entered into a Participation Agreement in the form and substance acceptable to the Manager and the Trustee.

"Participation Agreement" means an agreement entered into between the Trustee, the Manager and Participating Dealer, and for the HK Dividend ETF only, the Hong Kong Securities Clearing Company Limited and the HK Conversion Agency Services Limited, setting out, amongst other things, the arrangements in respect of the Applications.

"PBOC" means the People's Bank of China.

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

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

"Redemption Price" means, in respect of a Unit of an Index Fund, the redemption price per Unit of a particular class calculated in accordance with the Trust Deed at which Units are from time to time redeemed.

"Register" the register of Unitholders to be kept pursuant to the Trust Deed.

"Registrar" means, such person as may from time to time be appointed by the Manager to keep the Register and in default of any such appointment shall mean the Trustee.

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

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

"Securities" has the meaning given to such term in Section 1 of Part I of Schedule 1 of the Securities and Futures Ordinance.

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

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

"Settlement Day" means the Business Day which is two (2) Business Days after the relevant Dealing Day (or such later Business Day as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as the Manager and the Trustee may from time to time agree and notify to the relevant Participating Dealers, either generally or for a particular class or classes of Units.

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

"SSE" means the Shanghai Stock Exchange.

"Sub-Funds" means the HK Dividend ETF and CGB ETF, and each a "**Sub-Fund**".

"SZSE" means the Shenzhen Stock Exchange.

"Transaction Fee" means, in respect of an Index Fund, the fee which may at the discretion of the Trustee be charged for the account and benefit of the Trustee to each Participating Dealer under the Trust Deed, the level of which shall be determined by the Trustee with the consent of the Manager from time to time and set out in this Prospectus.

"Trust" means the unit trust constituted by the Trust Deed and called the Ping An of China Trust or such other name as the Trustee and the Manager may from time to time determine.

"Trust Deed" means the trust deed dated 19 April 2010 constituting the Trust, as amended and supplemented from time to time.

"Trustee" means HSBC Institutional Trust Services (Asia) Limited or such other person (or persons) who for the time being is duly appointed to be trustee (or trustees) of the Trust.

"Underlying Index" means, in respect of an Index Fund, the index against which the relevant Index Fund is benchmarked; in respect of the HK Dividend ETF, means the CSI HK Dividend, and in respect of the CGB ETF, means the CGB Index.

"Unit" means such number of undivided shares or such fraction of an undivided share of an Index Fund to which a Unit relates as is represented by a Unit of the relevant class and except where used in relation to a particular class of Unit a reference to Units means and includes Units of all classes.

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

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

"Unqualified Person" means:

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

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

"Valuation Point" means, in respect of a Sub-Fund, the official close of trading on: the securities market on which the Index Securities and/or non-Index Securities constituting the Basket(s), are listed and, in the case of a Sub-Fund investing in Index Securities and/ or non-Index Securities trading on more than one (1) securities market, the official close of trading on the last relevant securities market to close or such other time or times as determined by the Manager and 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 determination of the Net Asset Value of a Sub-Fund pursuant to the provisions of the Trust Deed.

THE TRUST

The Trust is an umbrella unit trust constituted by way of a trust deed dated 19 April 2010 between Ping An of China Asset Management (Hong Kong) Company Limited as Manager and HSBC Institutional Trust Services (Asia) Limited as Trustee. The terms of the Trust Deed are governed by the laws of Hong Kong.

The Trust is an umbrella fund under which index-tracking Index Funds may be established. Each of the Sub-Funds is an Index Fund of the Trust, and only one (1) class of Units shall initially be issued for each of the Sub-Funds. The Manager reserves the right to issue further classes of Units for each of the Sub-Funds or to establish other Index Funds in the future.

Each of the Sub-Funds is an exchange traded fund managed by the Manager and authorized by the SFC pursuant to section 104 of the Securities and Futures Ordinance. The Sub-Funds are exchange traded funds that fall within section 8.6 and Appendix I of the Code. SFC authorization is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

To the extent permissible by law, all assets and liabilities attributable to each Sub-Fund shall be segregated from the assets and liabilities of any other Index Funds, and shall not be used for the purpose of, or borne by the assets of, any other Index Fund (as the case may be).

MANAGEMENT AND ADMINISTRATION

Manager

Ping An of China Asset Management (Hong Kong) Company Limited is the manager of Ping An of China Trust. Ping An of China Asset Management (Hong Kong) Company Limited is a wholly owned subsidiary of China Ping An Insurance Overseas (Holdings) Limited which in turn is a wholly owned subsidiary of Ping An Insurance (Group) Company of China, Ltd.

Ping An of China Asset Management (Hong Kong) Company Limited is licensed by the SFC in Hong Kong for types 4 (advising on securities) and 9 (asset management) regulated activities under the Securities and Futures Ordinance (Central Entity Number: AOD938).

Directors of the Manager

The directors of the Manager are CHAN Tak Yin, TUNG Hoi, CHOY Siu Kam David, ZHUANG Yan, LI Wen and LAU Chun Fai. Their biographical details are as follows:-

CHAN Tak Yin Mr. Chan is currently the Chief Investment Officer of Ping An Insurance (Group) Company of China. Since he joined Ping An Group in 2005, he served as Vice Chief Investment Officer of Ping An Insurance (Group) Company, Chairman and CEO of Ping An Asset Management Company Limited, Chairman of Ping An of China Asset Management (Hong Kong) Company Limited. Prior to joining Ping An, he worked at BNP Paribas Asset Management Asia Ltd., BZW Investment Management (ASIA) Ltd (wholly owned subsidiary of Barclays Bank), Sun Hung Kai Investment Management (HK) Company and Scimitar Asset Management (wholly owned subsidiary of Standard Chartered Bank), as Chief Investment Officer, Investment Director and Senior Fund Manager and Fund Manager respectively. Mr. Chan holds a Bachelor Degree from University of Hong Kong.

TUNG Hoi Mr. Tung is currently the CEO and Chairman of China Ping An Insurance Overseas (Holdings) Limited and the Chairman of Ping An of China Asset Management (Hong Kong) Company Limited. Prior to that, from 2004 to 2014, Mr. Tung was the Chairman and CEO of Ping An Trust Co., Ltd.. From 2014 to 2016, Mr. Tung was the Co-CIO and Chairman of Investment Committee of Ping An Insurance (Group) of China, Ltd. Before joining Ping An, Mr. Tung was an executive director of Goldman Sachs (Asia) L.L.C., advising major financial institutions in the region on restructuring, M&As and capital markets activities. Mr. Tung started his career as a management consultant at McKinsey & Co. Mr. Tung holds a Master's Degree in Engineering Science with first-class honors from Oriel College, University of Oxford, and an MBA from INSEAD.

CHOY Siu Kam David Mr. Choy has been the Group Head of Treasury since 2014. Mr Choy joined Ping An in 2007 and acted as Deputy Head of Group Finance Dept, Deputy Head of Group Planning Dept, Chairman of China Ping An Insurance Overseas (Holdings) Ltd. Mr Choy currently acts as Board of directors and supervisors in more than 10 subsidiaries of Ping An Group. In 2015, Mr Choy was awarded Ping An Top 10 Managers Award. Before joining Ping An Group, from July 1997 to March 2007, Mr. Choy had served in various companies, including Bank of America (Asia), KPMG Hong Kong, Ernst &Young

in Beijing and Guangzhou, Head Office Financial Controller & Head of Finance & Planning Dept. of Shenzhen Development Bank, Head Office Finance Information and Asset and Liability Management Dept. of Shenzhen Development Bank. Mr. Choy holds a Bachelor of Business Administration in Finance Degree at Hong Kong University of Science and Technology and a Master of Science in Corporate Governance and Directorship at Hong Kong Baptist University, and he is also a member of AICPA and HKICPA.

ZHUANG Yan Ms. Zhuang Yan has been the General Manager of Personnel Performance Management Department of Group Human Resource Center and Supervisor of Organization Department of Ping An group since July 2013. Ms. Zhuang joined Ping An group in June 1995. She has served as the business manager of Ping An Life and Ping An Property & Casualty, Product Manager of Product Division, Deputy General Manager of Planning and Finance Department, Deputy General Manager of Product Division and General Manager of Human Resources of Ping An Property & Casualty. Ms. Zhuang holds a Master's Degree in Finance from Hunan University.

LI Wen Ms. Li is currently the Deputy General Manager of Group Legal & Compliance Department of Ping An Insurance (Group) Company of China, Ltd. From January 2010 to December 2014, Ms. Li was the Head and Deputy General Manager of Legal & Compliance Department of Ping An Trust Co., Ltd. Ms. Li joined the Ping An group in 2003. Prior to that, she served as Partner of TransAsia Lawyers in Shanghai. Ms. Li currently also holds the position of Supervisor of Ping An Real Estate. Ms. Li holds a Bachelor's Degree in International Economics from Fudan University.

LAU Chun Fai Mr. Lau is currently a Senior Portfolio Manager of Ping An of China Asset Management (Hong Kong) Co. Ltd. Apart from participation in formulating investment strategy, Mr. Lau focuses on managing portfolios and performs the related investment research. Mr. Lau has had 13 years of experience in investment. He has worked in several large international financial institutions and Chinese asset management firms. Prior to joining Ping An, he served as an investment counselor at Citi Private Bank, Vice President at the equity research department of Credit Suisse (Hong Kong) Limited, the fund manager at GF Asset Management (Hong Kong) Limited and a Director at the Capital Market Department of China Huarong International Holdings Limited. Mr. Lau is specialized in fundamental research and securities valuation analysis. He is experienced in managing funds and discretionary portfolios. Mr. Lau started his career at the audit and business advisory department with Ernst & Young. He holds a Bachelor's Degree in Business Administration from University of Hong Kong and a Master of Business Administration Degree from University of Oxford. He is also a CFA charter holder and a Certified Public Accountant (CPA).

Listing Agent in respect of the Ping An of China CSI 5-10Y CGB ETF

Altus Capital Limited is the listing agent of the Ping An of China CSI 5-10Y CGB ETF in accordance with The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited in respect of the CGB ETF's listing on the SEHK. The Listing Agent is a licensed corporation which holds, amongst others, a Type 6 (advising on corporate finance) regulated activity license under the Securities and Futures Ordinance with CE Number AGH102.

Trustee, Custodian and Registrar

The trustee and custodian of the Trust is HSBC Institutional Trust Services (Asia) Limited. 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 Hong Kong) and approved by the Mandatory Provident Fund Schemes Authority as trustee of registered mandatory provident fund schemes under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of Hong Kong). The Trustee is an indirectly wholly-owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales.

The Trustee in no way acts as guarantor or offeror of the Units or any underlying investment of any Index Fund. The Trustee has no responsibility or authority to make investment decisions, or render investment advice, with respect to any Index Fund.

Neither the Trustee nor its delegate is responsible for the preparation or issue of this Prospectus and the Product KFS and therefore they accept no responsibility for any information contained in the Prospectus and the Product KFS other than information relating to themselves under this section headed “Trustee, Custodian and Registrar”.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of each Index Fund, and such assets will be dealt with as the Trustee may think proper for this purpose. The Trustee may, from time to time and as the Trustee thinks fit, appoint such person or persons (including a Connected Person) as Custodian or co-Custodians of the whole or any part of the assets of an Index Fund and may empower any such Custodian or co-Custodian to appoint sub-Custodians with the Trustee’s prior consent in writing.

Where the Trustee appoints any nominee, agent, Custodian or co Custodian in relation to the assets of an Index Fund, the Trustee is required to (i) exercise reasonable care and diligence in the selection, appointment and ongoing monitoring of such nominee, agent, Custodian or co-Custodian; and (ii) be satisfied that such nominee, agent, Custodian or co-Custodian retained remains suitably qualified and competent to provide the relevant service to the Index Fund. The fees and expenses of such Custodian, co-Custodian and sub-Custodians shall be paid out of the relevant Index Fund. The Trustee will take reasonable care to ensure that such fees are reasonable and align with prevailing market rates as and when such appointment is necessary.

The Trustee will not be liable for any act or omission or insolvency of any agent, nominee, Custodian or co-Custodian which are not associates of the Trustee and appointed in respect of a market or markets which the Trustee may determine and notify in writing to the Manager from time to time as being emerging markets provided that the Trustee shall exercise reasonable care and diligence in the selection, appointment and ongoing monitoring of its nominees, agents and delegates and during the term of their appointment, shall satisfy itself that such persons remain suitably qualified and competent to provide services to the Sub-Funds. Emerging market is a term commonly used to refer to a market or jurisdiction the infrastructure of which may still be subject to on-going development which results in a degree of uncertainty both for local market participants and their overseas counterparts. Investing in emerging markets may therefore carry significant risks for investors. In respect of the assets of each Sub-Fund, the Trustee does not intend to appoint any Custodian or co-Custodian in respect of emerging markets.

Nothing in the Trust Deed shall exempt the Trustee from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence, nor may they be indemnified against such liability by Unitholders or at Unitholders' expense.

Subject to applicable laws and regulations (including the Code), the Trustee shall also be indemnified and shall be entitled to be reimbursed out of the assets of an Index Fund in respect of all reasonable and proper costs, outgoings, disbursements, liabilities, charges, expenses or demands which it may incur in respect of such Index Fund and which it may incur, whether directly or indirectly, or which are or may be imposed on it, in respect of the performance or exercise of its duties and powers under the Trust Deed and in respect of all actions, proceedings, costs, claims and demands relating to any matter or thing done or omitted to be done concerning such Index Fund, except where such actions, proceedings, costs, claims and demands are occasioned by the fraud, negligence, willful default by the Trustee or any officer of the Trustee, as the case may be.

In respect of an Index Fund which is authorized by the SFC, the Trustee will take reasonable care to ensure that (a) all applicable reporting requirements (including the preparation of annual reports) in relation to each Index Fund or any conditions under which an Index Fund is authorized by the SFC, will be duly complied with; (b) the issue, redemption and cancellation of Units are carried out in accordance with the provisions of the Trust Deed; (c) the methods adopted by the Manager in calculating the value of Units are adequate to ensure that the Issue Price and Redemption Price are calculated in accordance with the provisions of the Trust Deed; (d) the instructions of the Manager in respect of investments are carried out unless they are in conflict with the provisions of the Trust Deed; (e) the investment and borrowing limitations set out in the Trust Deed are complied with; and (f) such other relevant and applicable obligations, functions and duties imposed on the Trustee by all applicable law and regulations are complied with.

The Trustee will remain as the trustee of the Trust until the Trustee retires or is removed by the Manager. The circumstances under which the Trustee may be removed are set out in the Trust Deed (please refer to "Removal and Retirement of the Trustee and the Manager" section of the Prospectus for a summary extract). Any change in the trustee of the Trust is subject to the SFC's prior approval, and Unitholders will be duly notified of any such changes in accordance with the requirements prescribed by the SFC.

The Trustee will also act as the Registrar of the Sub-Funds under the terms of the Trust Deed. As the Registrar, HSBC Institutional Trust Services (Asia) Limited provides services in respect of the establishment and maintenance of the Register of the Unitholders of the Sub-Funds. The Trustee is entitled, in the absence of manifest error, to rely upon the register of Unitholders as conclusive evidence of the matters contained in the register of Unitholders.

The Manager may appoint a Registrar other than the Trustee.

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

Conversion Agent / Service Agent

HK Conversion Agency Services Limited is the Conversion Agent of the HK Dividend ETF and Service Agent of the CGB ETF under the terms of the conversion agency agreement and the service agreement respectively. Each of the service agreements was entered into among the Manager, the Trustee, the Service Agent, HKSCC, the Registrar and the relevant Participating Dealer and (where applicable) its agent while the conversion agency agreement was entered into among the Manager, the Conversion Agent and the HKSCC. The HK Conversion Agency Services Limited will perform certain services in connection with the creation and redemption of Units by Participating Dealer(s).

Auditors

The auditors of the Sub-Funds is PricewaterhouseCoopers

Participating Dealers

The role of the Participating Dealers is to apply to create and redeem Units in the Sub-Funds from time to time. Under the terms of each Participation Agreement, the Participating Dealer may only apply to create Units on the presentation of a Basket by it comprising Index Securities and/or non-Index Securities.

The Manager has the right to appoint the Participating Dealers for the Sub-Funds. The criteria for the eligibility and selection of Participating Dealers by the Manager is as follows: (i) the Participating Dealer must be licensed for at least Type 1 regulated activity pursuant to the Securities and Futures Ordinance with a business presence in Hong Kong; (ii) the Participating Dealer must be acceptable to the Trustee; and (iii) the Participating Dealer itself (or has an agent who) must be a participant in CCASS.

As at 18 December 2017, the HK Dividend ETF has 11 Participating Dealers, namely ABN AMRO Clearing Hong Kong Limited, Chief Securities Limited, China Merchants Securities (HK) Co., Limited, Citigroup Global Markets Asia Limited, Credit Suisse Securities (Hong Kong) Limited, Goldman Sachs (Asia) Securities Limited, Haitong International Securities Company Ltd, J.P. Morgan Broking (Hong Kong) Limited, Merrill Lynch Far East Limited, Phillip Securities (Hong Kong) Limited and UBS Securities Hong Kong Limited.

As at 28 December 2017, the CGB ETF has 3 Participating Dealers, namely, China Merchants Securities (HK) Co., Haitong International Securities Company Ltd and UBS Securities Hong Kong Limited.

The latest list of Participating Dealers is also available on the “Overview” page of the Sub-Funds on the Manager’s website. The webpage for the HK Dividend ETF is http://asset.pingan.com.hk/eng/3070 and the webpage for the CGB ETF is http://asset.pingan.com.hk/eng/3080.

If a Participating Dealer is not or has ceased to be a participant in CCASS, it must appoint a person who is a CCASS participant to be its agent in connection with certain obligations of the Participating Dealer related to the creation and redemption of Units. The Participating Dealer must also agree to be responsible for the acts and omission of its agent in the performance of such obligations.

Effective from 31 October 2014, the Participating Dealer, Citibank Global Markets Asia Limited, has ceased to be a participant in CCASS, and has appointed Citibank N.A. (who is a CCASS participant) as its agent in accordance with the above.

Market Makers

A market maker is a broker or a dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK. A market maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SEHK. Market makers accordingly facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SEHK. Subject to applicable regulatory requirements, the Manager would ensure that there is at least one (1) market maker for each of the Sub-Funds, and at least one market maker for each Sub-Fund is subject to 3 months' termination notice requirement. to facilitate efficient trading. The list of market markers in respect of each Sub-Fund from time to time will be displayed on (www.hkex.com.hk).

INVESTMENT OBJECTIVES AND POLICIES

Each of the Sub-Funds is an index-tracking exchange traded fund, the investment objective of which is to track the performance of its Underlying Index. In general, each Sub-Fund will aim to achieve its investment objective by adopting either a Replication Strategy or a Representative Sampling Strategy as described further below under the section titled “Principal Investment Strategies of the Index Funds” and the section titled “Investment Objective and Strategy” for each of the Sub-Funds.

An index is a group of Securities which an Index Provider selects as representative of a market, market segment or specific industry sector. The Index Provider determines the relative weightings of the Securities in the index and publishes information regarding the market value of the index. Generally speaking, the performance of an index should reflect the performance of the companies in the market segment or specific industry sector or the performance of the fixed income portfolio which the index covers.

There can be no assurance that each Sub-Fund will achieve its investment objective.

Indexing Investment Approach

Unlike traditional “active” investment management, which needs the manager’s own investment judgment from time to time, there is no active investment judgment involved in index investment approach.

Indexing investment approach aims to achieve an investment performance that closely corresponds with the underlying index, either by a Replication Strategy or by a Representative Sampling Strategy as described under “Principal Investment Strategies of the Index Funds”.

The Trust is designed for investors who want a relatively inexpensive passive approach to investing in a portfolio of Securities of a broad market, market segment, or market sector of a single country or region. The Trust offers investors a convenient way to obtain index- based exposure to the stock markets or debt markets of a specific country or region. However, movements in the prices of Units may be volatile. Therefore, if you purchase Units, you should be able to tolerate sudden, or even drastic, changes in the value of your investment.

The Manager generally seeks to achieve the objective of each Index Fund primarily by investing (directly or indirectly) in Securities comprised in the relevant Underlying Index adopting either a Replication Strategy or a Representative Sampling Strategy as described further below under the section titled “Principal Investment Strategies of the Index Funds”.

The Manager cannot assure that any Index Fund will achieve its investment objective. Each Index Fund will not be actively managed; as such, the expectation of adverse performance of a Security from an Index Fund’s portfolio will ordinarily not result in the elimination of the Security from an Index Fund’s portfolio. For different reasons, an Index Fund may not invest in all of the Securities or the same weight of the securities in the Underlying Index. Some Index Funds may, if in th e Manager’s opinion it is in the interest of the relevant Index Fund and subject to applicable investment restrictions, even invest in Securities (either directly or indirectly) that are not in their

Underlying Index.

Investment of Assets

Each Index Fund has a policy to remain as fully invested as practicable. Each Index Fund will normally have at least 95 per cent of its total assets invested (directly or indirectly) in Securities comprised in the Underlying Index or in other Securities, based on one of the principal investment strategies described below, except, in limited circumstances, to help meet Redemption Applications.

The Manager may, subject to applicable investment restrictions, invest an Index Fund's assets in money market instruments or funds that invest exclusively in money market instruments, in repurchase agreements, in stocks that are in the relevant market but not the Index Fund's Underlying Index (as indicated above), and/or in combinations of stock index futures contracts, options on futures contracts, stock index options, stock index swaps, cash, local currency and forward currency exchange contracts which the Manager believes will help the Index Fund achieve its investment objective.

The Manager may attempt to reduce tracking error by using futures contracts whose behavior is expected to represent the market performance of an Index Fund's Underlying Index, although there can be no assurance that these futures contracts will correlate with the performance of the Index Fund's Underlying Index. The Manager will not use these instruments to leverage, or borrow against, an Index Fund's Securities holdings or for speculative purposes. In some cases, the use of these special investment techniques can adversely affect the performance of an Index Fund.

PRINCIPAL INVESTMENT STRATEGIES OF THE INDEX FUNDS

The Replication Strategy and Representative Sampling Strategy are the two most common indexing strategies used by index-tracking funds to pursue their investment objective.

Replication Strategy

Using a Replication Strategy, an Index Fund will invest in substantially all the Securities constituting the Underlying Index (either directly or indirectly), in substantially the same weightings (i.e. proportions) as these Securities have in the Underlying Index. When the constituents of the Underlying Index change, the portfolio of the Index Fund will change accordingly.

Representative Sampling Strategy

An Index Fund may not hold (either directly or indirectly) all of the Securities that comprise its Underlying Index if the Manager believes that a Replication Strategy is not the most efficient means to track the performance of Underlying Index after considering the liquidity of such securities, high trading costs, tax and other regulatory restrictions etc.

Under the Representative Sampling Strategy, the Manager uses quantitative models to evaluate the inclusion of each security and its weight in an Index Fund based on its contribution to certain risk factors, industry and fundamental investment characteristics. The Manager may regularly alter (or “rebalance”) the portfolio composition of an Index Fund to reflect changes in the characteristics of its Underlying Index or to bring the performance and characteristics of an Index Fund more in line with that of its Underlying Index.

The Manager may switch between the above strategies, without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the relevant Index Fund.

THE HK DIVIDEND ETF

KEY INFORMATION

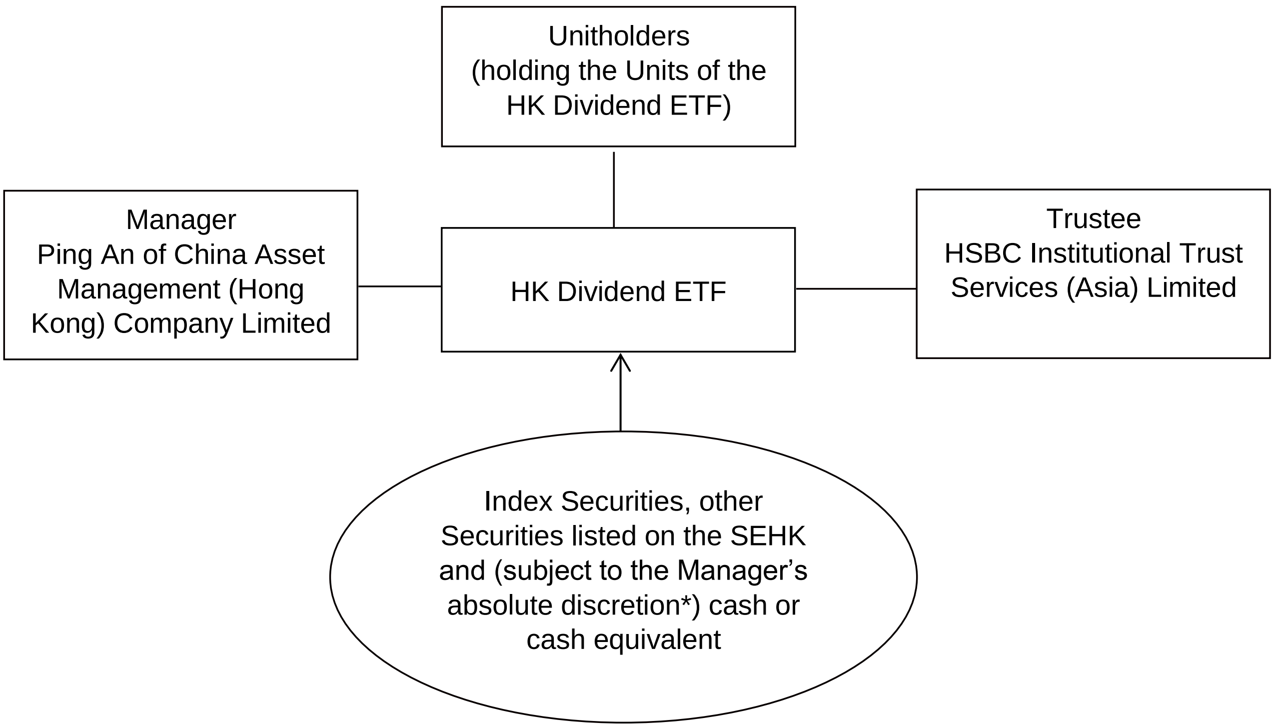
The following table is a summary of key information in respect of the HK Dividend ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type		Exchange Traded Fund (**"ETF"**)
Underlying Index		Index: CSI Hong Kong Dividend Index Launch Date: 23 July 2009 Base Date: 31 December 2004 Number of constituents: 30 Base Currency of Index: HK$
Listing Date		15 February 2012
Exchange Listing		SEHK – Main Board
Stock Code		3070
Trading Board Lot Size		100 Units
Base Currency		Hong Kong Dollars (HK$)
Trading Currency		Hong Kong Dollars (HK$)
Dividend Payout		Semi-annually (if any) at the discretion of the Manager, usually in or around June and December
Application Unit Size for Creation/ Redemption by Participating Dealers		Minimum 30,000 Units (or multiples thereof)
Method(s) of Creation or Redemption available through Participating Dealers		In-kind or, subject to the Manager's absolute discretion, in cash
Dealing Deadline		3:45 p.m. on the relevant Dealing Day, or such other time as the Manager may determine from time to time
Parties	Manager	Ping An of China Asset Management (Hong Kong) Company Limited
	Trustee, Custodian and Registrar	HSBC Institutional Trust Services (Asia) Limited
	Conversion Agent	HK Conversion Agency Services Limited
	Participating Dealer(s)	• ABN AMRO Clearing Hong Kong Limited • Chief Securities Limited • China Merchants Securities (HK) Co., Limited • Citigroup Global Markets Asia Limited • Credit Suisse Securities (Hong Kong) Limited • Goldman Sachs (Asia) Securities Limited • Haitong International Securities Company Ltd • J.P. Morgan Broking (Hong Kong) Limited • Merrill Lynch Far East Limited • Phillip Securities (Hong Kong) Limited • UBS Securities Hong Kong Limited

	Participating Dealer's Agent	Citibank N.A. (as agent of Citibank Global Markets Asia Limited)
	Market Maker(s)	• BNP Paribas Securities (Asia) Limited • China Merchant Securities (HK) Co., Limited • Haitong International Securities Company Ltd
Management Fee		0.55% p.a. of NAV calculated daily
Investment Strategy		Primarily a replication strategy. The Manager may also adopt a representative sampling strategy
Financial Year End		31 December
Website		on the Manager’s website http://asset.pingan.com.hk/eng/3070

Structure of the HK Dividend ETF

The diagram below briefly summarizes the structure of the HK Dividend ETF:



* Normally, creation and redemption of Units will be effected “in kind”. Creation and redemption of Units in cash may only be effected at the Manager’s discretion under limited circumstances.

INVESTMENT OBJECTIVE AND STRATEGY

The HK Dividend ETF is an index-tracking exchange traded fund under Chapter 8.6 and Appendix I of the Code which seeks to track the performance of the Underlying Index, CSI HK Dividend Index.

In order to achieve the investment objective, the HK Dividend ETF intends to primarily adopt a replication strategy to track the performance of the relevant Underlying Index. The HK Dividend ETF will directly invest in substantially all of the Index Securities of the relevant Underlying Index in substantially the same weighting (i.e. proportions) as these Index Securities have in the relevant Underlying Index.

Where the adoption of a replication strategy is not efficient or practicable, or otherwise at the Manager's discretion, the HK Dividend ETF may pursue a representative sampling strategy and directly invests in a representative sample of the Index Securities of the relevant Underlying Index. When adopting this strategy, the HK Dividend ETF may or may not hold all the Index Securities of the relevant Underlying Index and the Manager may overweight certain of the Index Securities relative to the relevant Index Securities' respective weightings in the relevant Underlying Index on the condition that the maximum extra weighting in any Index Security will not exceed 4% or such other percentage as determined by the Manager after consultation with the SFC. The HK Dividend ETF may invest in non-Index Securities which are listed on the SEHK as the Manager considers appropriate. The Manager shall report to the SFC on a timely basis if there is any non- compliance with this limit by the HK Dividend ETF. The annual and semi-annual reports of the HK Dividend ETF shall also disclose whether or not such limit has been complied with during such period.

The Manager may switch between the replication strategy and the representative sampling strategy without prior notice to investors, in its absolute discretion, and as often as it believes is appropriate in order to achieve the investment objective of the HK Dividend ETF by tracking the relevant Underlying Index as closely as possible to the benefit of investors. However, investors should note that the adoption of a representative sampling strategy is associated with certain additional risks, in particular, a possible increased tracking error at the time of the switch, as well as possible increased tracking error in general. Investors should read the "Risk Factors" section below carefully.

There can be no assurance that the HK Dividend ETF will achieve its investment objective. The HK Dividend ETF does not intend to invest in financial derivative instruments, futures contracts, options on futures contracts, options and swaps or local currency and foreign currency exchange contracts for hedging or investment purposes. The HK Dividend ETF has no intention of having any direct or indirect exposure to China A Shares or B Shares as the Underlying Index does not comprise China A Shares or B Shares.

SPECIFIC RISKS

In addition to the general risks described in the "Risk Factors" section below, the HK Dividend ETF is subject to the following additional special risks.

- *Portfolio Concentration Risk* – As at 8 December 2017, the Underlying Index consists of 30 constituent securities listed on the SEHK, and the aggregate weighting of the top 10 constituent stocks of the Underlying Index accounts for around 77.29% of the Underlying Index. HK Dividend ETF is therefore relatively concentrated in a limited number of stocks. The HK Dividend ETF is likely to be more volatile than a fund tracking an index with a greater number of constituent stocks, as the adverse performance of a constituent stock will have a greater impact on the value of the HK Dividend ETF.

- *Market Concentration Risk* – The HK Dividend ETF is subject to concentration risk as a result of tracking the performance of companies whose operations and business are primarily from a single region (i.e. China and Hong Kong). As at 8 December 2017, Index Securities accounting for approximately 85.97% of the Underlying Index have exposure to mainland China and Hong Kong. The HK Dividend ETF will likely be more volatile than a broadly-based fund such as a global or regional equity fund as it is more susceptible to fluctuations in value resulting from adverse conditions in that single region.

- *Distribution Risk* – Dividend distributions are not guaranteed and are subject to the discretion of the Manager. Therefore, investors may not receive any dividends from the HK Dividend ETF, notwithstanding that the constituent securities of the CSI HK Dividend Index may have dividend distributions.

<u>THE INDEX</u>

The Underlying Index in respect of the HK Dividend ETF, being the CSI Hong Kong Dividend Index, is a diversified index consisting of 30 constituent stocks compiled and managed by the CSI. The Underlying Index in respect of the HK Dividend ETF is a price return index.

The Manager will consult the SFC on any events that may affect the acceptability of any of the Underlying Index (for example, the change in methodology/rules or compiling or calculating the Underlying Index, or a change in the objective or characteristics of the Underlying Index). The Manager shall notify Unitholders as soon as practicable of any significant events relating to any of the relevant Underlying Index.

General

The CSI Hong Kong Dividend Index (the **"CSI HK Dividend"**) seeks to reflect the performance of high dividend yield securities in the Hong Kong market by selecting the 30 securities with high dividend yield, stable dividend payment and good liquidity from the entire universe of securities listed on the SEHK. The CSI HK Dividend was launched on 23 July 2009 and its base date was on 31 December 2004.

CSI is a professional index service company jointly founded by the Shanghai Stock Exchange and the Shenzhen Stock Exchange, to provide services relating to securities indices. CSI is independent of the Manager and its Connected Persons.

The CSI HK Dividend is calculated by CSI. However, neither CSI nor the SEHK shall be liable (whether in negligence or otherwise) to any person for any error in the CSI HK Dividend or shall be under any obligation to advise any person of any error therein. All intellectual property rights of the Underlying Index and list of constituent securities thereof shall belong to CSI. The HK Dividend ETF is not in any way endorsed, sold, sponsored or promoted by CSI or by the SEHK. Neither the SEHK nor CSI makes any warranty or representation whatsoever, expressly or impliedly, either as to the results of the use of the Underlying Index.

Below is a brief summary of the basic information, selection criteria, selection methodology and maintenance of the CSI HK Dividend as of the date of publication of this Prospectus. Such information is subject to revision from time to time by China Securities Index Co., Ltd. and before making investment decisions, investors should refer to the website of China Securities Index Co., Ltd. (www.csindex.com.cn) for the latest version of such information.

Basic Information

Index Code	H11140(HKD)
Launch Date	23 July 2009
Base Date	31 December 2004
Base Index	1000
Periodical Review	Next trading day after close of the second Friday of December each year

As at 8 December 2017, the top 10 constituent stocks of the CSI HK Dividend and their respective weightings are listed below:-

	Stock Code	Constituent Name	Sector	Weight(%)
1.	5.HK	HSBC	Financials	10.06%
2.	3988.HK	Bank of China	Financials	10.02%
3.	939.HK	CCB Corp	Financials	9.94%
4.	1398.HK	ICBC	Financials	9.90%
5.	883.HK	CNOOC	Energy	7.98%
6.	2388.HK	BOC HK Hldg	Financials	6.91%
7.	3968.HK	CN Merchants BK	Financials	5.96%
8.	386.HK	Sinopec Corp	Energy	5.93%
9.	2007.HK	Country Garden	Real Estate	5.89%
10.	1288.HK	ABC Ltd	Financials	4.70%

The constituent list of the CSI HK Dividend and other information regarding the index, as updated from time to time, is available on CSI's website (www.csindex.com.cn).

As at 8 December 2017, the breakdown of the constituent stocks of CSI HK Dividend by the countries in which they have exposure and their respective weightings are listed below:

Country Name	Weight (%)
Macau	4.0
Britain	10.1
Hong Kong	16.7
China	69.3
Total	100.00

Index Dissemination

Information regarding the CSI HK Dividend is widely disseminated in and outside of Hong Kong through the immediate global reporting through the Reuters (Reuters RIC: CSIH11140) and Bloomberg (Bloomberg Ticker: CSIH1140) financial news systems.

Index Methodology

Index Universe

The universe of eligible constituents consists of securities which satisfy both paragraph (A) and (B) below.

(A) The security satisfies all of the following conditions:

- the security is a common stock or a real estate investment trust primarily listed on the SEHK (main board or growth enterprise market);
- the security has been listed for more than 3 months in the most recent year unless the daily average total market value of the security since listing is ranked among top 10 among all Hong Kong securities;
- the security has a daily average closing price of not less than HK$0.10 in the most recent year;
- where the security has a daily average closing price of not less than HK$0.10 but less than HK$0.50 in the most recent year and the security does not have negative earnings per share according to its most recent annual report;
- the daily average turnover ratio of the security in the most recent three months is not less than 0.1%;
- the security is not considered as inappropriate by the Index Advisory Committee (please refer to “Index Advisory Committee” section below for more information); and

(B) Among the securities which satisfy all of the conditions in paragraph (A) above,

- the security is within the top 50% ranked by daily average trading value of the most recent year (with daily average trading value of the most recent year no less than HK$50 million);
- the security is within the top 50% ranked by daily average market cap of the most recent year; and
- the security has a dividend yield more than zero for the past three (3) years on a consecutive basis.

Constituents Selection

Eligible stocks are first sorted in descending order based on the average dividend yield over the 3 years. The securities ranked top 30 stocks on the list are then selected as index constituents, unless considered not suitable to be an index constituent by the Index Advisory Committee.

Index Advisory Committee

The Index Advisory Committee is a committee established by CSI and comprises highly qualified and experienced experts and specialists in the asset management industry worldwide with expertise in index creation, indexing and market research. The Index Advisory Committee is responsible for the evaluation, consulting and examination of the index methodologies of CSI HK Dividend, advising on operational issues and ensures the fair and rational management of CSI HK Dividend. The Index Advisory Committee meets on a regular basis and examines the constituent stocks of CSI HK Dividend to ensure that securities that are considered as inappropriate to be included as constituent stocks of CSI HK Dividend are excluded. The Index Advisory Committee is independent of the Manager and its Connected Persons.

In assessing whether a particular constituent stock is to be excluded from CSI HK Dividend, the Index Advisory Committee takes into account a range of basic information, such as trading data, financial data of the particular constituent stock and relevant regulation announcement, including but not limited to its daily average trading value, daily average market cap, daily average closing price, earnings per share and amount of dividend distributed, etc. Such periodic review mechanism ensures that the inclusion of constituent stocks in CSI HK Dividend fulfill the relevant conditions laid down in the index universe, and that such process is rule-based and objectively calculated.

Index Calculation

The Underlying Index is calculated using the Paasche weighted composite price index formula as follows, subject to a 10% cap on the weight of each individual index constituent:

$$\text{Current index} = \frac{\text{current adjusted market cap of constituents}}{\text{base period}} \times 1000$$

Where: adjusted market cap = ∑ (price x adjusted number of shares x weight cap factor x exchange rate). The adjusted number of shares is obtained through using the category-weighted method. The weight cap factor is between 0 and 1 and is applied at the time of index review.

The category-weighted method is as shown in the following table:

Negotiable Market Cap Ratio (%)	≤10	(10, 20]	(20, 30]	(30, 40]	(40, 50]	(50, 60]	(60, 70]	(70, 80]	>80
Inclusion Factor (%)	Negotiable Market Cap Ratio	20	30	40	50	60	70	80	100

Example: A security with a negotiable market cap ratio (negotiable market cap /total market cap) of 7%, which is below 10%, will have an inclusion factor equals to its negotiable market capitalization ratio. A security with a negotiable market cap ratio of

35% will belong to category (30, 40], and the corresponding inclusion factor is 40%, i.e. 40% of total number of shares will be used for index calculation. The negotiable market cap ratio means the proportion of market cap remaining after excluding the following non-negotiable shares from the total market cap: (a) long term holdings by founders, families, and senior executives; (b) Government holdings; (c) holdings by strategic investors; (d) frozen shares; (e) restricted employee shares; and (f) cross-holdings.

Exchange Rate

The exchange rate shall be the applicable mid-price quote by Thomson Reuters.

Index Maintenance

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

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

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

Circumstances under which maintenance of the CSI HK Dividend is required include the following:

(a) ex-right: whenever bonus shares or rights are issued for a constituent stock, the CSI HK Dividend is adjusted the day before such issuance; adjusted market cap after divisor adjustment = ex-right quote x number of shares of capital stock after the stock started to trade ex-right + adjusted market cap before divisor adjustment (excluding ex-right shares);

(b) suspension of trading: if a constituent stock is suspended from trading, its last trading price is used to calculate the CSI HK Dividend, until trading is resumed;

(c) other corporate events such as second offering or exercise of warrants:

   (i) if the cumulative change of constituent shares is more than 5%,

   the CSI HK Dividend is adjusted the day before the change; adjusted market cap after the adjustment = closing price x adjusted number of shares after the change;

   (ii) if the cumulative change of constituent shares is less than 5%, the CSI HK Dividend is adjusted in the next regular review; and

(d) when there is a periodic adjustment or an ad hoc adjustment of the list of constituent stocks of the CSI HK Dividend, the CSI HK Dividend is adjusted prior to the date of the change.

Adjustments to Constituent Stock

Regular Adjustments of Constituent Stock

Regular reviews and adjustments are made to the CSI HK Dividend every December, and such adjustments take effect on the next trading day after close of the second Friday of December.

The number of constituent securities to be adjusted will generally not exceed 20% each time, unless more than 20% of the constituent securities fail to meet the conditions of the stock universe.

Ad Hoc Adjustments

Additionally, ad hoc adjustments are made to the CSI HK Dividend when special events take place in the constituent companies.

(a) Mergers and Acquisitions

If the merged company satisfies the requirements of the index universe, the stock of the merged company will be added to the CSI HK Dividend. Its fundamental adjustment factors, which is the value obtained from dividing the fundamental weight of the merged company by the negotiable market cap, will be recalculated such that the investment weight of the new company will be equal to that of the aggregate of the merged entities. The resulting vacancy in the CSI HK Dividend will be filled during the next regular adjustment.

In the case of the acquisition of one constituent company by another non-constituent company by way of shares or a combination of shares and cash, the new constituent company, if its satisfies the requirements of the index universe, will replace the previous constituent company. Its fundamental adjustment factors will be recalculated such that the new constituent company will be equal in investment weight to the previous constituent company.

If one constituent company is acquired by a non-constituent company by way of cash, the previous constituent company will be removed from the CSI HK Dividend. The resulting vacancy will be filled during the next regular adjustment.

(b) Spin-off

If a constituent company is spinned off into two or more separate entities, all of which satisfy the requirements of the index universe, all the entities will remain in the CSI HK Dividend. The same fundamental adjustment factors will be adopted in the calculation of the investment weight of the new companies so that the combined investment weight of the new companies will equal to that of the old constituent company.

(c) Delisting and etc.

If a constituent company is delisted, or has bankruptcy proceedings commenced against it, it will be removed from the CSI HK Dividend as soon as practicable. The resulting vacancy will be filled during the next regular adjustment.

Index Licence Agreement

For the HK Dividend ETF, the licence agreement between the Index Provider and the Manager was entered into on 1 June 2011, pursuant to which the Manager was granted a licence by the Index Provider to use the Underlying Index as a basis for determining the composition of the HK Dividend ETF and to use certain trade marks in the Underlying Index. The licence granted was for an initial term of 3 years and continued until 1 June 2014, on which date the licence was automatically renewed for one year and should be continually renewed for successive terms of one year unless terminated pursuant to the agreement.

Unless otherwise agreed between the Manager and the Index Provider, the Index Provider may terminate the Manager's license under the following circumstances:

- by mutual agreement between the Manager and the Index Provider;
- if the Manager ceases to manage the Sub-Fund;
- the appointment of the Manager as manager of the Trust terminates;
- if the SFC or SEHK requires the Manager to cease its management of the Sub-Fund or requires the Index Provider to terminate its licence for the use of the Index;
- if the Manager seriously violates relevant laws or statutes, or breaches the operational rules of a stock exchange;
- if the Sub-Fund becomes the subject of major litigation or major investigation by regulatory or administrative authority;
- Index Provider loses its rights and interests in relevant Underlying Index;
- the agreement for the grant of licence cannot be performed or performance of which cannot be continued due to force majeure;
- the Manager ceases to do business or is liquidated or declared insolvent;
- under other circumstances specified by laws.

THE CGB ETF

KEY INFORMATION

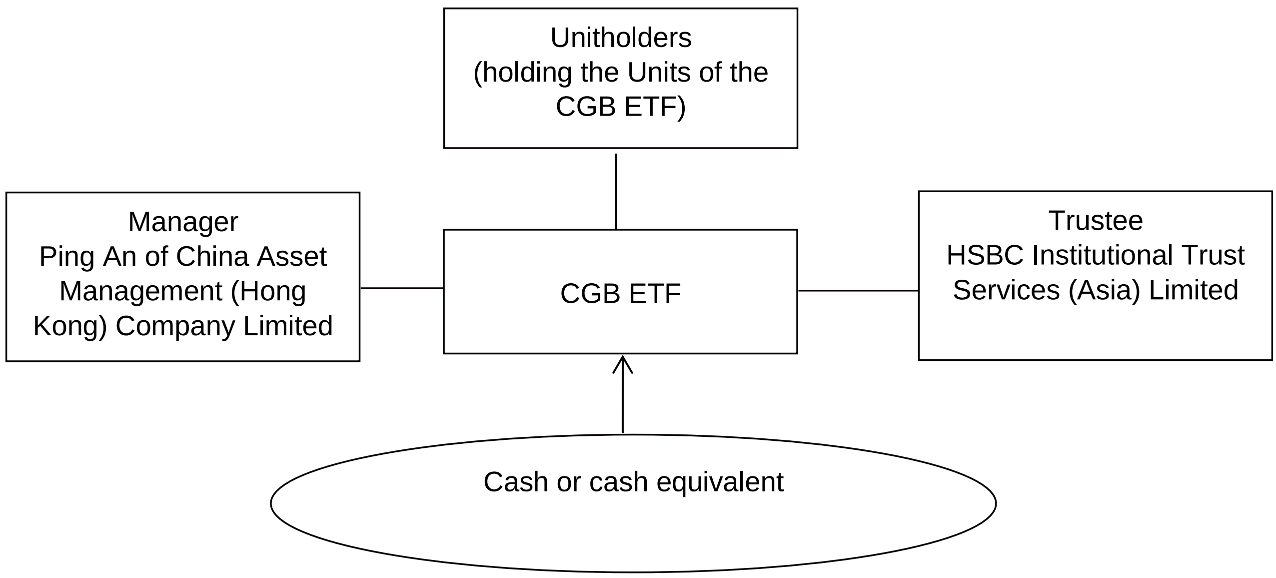
The following table is a summary of key information in respect of the CGB ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type		Exchange Traded Fund (**"ETF"**)
Underlying Index		Index: CSI PingAn 5-10y CGB Benchmark Index Launch Date: 25 October 2017 Base Date: 31 December 2011 Number of constituents: 18 (as at 8 December 2017) Base Currency of Index: RMB
Issue Price during the Initial Offer Period		RMB100
Listing Date		29 December 2017
Exchange Listing		SEHK – Main Board
Stock Code		3080
Trading Board Lot Size		100 Units
Base Currency		Renminbi (RMB)
Trading Currency		Hong Kong dollars (HK$)
Dividend Payout		Semi-annually (if any) at the discretion of the Manager, usually in or around June and December Dividend will not be paid out of capital or effectively out of capital. All Units will receive distributions in the base currency (RMB) only.
Application Unit Size for Creation/ Redemption by Participating Dealers		Minimum 30,000 Units (or multiples thereof)
Method(s) of Creation or Redemption available through Participating Dealers		In cash (RMB only)
Dealing Deadline		11:00 a.m. on the relevant Dealing Day, or such other time as the Manager may determine from time to time
Parties	Manager	Ping An of China Asset Management (Hong Kong) Company Limited
	Trustee, Custodian and Registrar	HSBC Institutional Trust Services (Asia) Limited
	Service Agent	HK Conversion Agency Services Limited
	Participating Dealer(s)	• China Merchants Securities (HK) Co., Limited • Haitong International Securities Company Limited • UBS Securities Hong Kong Limited
	Market Maker(s)	• China Merchants Securities (HK) Co., Limited • Haitong International Securities Company Limited • UBS Securities Hong Kong Limited
Management Fee		0.55% p.a. of NAV calculated daily

Investment Strategy	Primarily a replication strategy. The Manager may also adopt a representative sampling strategy.
Financial Year End	31 December
Website	http://asset.pingan.com.hk/eng/3080

Structure of the CGB ETF

The diagram below briefly summarizes the structure of the CGB ETF:



INVESTMENT OBJECTIVE AND STRATEGY

The CGB ETF is an index-tracking exchange traded fund under Chapter 8.6 and Appendix I of the Code which seeks to track the performance of the Underlying Index, CSI PingAn 5-10y CGB Benchmark Index.

In order to achieve the investment objective, the CGB ETF intends to primarily adopt a full replication strategy to track the performance of the Underlying Index. The CGB ETF will directly invest in substantially all of the China government bonds issued by the MOF ("**CGBs**"), denominated and settled in RMB and issued and distributed within Mainland China, which are included as constituents of the Underlying Index in substantially the same weighting (i.e. proportions) as these CGB have in the Underlying Index. Up to 100% of the Net Asset Value will be invested in CGBs.

Where it is not possible to acquire certain CGBs which are constituents of the Index due to restrictions or limited availability, the CGB ETF may also pursue a representative sampling strategy by investing in a portfolio featuring high correlation with the Underlying Index and the Manager may invest other CGBs that are not included as constituents of the Underlying Index. When adopting this strategy, the CGB ETF may or may not hold all the Index Securities of the Underlying Index and the Manager may overweight certain of the CGBs which are included as constituents of the Underlying Index relative to the CGBs' respective weightings in the Underlying Index. The CGB ETF may invest in CGBs not included as constituents of the Underlying Index as the Manager considers appropriate, but will not invest in securities other than CGBs.

The CGBs which are not constituents of the Underlying Index will have a term to maturity of 5 to10 years, provided that the sample closely reflects the overall characteristics of the Underlying Index which the Manager believes will help the CGB ETF achieve its investment objective.

As the Underlying Index comprises only CGBs, there is no credit rating requirement for inclusion in the Underlying Index. The credit rating of the PRC government as the issuer of CGBs is A+ by Standard & Poor's and A1 by Moody's.

Exposure to CGBs will be gained via investing in the PRC inter-bank bond market primarily (i.e. at least 70% of its NAV) through the "Bond Connect", the initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China, however the Manager may, in exceptional circumstances, invest in CGBs distributed outside of Mainland China and settled in offshore RMB (CNH), provided that the portfolio closely reflects the overall characteristics of the Underlying Index. The CGB ETF may also utilise the "Foreign Access Regime", the regime which allows foreign institutional investors to invest in the PRC inter-bank bond market, and/or other means as may be permitted by the relevant regulations from time to time.

The Manager may switch between the replication strategy and the representative sampling strategy without prior notice to investors, in its absolute discretion, and as often as it believes is appropriate in order to achieve the investment objective of the CGB ETF by tracking the Underlying Index as closely as possible to the benefit of investors. However, investors should note that the adoption of a representative sampling strategy is associated with certain additional risks, in particular, a possible increased tracking error at the time of the switch, as well as possible increased tracking error in general. Investors should read the "Risk Factors" section below carefully.

The investment strategy of the CGB ETF is subject to the investment and borrowing restrictions set out in the section "Investment and Borrowing Restrictions". In particular, Chapters 7.4 and 7.5 of the Code applies to the CGB ETF such that:

(a) not more than 30% of the Net Asset Value of the CGB ETF may be invested in Government and other Public Securities of the same issue; and

(b) subject to Chapter 7.4 of the Code, the CGB ETF may invest all of its assets in Government and other Public Securities in at least 6 different issues.

There is no current intention for the CGB ETF to (i) invest in any financial derivatives (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes, (ii) invest in urban Investment bonds (城投債), (iii) invest in structured products or instruments, structured deposits, asset backed securities, asset backed commercial papers and mortgage backed securities, or (iv) enter into securities lending, repurchase transactions, reverse repurchase transactions or other similar over-the-counter ("**OTC**") transactions, but this may change in light of market circumstances and where the CGB ETF does engage in these types of transactions, prior approval shall be obtained from the SFC and no less than one month's prior notice will be given to the Unitholders.

THE OFFSHORE RMB MARKET

What Led to RMB Internationalisation?

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

Over the past two decades, the Chinese economy grew rapidly at an average annual rate of 9.8% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. As the Chinese economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

Accelerating the Pace of the RMB Internationalisation

China has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong. As of the end of July 2017, the total RMB deposits with licensed banks in Hong Kong amounted to RMB 534.73 billion.

The pace of RMB internationalisation has accelerated since 2009 when Chinese authorities permitted cross-border trade between Hong Kong / Macau and Shanghai / 4 Guangdong cities, and between ASEAN and Yunnan/Guangxi, to be settled in RMB. In June 2010, the arrangement was expanded to 20 provinces / municipalities in China and to all countries / regions overseas. About RMB 4.5 trillion worth of cross border trade was settled in Hong Kong using RMB in 2016.

Onshore versus Offshore RMB Market

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

Both onshore and offshore RMB are the same currency but are traded in different markets. Since the two RMB markets operate independently where the flow between them is highly restricted, onshore and offshore RMB are traded at different rates and their movement may not be in the same direction. Due to the strong demand for offshore RMB, CNH used to be traded at a premium to onshore RMB, although occasional discount may also be observed. The relative strength of onshore and offshore RMB may change significantly, and such change may occur within a very short period of time.

Notwithstanding that the offshore RMB market showed a meaningful growth during the past 2 years, it is still at an early stage of the development and is relatively sensitive to negative factors or market uncertainties. For instance, the value of offshore RMB had once dropped by 2% against the US dollars in the last week of September 2011 amidst the heavy selloff of the equities market. In general, the offshore RMB market is more volatile than the onshore one due to its relatively thin liquidity.

There have been talks on the potential convergence of the 2 RMB markets but that is believed to be driven by political decisions rather than just economics. It is widely expected that the onshore and offshore RMB markets would remain 2 segregated, but highly related, markets for the next few years.

Recent Measures

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

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

RMB Internationalisation is a Long-Term Goal

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

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

THE CHINESE ONSHORE BOND MARKET

The PRC bond market consists of three markets: (i) the interbank bond market regulated by the PBOC and functions as a wholesale market for institutional investors; (ii) the exchange bond market regulated by the CSRC and targets non-bank institutions and individuals investors; and (iii) the bank over-the-counter market regulated by the PBOC and targets non-financial institutions and individual investors. However, the current size and trading volume of the bank over-the-counter market is much smaller than the interbank bond market and the exchange bond market.

With its dominant market position, the interbank bond market accounts for more than 90% of the total bonds outstanding as at the end of December 2016. At the same time, the interbank bond market had a diversified investor base of which most have direct access to the centralised trading system, which covers all types of financial institutions such as commercial banks, securities firms, fund houses, insurance companies and various kinds of investment products like mutual funds and pension funds. The remaining which include small financial institutions, non-financial enterprises and foreign entities as well, gain access to the market through settlement agencies.

The CCDC acts as the central custodian of all marketable RMB bonds. For the exchange bond market, it adopts a two-level custody system, with the CCDC acting as the primary custodian and the CSDCC acting as the secondary custodian.

The main features of the different PRC bond markets are set out in the table below.

	Inter-bank bond market	**Exchange-traded bond market**
Market size	Approximately RMB52 trillion outstanding, as of end of 2016 (source: CCDC)	Approximately RMB4.4 trillion, as of end of 2016
Major types of products traded	CGB, local government bonds, central bank bills, financial bonds, enterprise bonds, short-term financing bills, medium term notes, asset-backed securities, panda bonds (i.e. RMB-denominated bonds issued by international financial institutions within the boundaries of China)	CGB, local government bonds, enterprise bonds, corporate bonds, financial bonds, convertible bonds, asset back securities
Key market participants	Institutional investors (such as commercial banks, securities firms, funds and trust investment companies), QFIIs, RQFIIs	Individuals and non-bank institutions (such as insurance companies and funds), QFIIs, RQFIIs
Trading and settlement mechanism	Trading mechanism: a quote-driven OTC market between institutional investors Settlement mechanism: primarily delivery versus payment (DVP), on either a T+0 or T+1 settlement	Trading an electronic automatic matching system where Securities are traded on the SSE or SZSE Settlement mechanism: clearing and settlement are through the

	cycle	CSDCC on T+1 settlement cycle
Regulator	PBOC	CSRC
Counterparty with whom investors will trade	The trading counterparty (i.e. the other market participants)	CSDCC, which acts as the central counterparty to all Securities transactions on the SSE and the SZSE
Central clearing	CCDCC; short-term financing bills issued on or after 1 September 2011 are cleared through the Shanghai Clearing House (上海清算所)	CSDCC
Liquidity	High	Medium to low
Associated risks	Interest rate risk, credit risk, counterparty risk	Interest rate risk, credit risk, liquidity risk
Minimum rating requirements	No requirement However, market participants typically require a rating of at least "BBB" given by a local credit rating agency.	No requirement However, if upon listing a corporate bond or enterprise bond does not have a credit rating of at least "AA" given by a local credit rating agency, then such bond can only be traded on the fixed income electronic platform of the relevant exchange (固定收益證券綜合電子平臺), which is open only to institutional investors. Bonds that do not satisfy this minimum requirement cannot be traded via the quote-driven platform (競價交易系統), which is open to all investors, including retail investors.
Types of debt instruments commonly seen and the issuers	Government bonds, treasury bonds: issued by the MOF Central bank bills: issued by PBOC Financial bonds: issued by policy banks (China Development Bank, Agricultural Development Bank of China and Export-Import Bank of China), commercial banks and	Government bonds, treasury bonds: issued by the MOF Enterprise bonds: issued by government-related, state-owned or state-held entities Corporate bonds: issued by listed companies

	other financial institutions Enterprise bonds: issued by government-related, state-owned or state-held entities	Convertible bonds: issued by listed companies

The major types of bonds available in the PRC inter-bank bond market can be grouped into 6 broad categories: (i) Central bank bills issued by the PBOC; (ii) Treasury Bonds issued by the MOF; (iii) Policy bank bonds issued by policy banks, including China Development Bank, Export-Import Bank of China and Agricultural Development Bank of China; (iv) Financial bonds, including commercial bank bonds and non-bank financial institution bonds; (v) Non-financial credit bonds issued by non-financial institution corporates, including enterprise bonds, commercial papers ("**CP**"), medium-term notes ("**MTN**") and corporate bonds; (vi) other types of bonds or instruments such as local government bonds issued by provincial or city governments, foreign bonds issued by foreign entities, asset-backed securities and mortgage-backed securities, etc.

The PRC central government (through the MOF) issues the Chinese government bonds, so called "Treasury Bonds" in the PRC bonds markets. It is generally considered by market participants that Treasury Bonds have a solid financial foundation and therefore they have received the widest market acceptance. The outstanding amount of Treasury Bonds in the interbank bond market is over RMB10,000 billion, comprising approximate 25% of the whole market. It offers the most diverse tenors and the best liquidity in secondary market amongst all types of bonds.

Besides Treasury Bonds, the central government also allows local provinces and cities to issue bonds, so called "local government bonds". The local government needs to seek permission from the central government before issuing such bonds, and the MOF acts as the proxy agent on local government debt issuance and interest and principal payment. This mechanism aims to afford better protection for investors on the financial transparency.

On the other hand, local governments may set up corporate vehicles (local government financing vehicles) to issue bonds, to avoid the budget control regulations imposed by the central government. The bonds issued by local government financing vehicles are called urban investment bonds (城投債), which are a type of credit bonds.

Investment in the PRC Inter-bank Bond Market via Northbound Trading Link under Bond Connect

Bond Connect is a new initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China ("**Bond Connect**") established by China Foreign Exchange Trade System & National Interbank Funding Centre ("**CFETS**"), CCDCC, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the PRC authorities. Such rules and regulations may be amended from time to time and include (but are not limited to):

- the "Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017])" (內地與香港債券市場互聯互通合作管理暫行辦法(中國人民銀行令[2017]第 1 號)) issued by the PBOC on 21 June 2017;

- the "Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect" (中國人民銀行上海總部"債券通"北向通境外投資者准入備案業務指引) issued by the Shanghai Head Office of PBOC on 22 June 2017; and

- any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in China, eligible foreign investors will be allowed to invest in the bonds circulated in the PRC inter-bank bond market through the northbound trading of Bond Connect ("**Northbound Trading Link**"). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the CSDCC and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

Investment in the PRC Inter-bank Bond Market via Foreign Access Regime

Pursuant to the "Announcement (2016) No 3" issued by the PBOC (中國人民銀行公告[2016]第 3 號) on 24 February 2016, foreign institutional investors can invest in the PRC inter-bank bond market ("**Foreign Access Regime**") subject to other rules and regulations as promulgated by the Mainland Chinese authorities, i.e., PBOC and the SAFE. Such rules and regulations may be amended from time to time and include (but are not limited to):

- the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" (境外機構投資者投資銀行間債券市場備案管理實施細則) issued by the Shanghai Head Office of PBOC on 27 May 2016;

- the "Circular concerning the Foreign Institutional Investors' Investment in Interbank bond market in relation to foreign currency control" (國家外匯管理局關於境外機構投資者投資銀行間債券市場有關外匯管理問題的通知) issued by SAFE on 27 May 2016; and

- any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in China, foreign institutional investors who wish to invest directly in the PRC inter-bank bond market may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation.

In terms of fund remittance, foreign investors (such as the CGB ETF) may remit investment principal in RMB or foreign currency into China for investing in the PRC inter-bank bond market. An investor will need to remit investment principal matching at least 50% of its anticipated investment size within nine months after the completion of the filing with the Shanghai Head Office of PBOC, or else an updated filing will need to be made through the onshore settlement agent. For repatriation, where the CGB ETF repatriates funds out of Mainland China, the ratio of RMB to foreign currency ("**Currency Ratio**") should generally match the original Currency Ratio when the investment principal was remitted into Mainland China, with a maximum permissible deviation of 10%.

PRC TAX IMPLICATIONS

By investing in Renminbi denominated government bonds issued in the PRC, the CGB ETF may be subject to withholding and other taxes imposed in the PRC.

Corporate income tax

Under current Mainland China Corporate Income Tax Law ("**Mainland China CIT Law**") and regulations, if the CGB ETF is considered to be a tax resident of the Mainland China, it would be subject to Mainland China enterprise income tax ("**Mainland China CIT**") at the rate of 25% on its worldwide taxable income. If the CGB ETF is considered to be a non-resident enterprise with a "permanent establishment" in Mainland China, it would be subject to Mainland China CIT on the profits attributable to the permanent establishment. The Manager intends to operate the CGB ETF in a manner that will prevent them from being treated as tax resident of the Mainland China and from having a permanent establishment in the Mainland China, although this cannot be guaranteed. It is possible however, that the Mainland China could disagree with the conclusion or that changes in Mainland China tax law could affect the Mainland China CIT status of the CGB ETF.

Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-tax resident enterprises without an establishment or place of business in China are subject to Mainland China CIT on a withholding basis ("**WHT**"), generally at a rate of 10%, to the extent it directly derives PRC sourced passive income.

<u>Interests</u>

In respect of interests, under the PRC CIT Law and regulations, interests derived from government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council shall be exempt from PRC income tax.

<u>Capital gains</u>

In relation to gains realised from the disposal of bonds issued by PRC issuers, the PRC authorities have verbally indicated, on various public occasions that such gains are non-PRC sourced income and hence not subject to WHT. However, there is no specific written tax regulation to confirm the same. In practice, the PRC authorities have not enforced the collection of WHT on gains realised from the disposal of PRC debt securities.

Value-added tax ("VAT")

Interest income

Pursuant to Caishui [2016] No. 36 ("**Circular 36**"), starting from 1 May 2016, interest income from PRC bond issuers should technically be subject to 6% VAT. Interest income received from PRC State government bonds and PRC local government bonds are exempted from VAT.

Capital gains

Pursuant to Circular 36, gains realized from the trading of PRC marketable securities would generally be subject to VAT at 6%. In the absence of specific VAT rules on Bond Connect, it may make reference to Article 4 of the "Supplementary Notice Regarding the VAT Policies on Inter-bank Financial Transactions by Financial Institutions" (Caishui [2016] No. 70), income derived by approved foreign investors from the trading of RMB denominated debt securities in the China Interbank Bond Market should be exempt from China 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 also be charged at an amount as high as 12% of the 6% VAT payable (or an additional 0.72%). In addition, there may also be other local levies such as flood prevention fee, commodity reconciliation fund and water conservancy fund, depending on the locations of the PRC companies.

In this connection, the Manager, having taken and considered independent professional tax advice, has determined that no withholding income tax provision will be made on the gross realised and unrealised capital gains derived from the CGB ETF's disposal of debt instruments issued by the PRC issuers.

Tax Provision

In light of the above-mentioned uncertainty and in order to meet the potential tax liability for gains on disposal of debt securities via the PRC inter-bank bond market, the Manager reserves the right to provide for the withholding tax on such gains or income, and withhold tax of 10% for the account of the CGB ETF in respect of any potential tax on the gross realised and unrealised capital gains.

Upon any future resolution of the above-mentioned uncertainty or further changes to the tax law or policies, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision (if any) as they consider necessary. The amount of any such tax provision will be disclosed in the accounts of the CGB ETF.

Any such withholding tax on gains on disposal of debt securities via the PRC inter-bank bond market may reduce the income from, and/or adversely affect the performance of, the CGB ETF. The amount withheld will be retained by the Manager for the account of the CGB ETF until the position with regard to Mainland China taxation of the CGB ETF in respect of its gains and profits from trading via the PRC inter-bank bond market has been clarified. In the event that such position is clarified to the advantage of the CGB ETF, the Manager may rebate all or part of the withheld amount to the CGB ETF. The withheld amount so rebated shall be retained by the CGB ETF and reflected in the value of its Units. Notwithstanding the foregoing, no Unitholder who redeemed his/her Units before the rebate of any withheld amounts shall be entitled to claim any part of such rebate.

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

If the actual applicable tax levied by the 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 CGB ETF may suffer more than the tax provision amount as that Fund 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 rate levied by the 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 Units in the relevant Fund before the PRC tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Manager's over-provision. 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 amount can be returned to the account of the CGB ETF as assets thereof.

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

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 is currently contemplated.

SPECIFIC RISKS

In addition to the general risks described in the "Risk Factors" section below, the CGB ETF is subject to the following additional special risks.

- *Risks associated with PRC Inter-bank Bond Market* – Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the PRC inter-bank bond market may result in prices of certain debt securities traded on such market fluctuating significantly. The CGB ETF is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the CGB ETF may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

The CGB ETF is also exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the CGB ETF may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via the Foreign Access Regime and/or Bond Connect, the relevant filings, registration with the PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the CGB ETF is subject to the risks of default or errors on the part of such third parties.

Investing in the PRC inter-bank bond market via Foreign Access Regime and/or Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the PRC inter-bank bond market, the CGB ETF's ability to invest in the PRC inter-bank bond market will be adversely affected. In such event, the CGB ETF's ability to achieve its investment objective will be negatively affected.

- *Risks associated with Bond Connect* – The relevant rules and regulations on Bond Connect are subject to change which may have potential retrospective effect. Where a suspension in the trading through Bond Connect is effected, the CGB ETF's ability to invest in CGBs or access the PRC market through the programme will be adversely affected. In such event, the CGB ETF will have to increase its reliance on the Foreign Access Regime, and its ability to achieve its investment objective could be negatively affected.

- *Portfolio Concentration Risk* – As at 8 December 2017, the Underlying Index consists of 18 constituents, and the aggregate weighting of the top 10 constituents of the Underlying Index accounts for around 94.568% of the Underlying Index. The CGB ETF is therefore relatively concentrated in a limited number of CGB. The CGB ETF is likely to be more volatile than a fund tracking an index with a greater number of constituents, as the adverse performance of a constituent will have a greater impact on the value of the CGB ETF.

- *Market Concentration Risk* – The CGB ETF is subject to concentration risk as a result of tracking the performance of CGBs which are debt securities from a single region (i.e. China). The CGB ETF will likely be more volatile than a broadly-based fund such as a global or regional bond fund as it is more susceptible to fluctuations in value resulting from adverse conditions in that single region.

- *Distribution Risk* – Dividend distributions are not guaranteed and are subject to the discretion of the Manager. Therefore, investors may not receive any dividends from the CGB ETF, notwithstanding that the CGB ETF may receive dividend distributions from the CGBs it holds.

Unitholders will receive distributions in the base currency (RMB) only. In the event that a Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such distributions from RMB to HKD, and bear bank or financial institution fees and charges associated with the handling of the distribution payment. Unitholders are advised to check with their brokers regarding arrangements for distributions

- *Interest Rate Risk* - Because the CGB ETF invests in fixed-income securities, the CGB ETF is subject to interest rate risk. Interest rate risk is the risk that the value of the CGB ETF's portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter term fixed income investments and higher for longer term fixed income investments.

  As the CGB ETF invests in CGB, the CGB ETF is additionally subject to policy risk as changes in macro-economic policies in China (including monetary policy and fiscal policy) may have an influence over China's capital markets and affect the pricing of the bonds in the CGB ETF's portfolio, which may in turn adversely affect the return of the CGB ETF.

- *Liquidity Risk* - Liquidity risk exists when a particular investment is difficult to purchase or sell. If the CGB ETF invests in illiquid Securities or the current market become illiquid, it may reduce the returns of the CGB ETF because the CGB ETF cannot sell the illiquid Securities at an advantageous time or price. The cost of dealing may be high in such illiquid markets. A disruption in the asset allocation in the CGB ETF is also possible if underlying Securities cannot be purchased or sold. The CGB ETF is subject to liquidity risk as continued regular trading activity and active secondary market for CGB is not guaranteed. The CGB ETF may suffer losses in trading such instruments. The bid and offer spread of the price of CGB may be large, so the CGB ETF may incur significant trading and realisation costs and may suffer losses accordingly.

- *Credit Risk* - The value of the CGB ETF is affected by the credit worthiness of its underlying investments. A deterioration of credit quality (e.g. an issuer credit downgrade or credit event leading to widening of credit spread) of an underlying investment will adversely impact the value of such investment.

- *Credit Rating Downgrades Risk* – Credit rating of issuers of fixed income instruments and credit rating of investment grade Securities may be downgraded, thus adversely affecting the value and performance of a CGB ETF holding such investments.

- *Credit Rating Agency Risk* – The credit appraisal system in Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies

- *PRC Sovereign Debt Risk* - The CGB ETF invests in CGB which are sovereign debt Securities and such investments involve special risks. The Chinese governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A Chinese governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the Chinese governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Chinese governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a Chinese governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the Chinese governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign debt. Holders of PRC sovereign debt, including the CGB ETF, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. As at the date of this Prospectus, there is no bankruptcy proceeding by which sovereign debt on which a Chinese governmental entity has defaulted may be collected in whole or in part. The CGB ETF's recourse against a defaulting sovereign is limited.

In addition, the credit rating of the Chinese government is AA- by Standard & Poor's and A1 by Moody's. A lowering of the credit rating of the Chinese government may also affect the liquidity of CGB, making it more difficult to sell. In general, debt instruments that have a lower credit rating or that are non-rated will be more susceptible to the credit risk of the issuers. In the event of a credit rating downgrade of the Chinese government, the CGB ETF's value will be adversely affected and investors may suffer a substantial loss as a result.

- *Valuation Risk* - In a thinly traded market, it may be more difficult to achieve fair value when purchasing or selling underlying Securities because of the wide bid-ask spread. The inability to transact at advantageous times or prices may result in a reduction in the CGB ETF's returns. Further, changing market conditions or other significant events, such as credit rating downgrades affecting issuers or major financial institutions, may also pose valuation risk to the CGB ETF as the value of the CGB ETF's portfolio of fixed income instruments may become more difficult or impossible to ascertain. In such circumstances, valuation of the CGB ETF's investments may involve uncertainties and judgmental determinations as there is a possibility that independent pricing information may at times be unavailable. If such valuations should prove to be incorrect, the Net Asset Value of the CGB ETF may need to be adjusted and may be adversely affected. Such events or credit rating downgrades may also subject the CGB ETF to increased liquidity risk as it may become more difficult for the CGB ETF to dispose of its holdings of bonds at a reasonable price or at all.

- *Chinese Economic, Political and Social Risk* - The economy of China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in China are still owned by the Chinese government at various levels, in recent years, the Chinese government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of the PRC and a high level of management autonomy. The economy of the PRC has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The Chinese government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the Chinese government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of China. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the Chinese government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the Securities market in China as well as the underlying Securities of the CGB ETF. Further, the Chinese government may from time to time adopt corrective measures to control the growth of the Chinese economy which may also have an adverse impact on the capital growth and performance of the CGB ETF.

Political changes, social instability and adverse diplomatic developments in China could result in the imposition of additional government restrictions including expropriation of assets or confiscatory taxes.

- *Chinese Laws and Regulations Risk* - The regulatory and legal framework for capital markets and joint stock companies in China may not be as well developed as those of developed countries. PRC laws and regulations affecting equities and fixed income markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the Chinese legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

- *Accounting and reporting standards risk* – Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

- *New Index Risk* – The Underlying Index is a new index having only been launched on 25 October 2017. The CGB ETF is the first exchange traded fund tracking the

Underlying Index. Since the Underlying Index is relatively new, the CGB ETF may be riskier in respect of the operation of the Underlying Index than other exchange traded funds tracking more established indices with longer operating histories.

- *Over-the-counter Market Risk* – OTC markets such as the PRC inter-bank bond market are subject to less governmental regulation and supervision of transactions than organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions on OTC markets. Therefore, by entering into transactions on OTC markets, the CGB ETF will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the CGB ETF will sustain losses.

- *Tracking Error Risk* – At the Manager's discretion, the CGB ETF may only hold a representative sample of Securities that represents the profile of the Underlying Index and may invest in CGB not included in the Underlying Index. The Net Asset Value of the CGB ETF may not have exactly the same net asset value of the Underlying Index. Factors such as the fees and expenses of the CGB ETF, the investments of the CGB ETF not matching exactly the securities which make up the Underlying Index (e.g. where it uses representative sampling), an inability to rebalance the CGB ETF's holdings of Securities in response to changes to the Securities which make up the Underlying Index, rounding of Security prices, timing variances on buying or selling of Securities which make up the Underlying Index, changes to the Underlying Index and regulatory policies that may affect the Manager's ability to achieve close correlation with the Underlying Index. This may cause the CGB ETF's returns to deviate from the Underlying Index. Further, the fact that the Manager is adopting a representative sampling strategy may lead to a greater risk of tracking error.

- *Income Risk* – Falling market interest rates can lead to a decline in income for the CGB ETF. This can result when, in declining interest rate environment, the CGB ETF reinvests into securities at a lower yield than then-current CGB ETF portfolio yield.

- *Illiquidity of Bonds Close to Maturity Risk* - The CGB ETF's underlying fixed income securities may become more illiquid when nearing maturity. It therefore may be more difficult to achieve fair valuation in the market.

- *Operational and Settlement Risks* - 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. Such trade errors may have adverse consequences (for example, due to an inability to correct effectively such an error when detected).

  Settlement procedures in China are less developed and less reliable and may involve the CGB ETF's delivery of Securities, or transfer of title to Securities, before receipt of payment for their sale. The CGB ETF may be subject to a risk of substantial loss if a securities firm defaults in the performance of its responsibilities. The CGB ETF may incur substantial losses if its counterparty fails to pay for Securities the CGB ETF has delivered, or for any reason fails to complete its contractual obligations owed to the CGB ETF. On the other hand, significant delays in settlement may occur in certain markets in registering the transfer of Securities. Such delays could result in substantial losses for the CGB ETF if investment opportunities are missed or if the CGB ETF is unable to acquire or dispose of a security as a result.

The CGB ETF is subject to operational risks that may arise from any breaches by the Manager's investment management staff of the Manager's operational policies or technical failures of communication and trading systems. Whilst the Manager has in place internal control systems, operational guidelines and contingency procedures to reduce the chances of such operational risks, there is no guarantee events beyond the control of the Manager (such as unauthorised trading, trading errors or system errors) will not occur. The occurrence of any such events may adversely affect the value of the CGB ETF.

To the extent that CGB ETF transacts in the inter-bank bond market in China, the CGB ETF may also be exposed to risks associated with settlement procedures and default of counterparties. All trades settled through CCDCC are on delivery versus payment basis. If a counterparty defaults in delivering the securities, the trade may be cancelled and this may adversely affect the value of the CGB ETF.

The CGB ETF may invest in the Chinese bond market via the exchange market and all bond trades will be settled through the CSDCC. If a counterparty defaults in payment or delivery obligation, a trade may be delayed and this may adversely affect the value of the CGB ETF.

- *Large Redemptions Risk* – If significant redemptions of Units are requested by the Participating Dealers, it may not be possible to liquidate the CGB ETF'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 CGB ETF then in issue (or such higher percentage as the Manager may determine) may be deferred, or the period for the payment of redemption proceeds may be extended. In addition, the Manager may also in certain circumstances suspend the determination of the Net Asset Value of the CGB ETF for the whole or any part of any period. Please see the section on "Determination of Net Asset Value" for further details.

- *Currency Risk* - Underlying investments of the CGB ETF may be denominated in currencies other than the Base Currency of the CGB ETF. The Net Asset Value of the CGB ETF may be affected unfavorably by fluctuations in the exchange rates between these currencies and the Base Currency and by changes in exchange rate controls.

THE UNDERLYING INDEX

The Underlying Index in respect of the CGB ETF, being the CSI PingAn 5-10y CGB Benchmark Index, is a rule-based index designed to effectively reflect and track the liquid

5-10 years tenor CGB market for market participants' reference. The Underlying Index in respect of the CGB ETF is a total return index. A total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested.

The Manager will consult the SFC on any events that may affect the acceptability of any of the Underlying Index (for example, the change in methodology/rules or compiling or calculating the Underlying Index, or a change in the objective or characteristics of the Underlying Index). The Manager shall notify Unitholders as soon as practicable of any significant events relating to any of the relevant Underlying Index.

General

The CSI PingAn 5-10y CGB Benchmark Index (the "**CGB Index**") seeks to objectively reflect the benchmark rates and price trends in Mainland China's interest rate bond markets, and with a view to tracking the liquidity and price discovery process in the secondary market. The CGB Index was launched on 25 October 2017 and its base date was on 31 December 2011. The Underlying Index is calculated and denominated in RMB.

CSI is a professional index service company jointly founded by the Shanghai Stock Exchange and the Shenzhen Stock Exchange, to provide services relating to securities indices. CSI is independent of the Manager and its Connected Persons.

CSI shall not be liable (whether in negligence or otherwise) to any person for any error in the CGB Index or shall be under any obligation to advise any person of any error therein. All intellectual property rights of the Underlying Index and list of constituent securities thereof shall belong to CSI. The CGB ETF is not in any way endorsed, sold, sponsored or promoted by CSI. CSI does not make any warranty or representation whatsoever, expressly or impliedly, either as to the results of the use of the CGB Index.

Below is a brief summary of the basic information, selection criteria, selection methodology and maintenance of the CGB Index as of the date of publication of this Prospectus. Such information is subject to revision from time to time by CSI and before making investment decisions, investors should refer to the website of CSI (www.csindex.com.cn) for the latest version of such information.

Basic Information

Index Code	931018
Launch Date	25 October 2017
Base Date	31 December 2011
Base Level	100

As at 8 December 2017, the CGB Index had a total free-float market capitalisation of RMB94.9 billion and 18 constituents. The top 10 constituents of the CGB Index and their respective weightings are listed below:-

	Issuer	Credit rating of issuer*	Issuer Type	Maturity Date	Coupon (%)	Yield to maturity#	Weight (%)
1.	The PRC Government	A+	Sovereign	2024-09-21	3.69	3.92	20.320

2.	The PRC Government	A+	Sovereign	2022-10-19	3.73	3.84	14.629
3.	The PRC Government	A+	Sovereign	2022-07-13	3.47	3.91	11.520
4.	The PRC Government	A+	Sovereign	2024-06-22	3.57	3.90	11.233
5.	The PRC Government	A+	Sovereign	2027-08-03	3.59	3.88	10.187
6.	The PRC Government	A+	Sovereign	2027-11-02	3.82	3.91	9.413
7.	The PRC Government	A+	Sovereign	2027-05-04	3.52	3.95	5.804
8.	The PRC Government	A+	Sovereign	2022-04-13	3.13	3.95	4.645
9.	The PRC Government	A+	Sovereign	2024-03-16	3.20	3.90	4.501
10.	The PRC Government	A+	Sovereign	2027-02-09	3.40	3.92	2.316

**The source of credit ratings is Standard & Poors. The credit ratings shown under this column are those of the issuer of the CGB, not those of the individual constituent bonds (which are unrated).*

The constituent list of the CGB Index and other information regarding the index, as updated from time to time, is available on CSI's website (www.csindex.com.cn).

Index Dissemination

Information regarding the CGB Index is widely disseminated in and outside of Hong Kong through the immediate global reporting through Bloomberg (Ticker: SH931018).

Index Methodology

Eligibility criteria

Bonds issued by the MOF that meet all the following criteria are eligible for inclusion in the CGB Index:

1. *Bond type:* Government Bonds listed on both PRC inter-bank bond market and Stock Exchange Market with issue terms of 5, 7, and 10 years.

2. *Remaining Term to maturity:*

    - No less than 4 years for 5-year CGB
    - No less than 5.5 years for 7-year CGB
    - No less than 8 years for 10-year CGB

3. *Bond size:* Mnimum par of RMB10 billion

4. *Coupon type*: Fixed-rate

The constituents are sufficiently liquid and may be readily acquired or disposed of under normal market circumstances and in the absence of trading restrictions.

Index Calculation

(i) Calculation formula

From the base point of 100, the CGB Index on a valuation day is calculated based on that of the previous day on a chain-linked basis. The basic calculation principle is:

$$\text{Index} = \left[\frac{\Sigma\ (\text{Total Bond Market Value+Total Interest Paid})}{\text{Divisor}}\right] x\ 100,$$

Where:

Total Market Value = Σ (Full Price x Amount Outstanding x Weight Factor)

Full price = Clean Price + Accrued Interest

Weight Factor depends on bond weight. Weight is calculated as:

$$Wi = \frac{Mi \times Ti \times Si}{\sum_{i=1}^{n}(Mi \times Ti \times Si)} \text{x } 100\%,$$

- Size Factor (Mi): the larger bond size, the higher size factor.
- Age Decay Factor (Ti): the younger bond age, the higher age decay factor.
- Term Stability Factor (Si): the more remaining term is close to 5, 7 or 10 years, the higher term stability factor.

(ii) Pricing

If there is an active and reasonable quote/trade price, quote/trade prices will be used in index calculation. Otherwise, CSI model prices will be used. Prices used by CSI are available on its website daily.

After the close of market, CSI will obtain market data, including but not limited to transaction volume and quotes (from market makers and brokers), from all exchanges and the PRC inter-bank bond market. CSI will then carry out a liquidity analysis in respect of each bond, based on data (in the past few days) including the number of days with closing quotes, transaction volume, volatility, and valuation discrepancies etc. If the bond fulfills the "reasonable liquidity" criteria, CSI will use value the bond at its market price. If the bond does not fulfill the criteria, the CSI model price will be used.

The CSI model price is derived using a discounted cash flow model. A CGB yield curve for the day will be constructed according to the yields of each key maturity. According to the CGB yield curve of the day, the bonds that do not fulfil the "reasonable liquidity" criteria using the theoretical pricing model will be valued, and the results will be taken as the valuation price.

Index Maintenance

The CGB ETF is maintained using the "divisor adjustment methodology". In the event of a change in the list of constituents or in a constituent's structure, or a change in the market capitalisation of a constituent due to non-trading factors, the old divisor is adjusted by means of the divisor adjustment methodology. The adjustment formula is as follows:

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

Where: "adjusted market cap after divisor adjustment" = adjusted market cap before divisor adjustment + increase (decrease) in adjusted market cap. The new divisor (i.e.

the adjusted divisor, also known as the new base period) is obtained from this formula and is used to calculate the CGB ETF.

Circumstances under which maintenance of the CGB ETF is required include the following:

(a) Any constituent changes.

(b) Any constituent's amount outstanding changes.

(d) On the last trading day of each month, cumulative interest paid during the month will be deducted from the index.

Index Review

(i) Periodical Review

In principle, the constituents are reviewed and adjusted each month. Eligible bonds will be added to the index from its first trading day of the next month. After the last trading day of every month, ineligible bonds will be deleted from the index.

(ii) Provisional Review

Under other particular circumstance, CSI will temporarily adjust the index sample.

Index Licence Agreement

For the CGB ETF, the licence agreement between the Index Provider and the Manager was entered into on 14 November 2017, pursuant to which the Manager was granted a licence by the Index Provider to use the Underlying Index as a basis for determining the composition of the CGB ETF and to use certain trade marks in the Underlying Index. The licence granted is for an initial term of 5 years commencing from the date of the agreement, and shall successively continue on a 3-year basis unless terminated pursuant to the agreement.

Unless otherwise agreed between the Manager and the Index Provider, the Index Provider may terminate the Manager's licence to use the CGB Index upon written notice under the following circumstances:

- if the Index Provider ceases to formulate the Underlying Index (the Index Provider shall provide 90 days' advance notice to the Manager);
- the Manager ceases to develop and manage the CGB ETF;
- the listing of the CGB ETF is terminated;
- material breach of the Manager of the licence agreement and fails to take any action to remedy the breach within 30 days of the Index Provider providing a notice to the Manager for such breach;
- if any securities exchange ceases to provide the Index Provider data for providing the Underlying Index;
- if the Manager seriously violates any applicable laws or regulations, or any material litigation or regulatory proceeding regarding the CGB ETF is commenced and the

Index Provider reasonably believes that such litigation or regulatory proceeding is likely to have a material and adverse effect on the good name or reputation of the Index Provider;

- if the termination of the index licence agreement is ordered by mandatory provision of applicable law.

OPERATION OF THE SUB-FUNDS

Investment in the Sub-Funds

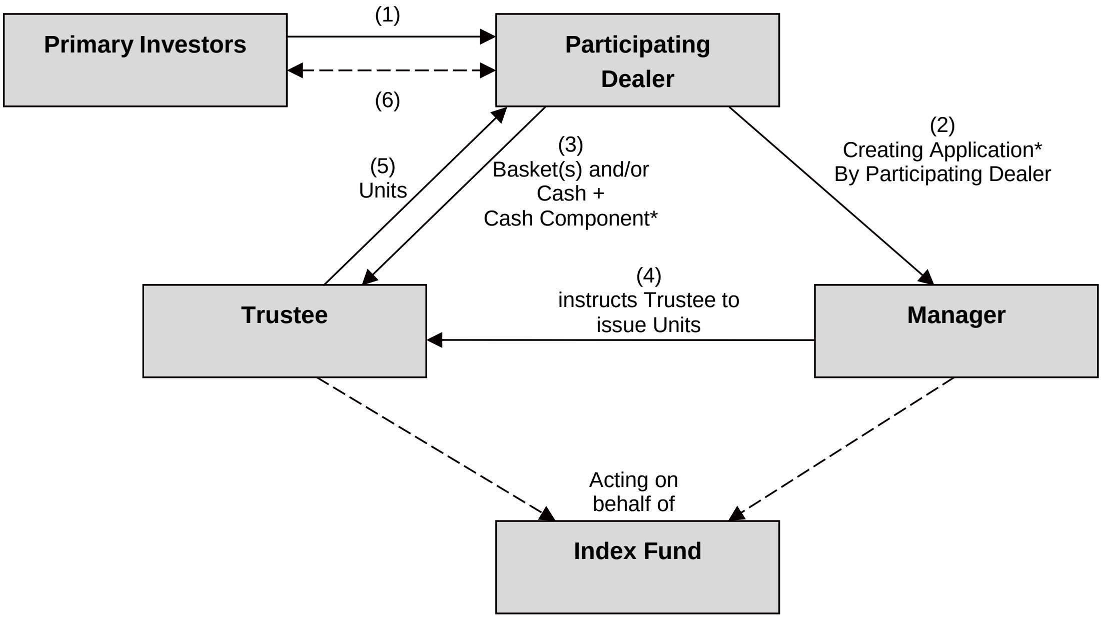
There are two types of investors in a Sub-Fund, and two corresponding methods of investment in the Units and the realisation of an investment in the Units. The first type of investor is a Participating Dealer or an investor who wishes to create or redeem Units through a Participating Dealer, and the second type of investor is any person (other than the above) who buys and sells the Units on the SEHK.

Creation and Redemption of Units

Only Participating Dealers can apply to create or redeem Units directly with a Sub-Fund. An investor (other than the Participating Dealers) may only make a request to create or redeem Units through a Participating Dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a Participating Dealer. However, such investor shall pay the subscription proceeds plus any fees and charges charged by the relevant Participating Dealer to, or receive the redemption proceeds (i.e. the Redemption Price multiplied by the number of Units redeemed minus any fees and charges charged by the relevant Participating Dealer) from, the relevant Participating Dealer in cash only. For the HK Dividend ETF, the Trustee shall generally receive subscription proceeds in-kind from the Participating Dealers for the creation of Units and pay redemption proceeds in-kind for the redemption of Units to the relevant Participating Dealer in such form and manner as prescribed by the Trust Deed. For the CGB ETF, the Trustee shall generally receive subscription proceeds in cash from the Participating Dealers for the creation of Units and pay redemption proceeds in cash for the redemption of Units to the relevant Participating Dealer in such form and manner as prescribed by the Trust Deed. An investor (other than the Participating Dealers) will need to rely on their intermediary or stockbroker to credit their account with Units (in the case of creation) or redemption proceeds in cash (in the case of redemption), which the stockbroker, in turn, shall receive from the relevant Participating Dealer. The Participating Dealers should ensure that the relevant Application shall comply with the requirements for an Application for creation or redemption of Units set out in the Trust Deed. Each Participating Dealer may charge such fees as it may reasonably determine from time to time for submitting an Application on behalf of a retail investor.

Investors should note that the dealing procedures for the creation and redemption of Units through the Participating Dealers or a stockbroker may be different from those set out for the Sub-Funds in this Prospectus. For example, the dealing deadline set by the Participating Dealers or the stockbroker may be earlier than that set out for the Sub-Funds in this Prospectus. Investors should therefore check the applicable dealing procedures with the Participating Dealers or the stockbroker (as the case may be).

The following illustrates the process where a primary investor wishes to acquire Units:



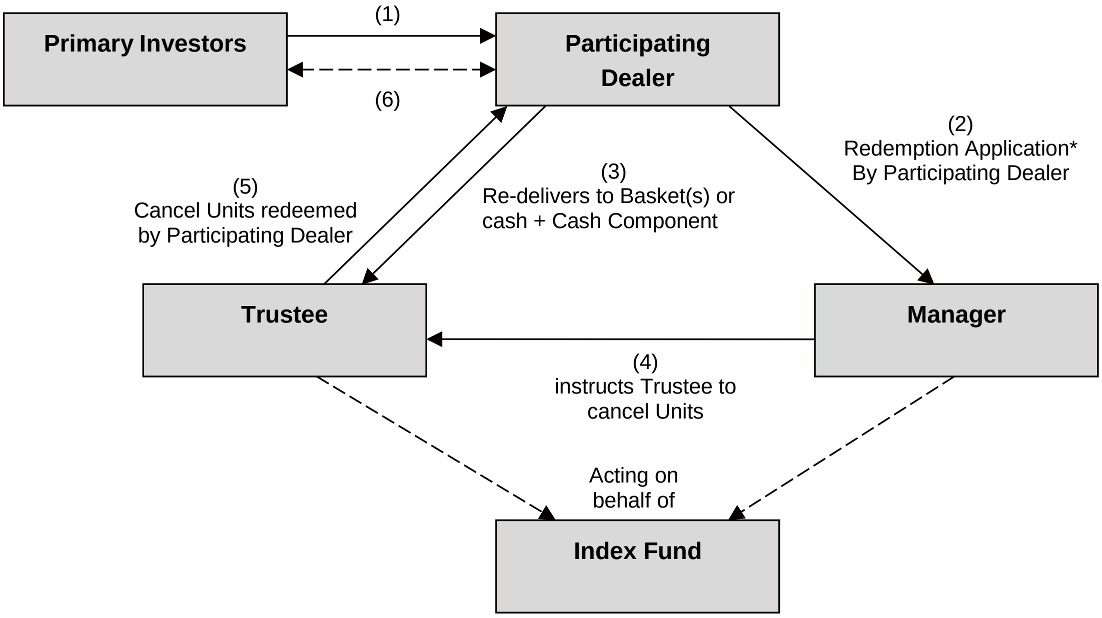
Process:

1. The primary investor approaches the Participating Dealer for creation of Units.
2. The Participating Dealer submits a Creation Application for Units pursuant to the terms of the Trust Deed and the relevant Participation Agreement, which shall be subject to the approval by the Manager. Please note, however, that under exceptional circumstances, the Manager and/or the Participating Dealer may reject a Creation Application. Please refer to the "Rejection of Creation of Units" section of this Prospectus for more information.
3. For the HK Dividend ETF, the Participating Dealer delivers the Index Securities and/or non-Index Securities constituting the Basket(s) for the Units subscribed* (together with applicable charges and a Cash Component, if applicable) to the Trustee.

   For the CGB ETF, the Participating Dealer delivers cash (in RMB) equivalent to the value of the relevant Basket Value (together with applicable charges and a Cash Component, if applicable) to the Trustee.
4. The Manager instructs the Trustee to create Units.
5. The Trustee issues/delivers the Units to the Participating Dealer.
6. The primary investor transfers consideration to the Participating Dealer in exchange for the transfer of beneficial interest in the Units acquired.

* For the HK Dividend ETF, normally, creation of Units will be effected "in kind". Creation Applications in cash may only be effected at the Manager's discretion under limited circumstances. Please refer to the section entitled "Procedures for Creation of Units" for more information.

The following illustrates the process where an investor wishes to redeem Units:



Process:

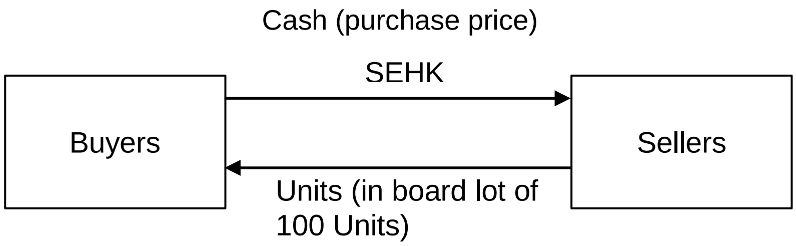
1. The primary investor approaches the Participating Dealer for redemption of Units.
2. The Participating Dealer submits a Redemption Application of Units pursuant to the terms of the Trust Deed and the relevant Participation Agreement, which shall be subject to the approval by the Manager. Please note, however, that under exceptional circumstances, the Manager and/or the Participating Dealer may reject a Redemption Application. Please refer to the "Rejection of Redemption of Units" of this Prospectus above for more information.
3. For the HK Dividend ETF, at the instructions of the Manager, the Trustee re-delivers Securities equivalent to the Index Securities and/or non-Index Securities constituting the Basket(s) for the Units redeemed* to the Participating Dealer (together with a Cash Component payable to the Participating Dealer, if applicable).

   For the CGB ETF, at the instructions of the Manager, the Trustee delivers cash (in RMB) equivalent to the Basket Value for the relevant Units to the Participating Dealer (together with a Cash Component payable to the Participating Dealer, if applicable).
4. The Manager instructs the Trustee to cancel the Units redeemed.
5. The Trustee cancels the Units redeemed by the Participating Dealer.
6. The primary investor transfers the beneficial interest in the Units to the Participating Dealer (or its relevant Connected Person, as the case may be).

* For the HK Dividend ETF, normally, redemption of Units will be effected "in kind". Redemption Applications in cash may only be effected at the Manager's discretion under limited circumstances. Please refer to the "Manager's Discretion to Pay Cash for Redemption of Units" section for more information.

Trading of Units on the SEHK

An investor can buy or sell the Units through his stockbroker on the SEHK. The diagram below illustrates the trading of Units on the SEHK.



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

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

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

Brokerage and other fees may be payable when selling (and purchasing) Units. Please see the section headed "Fees Payable by Retail Investors Dealing in Units on the SEHK" in Schedule 1 to this Prospectus.

Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one market maker for each of the Sub-Funds and at least one market maker for each Sub-Fund is subject to three months' termination notice requirement to facilitate efficient trading.

THE OFFERING PHASES

Initial Offer Period

For the CGB ETF, Units in the Sub-Fund will initially only be offered only to the Participating Dealer(s) from 9:30 am (Hong Kong time) on 28 December 2017 to 11:00 am (Hong Kong time) on 28 December 2017 (the "**Initial Offer Period**"). The purpose of the Initial Offer Period is to enable the Participating Dealer(s) to apply for Units on their own account or on behalf of third party investors in accordance with the terms of the Trust Deed and the Operating Guidelines.

The following table summarises the key events during the Initial Offer Period:

Event	**Date / Time**
Initial Offer Period (during which only Participating Dealers may apply for Units) commences	28 December 2017 (9:30 a.m. (Hong Kong time))
Initial Offer Period closes (unless otherwise extended by the Manager)	28 December 2017 (11:00 a.m. (Hong Kong time))
Listing of the Units on the SEHK commences	Expected to be 29 December 2017 (9:30 am (Hong Kong time)) (unless the Initial Offer Period is extended, in which case dealings on the SEHK will commence on the third Business Day following the close of the Initial Offer Period)

The Initial Offer Period for the HK Dividend ETF has closed and listing commenced on 15 February 2012.

Conditions of the Initial Offer

Application has been made to the SEHK for listing of and permission to deal in Units in the CGB ETF. Units in the CGB ETF are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus.

The offer and issue of Units in the CGB ETF during the Initial Offer Period is subject to and conditional upon:

(a) the SEHK granting a listing of, and permission to deal in, Units in the CGB ETF on or before 28 December 2017; and

(b) valid Creation Applications accepted by the Manager to create such number of Units in the CGB ETF for a minimum value of the RMB equivalent of HK$50 million prior to 11:00 am (Hong Kong time) on 28 December 2017 provided that the Manager may in its absolute discretion decide to proceed with the offer and issue of Units in the CGB ETF notwithstanding such minimum value had not been received.

After Listing

After the listing of a Sub-Fund on the SEHK, unless otherwise determined by the Manager and the Trustee, a Creation Application shall only be made by a Participating Dealer in accordance with the terms of the Trust Deed and the Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit or whole multiples thereof. The dealing period on each Dealing Day commences at 9:15am (Hong Kong time) and ends at the Dealing Deadline at 3:45 p.m. (Hong Kong time) in respect of the HK Dividend ETF and at 11:00 a.m. (Hong Kong time) in respect of the CGB ETF, as may be revised by the Manager from time to time. A Creation Application once given cannot be revoked or withdrawn without the consent of the Manager except in circumstances where there is a suspension of dealing in the Units (which consent shall not be unreasonably withheld).

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

Units of the Sub-Fund are offered and issued at its Net Asset Value only in aggregations of a specified number of Application Units generally in exchange for (i) a basket of Index Securities and/or non-Index Securities constituting the relevant Basket together or (ii) cash equivalent to the value of the relevant Basket Value (as the case may be), with the payment of a Cash Component. Units are redeemable only in an Application Unit or in multiples thereof, and generally, in exchange for portfolio securities and payment of a Cash Component or cash equivalent to the value of the Basket Value for the relevant Units (as the case may be).

The Manager shall instruct the Trustee to effect, for the account of the Trust, the creation of Units in Application Unit sizes in exchange for either a transfer of Securities, or cash, or a combination of both (at the discretion of the Manager) in accordance with the Operating Guidelines and the Trust Deed.

Investors should note that the Sub-Funds differ from a typical unit trust offered in Hong Kong. The creation and redemption of Units can only be facilitated by or through Participating Dealers. Participating Dealers will generally accept and submit creation and redemption requests received from third parties except under exceptional circumstances (such as (i) where the investor fails to comply with the client acceptance procedures, (ii) suspension of creation or redemption of Units or determination of Net Asset Value of a Sub-Fund, (iii) market and operational restraints (for example when dealings on the SEHK are restricted or suspended, settlement or clearing of securities in CCASS is disrupted or the Underlying Index is not compiled or published); (iv) the Participating Dealer is not able to acquire further investments due to trading restrictions or limits in the relevant market (if applicable); or (v) circumstances where the Manager considers that acceptance of the Application will have an adverse effect on the Sub-Fund).

CREATION AND REDEMPTION OF APPLICATION UNITS

Creation of Units

Unless otherwise determined by the Manager and the Trustee, a Creation Application shall only be made by a Participating Dealer in accordance with the terms of the Trust Deed, the relevant Operating Guidelines and the relevant Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit size or whole multiples thereof. The Dealing Deadline is at 3:45 p.m. (Hong Kong time) in respect of the HK Dividend ETF and at 11:00 a.m. (Hong Kong time) in respect of the CGB ETF on the Dealing Day, as may be revised by the Manager from time to time. A Creation Application once given cannot be revoked or withdrawn without the written consent of the Manager (which consent shall not be unreasonably withheld) except in circumstances where there is a suspension in dealing in the Units. Please refer to the "Suspension of Dealing or Determination of Net Asset Value of the Sub-Funds" section in relation to the withdrawal of a Creation Application during a suspension of dealing and/or the determination of Net Asset Value.

Investors should note that Participating Dealers are under no obligations to create or redeem Units for their clients. However, Participating Dealers will generally accept and submit creation and redemption requests received from third parties except under exceptional circumstances (such as (i) where the investor fails to comply with the client acceptance procedures, (ii) suspension of creation or redemption of Units or determination of Net Asset Value of a Sub-Fund, (iii) market and operational restraints (for example when dealings on the SEHK are restricted or suspended, settlement or clearing of securities in CCASS is disrupted or the Underlying Index is not compiled or published); (iv) the Participating Dealer is not able to acquire further investments due to trading restrictions or limits in the relevant market (if applicable); or (v) circumstances where the Manager considers that acceptance of the Application will have an adverse effect on the Sub-Fund). Participating Dealers may impose terms, including charges, for handling creation or redemption orders as they determine appropriate. These additional charges imposed by the Participating Dealers would increase investors' cost of investment. Investors are advised to check with the Participating Dealer as to the relevant fees and charges. Investors should note although the Manager has a duty to monitor the operations of the Trust closely, the Manager is not empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager. The Manager cannot ensure effective arbitrage by a Participating Dealer.

This section of this Prospectus describes the method of investment by creation and redemption of Units by or through the Participating Dealers, and should be read in conjunction with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines.

Procedures for Creation of Units

To be effective, a Creation Application must comply with the requirements in respect of creation of Units set out in the Trust Deed, the relevant Operating Guidelines and the relevant Participation Agreement and be accompanied by such certifications and legal opinions (if any) as the Trustee and the Manager may require. Pursuant to a valid

Creation Application being accepted by the Manager, the Manager and/or any person duly appointed by the Manager for such purpose shall have the exclusive right to instruct the Trustee in writing to create for the account of a Sub-Fund the Units in a class in Application Unit or whole multiples thereof in exchange for the transfer by the relevant Participating Dealer (or its agent), to or for the account of the Trustee on behalf of the relevant Sub-Fund, of:

(a) in the Manager's absolute discretion,

(i) one or more Index Securities or non-Index Securities constituting a Basket for the relevant Units and a cash amount equivalent to any duties and charges payable; or

(ii) a cash payment equivalent to the value of relevant Basket Value (which shall be accounted for as Deposited Property), in which case, the Manager shall be entitled in its absolute discretion to charge (for the account of the Sub-Fund) the relevant Participating Dealer, in relation to any Units for which cash is paid in lieu of delivering the Index Securities and/or non-Index Securities constituting the Basket, an additional sum which represents the appropriate provision for duties and charges; or

(iii) a combination of (i) and (ii) above;

plus,

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

Where the Manager exercises its absolute discretion under paragraph (a) above, it shall take into account the investment objective of the relevant Sub-Fund. Notwithstanding such absolute discretion exercisable by the Manager, it is the Manager's intention that for the HK Dividend ETF, creation of Units will only be effected "in kind" in most circumstances, and creation of Units in cash will only be effected at the Manager's discretion under limited circumstances. By way of example, the Manager may exercise its discretion to effect creation of Units in cash where there are market and operational restraints, such as a suspension of trading of one or more of the Index Securities and/or non-Index Securities, or due to the internal trading limit to which the relevant Participating Dealer is subject, such Participating Dealer is not able to acquire the requisite number of Index Securities and/or non-Index Securities for the purposes of effecting a creation of Units "in kind". For the CGB ETF, creation of Units will generally only be effected in cash (in RMB).

Units are denominated in the Base Currency of a Sub-Fund (unless otherwise determined by the Manager) and no fractions of a Unit shall be created or issued by the Trustee. Once Units are created, the Manager shall instruct the Trustee in writing to issue, for the account of the Sub-Fund, the Units to the relevant Participating Dealer (or its agent) in accordance with the Operating Guidelines.

Unless otherwise specified in the "Key Information" section in respect of a Sub-Fund, in respect of each Creation Application during the Initial Offer Period of a Sub-Fund, the Issue Price of a Unit of any class in the Sub-Fund will be equal to one-hundredth (1/100) of the closing level of the relevant Underlying Index on the close of the Initial Offer Period or such other amount from time to time determined by the Manager and approved by the Trustee.

After the Initial Offer Period, the Issue Price of a Unit of any class in a Sub-Fund shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point of the relevant Dealing Day on which a Creation Application is received rounded up to the nearest fourth (4th) decimal place (and in the case of 0.00005 or above of such minimum unit, rounded up).

Any commission, remuneration or other sums payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid by the relevant Sub-Fund. The Issue Price will not take into account any duties, charges or fees payable by or to the relevant Participating Dealer.

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

(a) for valuation purposes only, Units shall be deemed to be created and issued after the Valuation Point on that Dealing Day; and

(b) the Register shall be updated on the Settlement Day or (if the Settlement Day is postponed) the Dealing Day immediately following the actual Settlement Day provided that the Manager has the absolute discretion to instruct the Trustee in writing to refuse to enter (or allow to be entered) such Units in the Register if at any time the Manager or the Trustee is of the opinion that the issue of Units does not comply with the provisions of the Trust Deed.

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

In respect of each Creation Application, the Trustee shall be entitled to charge for its own account and benefit a Transaction Fee, the amount of which has been agreed between the Trustee and the Manager from time to time, and such Transaction Fee shall be paid by or on behalf of the relevant Participating Dealer and may be set off and deducted against any Cash Component due to the relevant Participating Dealer in respect of such Creation Application. The Trustee may, with the consent of the Manager vary the amount of the Transaction Fee it charges provided that the level of Transaction Fee charged to all Participating Dealers following the adjustment is the same in respect of the same Sub-Fund.

Rejection of Creation of Units

The Manager reserves the right to reject a Creation Application and the relevant Participating Dealer reserves the right to reject a request from any third party to submit a Creation Application provided that the Manager or the relevant Participating Dealer (as the case may be) must act reasonably and in good faith. In rejecting a Creation Application, the Manager will take into account the interest of all Unitholders to ensure that the interest of all Unitholders will not be materially adversely affected. Participating Dealers will generally accept and submit creation requests received from third parties except under exceptional circumstances (such as (i) where the investor fails to comply with the client acceptance procedures, (ii) suspension of creation or redemption of Units or determination of Net Asset Value of a Sub-Fund, (iii) market and operational restraints (for example when dealings on the SEHK are restricted or suspended, settlement or clearing of securities in CCASS is disrupted or the Underlying Index is not compiled or published); (iv) the Participating Dealer is not able to acquire further investments due to trading restrictions or limits in the relevant market (if applicable); or (v) circumstances where the Manager considers that acceptance of the Application will have an adverse effect on the Sub-Fund). Participating Dealers may impose fees and charges in handling any creation request which would increase the cost of investment and investors are advised to check with the Participating Dealers as to relevant fees and charges.

Certificates

No certificates will be issued in respect of the Units of the Sub-Funds. All Units of the Sub-Funds will be registered in the name of the HKSCC Nominees Limited as the sole holder by the Registrar on the Register of Unitholders of each of the Sub-Funds, which is the evidence of ownership of Units. Beneficial interest of retail investors in the Units of the Sub-Funds will be established through an account with a participant in CCASS.

Cancellation of Creation Applications

The Trustee shall cancel Units created and issued in respect of a Creation Application under the following circumstances:

(a) if the title to the Index Securities and/or non-Index Securities constituting the Basket (or, if there are more than one Index Securities and/or non-Index Securities constituting the Basket, any of them) (and/or cash payment, as the case may be) deposited for exchange of Units has not been fully vested upon trust in the Trustee or to the Trustee's satisfaction, or evidence of title and instruments of transfer satisfactory to the Trustee have not been produced to or to the order of the Trustee by or on the relevant Settlement Day;

(b) the full amount of the Cash Component (if applicable) and any duties, fees and charges payable in respect of the Creation Application have not been received in cleared funds by or on behalf of the Trustee by such time on the Settlement Day as prescribed in the Operating Guidelines; or

(c) in respect of the CGB ETF, the full amount of cash payment in respect of the Creation Application have not been received in cleared funds by or on behalf of the Trustee by such time on the Settlement Day as prescribed in the Operating

Guidelines,

provided that the Manager may in its discretion, with the approval of the Trustee, extend the settlement period on such terms and conditions as the Manager may determine (including the charging of an Extension Fee to be payable by the Participating Dealer in accordance with the relevant Operating Guidelines for such extension).

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

(a) any Index Securities and/or non-Index Securities constituting the Basket deposited for exchange (or equivalent Securities of the same type) fully vested in the Trustee and any cash received by or on behalf of the Trustee in respect of such cancelled Units shall be redelivered to the relevant Participating Dealer (or its agent);

(b) the Trustee shall be entitled to charge the relevant Participating Dealer for the account and benefit of the Trustee an Application Cancellation Fee not exceeding such amount as shall have been agreed between the Trustee and the Manager;

(c) the Manager may at its absolute discretion require the relevant Participating Dealer to pay to the Trustee for the account of the relevant Sub-Fund in respect of each cancelled Unit Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit (which would have been applied in relation to each such unit if the Creation Application had not been withdrawn) exceeds the Redemption Price which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application;

(d) the Trustee shall for its own account and benefit be entitled to the Transaction Fee (which amount shall be agreed between the Trustee and the Manager from time to time) payable by the Participating Dealer in respect of the Creation Application; and

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

Redemption of Units

Unless otherwise determined by the Manager and the Trustee, a Redemption Application shall only be made by a Participating Dealer in accordance with the terms of the Trust Deed, the relevant Operating Guidelines and the relevant Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit size or whole multiples thereof. The Dealing Deadline is at 3:45 p.m. (Hong Kong time) in respect of the HK Dividend ETF and at 11:00 a.m. (Hong Kong time) in respect of the CGB ETF on the Dealing Day, as may be revised by the Manager from time to time. A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager, except in circumstances where there is a suspension in dealing. Please refer to the "Suspension of Dealing or Determination of Net Asset Value of the Sub-Funds" section in relation to the withdrawal of a Redemption Application during a suspension of dealing and/or the determination of Net Asset Value.

To be effective, a Redemption Application must comply with the requirements in respect of redemption of Units set out in the Trust Deed, the relevant Operating Guidelines and the relevant Participation Agreement and be accompanied by such certifications and legal opinions (if any) as the Trustee and the Manager may require. Pursuant to a valid Redemption Application accepted by the Manager, the Manager shall instruct the Trustee in writing:

(a) to redeem and cancel the relevant Units on the Settlement Day in accordance with the Operating Guidelines; and

(b) to transfer to the Participating Dealer (or its agents) (i) the relevant Index Securities and/or non-Index Securities constituting the Basket in respect of such Units, or (ii) cash (as the Manager considers appropriate), plus, where the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component. If the relevant Sub-Fund has insufficient cash to pay any Cash Component payable by the Sub-Fund, the Manager may instruct the Trustee in writing to sell the Deposited Property of the Sub-Fund, or to borrow moneys, to provide the cash required.

If the Cash Component is a negative value, the Participating Dealer shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to or to the order of the Trustee.

It is the Manager's intention that redemption of Units of the HK Dividend ETF will only be effected "in kind" in most circumstances, whereas redemption of Units of the CGB ETF will only be effected in cash (in RMB).

The Redemption Price of Units redeemed shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point of the relevant Dealing Day on which the Redemption Application is received rounded up to the nearest fourth (4th) decimal place (and in the case of 0.00005 or above of such minimum unit, rounded up). The Redemption Price shall not take into account the duties, charges or fees payable by or to the relevant Participating Dealer. Should the Manager be in any doubt as to the Redemption Price in connection with any redemption of Units, the Manager will request an independent third party to check the Redemption Price.

Under normal circumstances, the maximum interval between (i) the Dealing Day on which the properly documented Redemption Application is effected and (ii) payment of redemption proceeds to the relevant investor may not exceed one (1) calendar month.

Rejection of Redemption of Units

Under exceptional circumstances as described below, the Manager reserves the right to reject a Redemption Application and the Participating Dealer reserves the right to reject a request from any third party to submit a Redemption Application provided that the Manager or the Participating Dealer (as the case may be) must act reasonably and in good faith. In rejecting a Redemption Application, the Manager will take into account the interests of all Unitholders to ensure that the interest of all Unitholders will not be materially adversely affected. The Manager will generally accept a Redemption Application and the Participating Dealers will generally accept and submit redemption requests received from third parties except under exceptional circumstances (such as (i) suspension of creation or redemption of Units or determination of Net Asset Value of a Sub-Fund, (ii) market and operational restraints (for example when dealings on the SEHK are restricted or suspended, settlement or clearing of securities in CCASS is disrupted or the Underlying Index is not compiled or published); (iii) the Participating Dealer is not able to dispose of the investments due to trading restrictions or limits in the relevant market (if applicable); or (iv) circumstances where the Manager considers that acceptance of the Application will have an adverse effect on the Sub-Fund). Participating Dealers may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the redemption proceeds and investors are advised to check with the Participating Dealers as to relevant fees and charges.

With a view to protecting the interests of Unitholders, if the total Redemption Applications on any Dealing Day which are received in respect of the Units of a Sub-Fund exceed 10% of the total number of Units of the relevant class in issue of such Sub-Fund, the Manager is entitled to defer any Redemption Application in whole or in part so that the 10% limit (or such higher percentage as may be determined by the Manager) (the **"Redemption Limit"**) is not exceeded. Any Redemption Applications so deferred on the relevant Dealing Day will be effected in priority to Redemption Applications which are received on succeeding Dealing Days, subject always to the Redemption Limit. The Redemption Limit shall be applied pro rata so that all Unitholders of the relevant class or classes wishing to redeem Units in that Sub-Fund on the relevant Dealing Day will redeem the same proportion by value of such Units.

Where a Redemption Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Redemption 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 relevant Dealing Day for the purposes of that Redemption Application. For valuation purposes, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is deemed to be received.

In respect of each Redemption Application, the Trustee shall be entitled to charge for its own account and benefit a Transaction Fee the amount of which has been agreed between the Trustee and the Manager from time to time, and such Transaction Fee shall be paid by or on behalf of the relevant Participating Dealer and may be set off and deducted against any Cash Component due to the relevant Participating Dealer in respect of such Redemption Application. The Trustee may, with the consent of the Manager, vary the amount of the Transaction Fee charged provided that the level of Transaction Fee applicable to all Participating Dealers following the adjustment is the same in respect of the same Sub-Fund.

The Manager shall be entitled to deduct from and set off against any Cash Component payable to a Participating Dealer on the redemption of Units a sum (if any) which represents the appropriate provision for duties and charges, the Transaction Fee and any other fees payable by the Participating Dealer. If the Cash Component payable to the Participating Dealer is insufficient to pay such duties and charges, the Transaction Fee and any other fees payable on such redemption, the Participating Dealer shall promptly pay the shortfall to or to the order of the Trustee. Until such shortfall and any Cash Component payable by the Participating Dealer (if any), Transaction Fee and any fees and charges payable by the Participating Dealer are paid in full in cleared funds to or to the order of the Trustee, the Trustee shall not be obliged to deliver (and shall have a general lien over) the relevant portfolio securities to be transferred in respect of the relevant Redemption Application.

Upon redemption of Units pursuant to a valid Redemption Application,

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

(b) the name of the Unitholder of such Units shall be removed from the Register on the relevant Settlement Day.

In respect of a Redemption Application, unless the requisite documents in respect of the relevant Units have been delivered to the Manager by such time on the Settlement Day as prescribed in the Operating Guidelines, the Redemption Application shall be deemed never to have been made except that the Transaction Fee in respect of such Redemption Application shall remain due and payable and once paid, shall be retained by and for the benefit and the account of the Trustee, and in such circumstances:

(a) the Trustee shall be entitled to charge the relevant Participating Dealer for the account and benefit of the Trustee an Application Cancellation Fee not exceeding such amount as shall have been agreed between the Trustee and the Manager;

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

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

provided that the Manager, with the approval of the Trustee, may at its discretion extend the settlement period on such terms and conditions as the Manager may determine (including the charging of an Extension Fee in accordance with the relevant Operating Guidelines for such extension).

Manager's Discretion to Pay Cash for Redemption of Units

For the HK Dividend ETF, the Manager shall have the right to determine in its absolute discretion by written instructions to the Trustee that the Trustee shall pay cash out of the relevant Sub-Fund equal to the market value at the Valuation Point for the relevant Dealing Day of such Index Securities and/or non-Index Securities comprising the relevant Basket (or part thereof) in lieu of delivering the relevant Index Securities and/or non-Index Securities constituting the Basket to the relevant Participating Dealer (or its agent) if the Manager determines in its absolute discretion that the Index Shares and/or non-Index Shares constituting the Basket are unlikely to be available for delivery or are likely to be available in insufficient quantity for delivery upon the Redemption Application by a Participating Dealer or if it is in the interests of the relevant Sub-Fund to do so, provided that the Manager shall be entitled in its absolute discretion to charge (for the account of the relevant Sub-Fund) to the Participating Dealer redeeming any Units for which cash is paid in lieu of delivering the Index Securities and/or non-Index Securities constituting the Basket an additional sum which represents the appropriate provision for duties and charges. Such duties and charges payable by the Participating Dealer may be set off and deducted from the cash payable to the Participating Dealer.

The Manager may also, upon request by a Participating Dealer and in its absolute discretion, pay cash out of the relevant Sub-Fund in respect of such redemption.

Creations and redemptions for the CGB ETF are generally effected in cash (in RMB).

RISK FACTORS

Investments involve risks. The Sub-Funds are subject to market fluctuations and to the risks inherent in all investments. The price of Units of each Sub-Fund and the income from them may go down as well as up.

The performance of the Sub-Funds will be affected by a number of risk factors, including those set out below. Some or all of the risk factors may adversely affect the relevant Sub-Fund's Net Asset Value, yield, total return and/or its ability to achieve their investment objectives.

There is no assurance that the Sub-Funds will achieve their investment objectives. Investors should carefully consider the risks of investing in the Sub-Funds in light of their financial circumstances, knowledge, experience and other circumstances, and should seek independent professional advice as appropriate.

The following statements are intended to be a discussion of the general risks associated with investing in the Sub-Funds. See also the "Specific Risks" sub-section in the sections for each Sub-Fund for a discussion of additional risks (if any) particular to each Sub-Fund. They do not offer advice on the suitability of investing in the Sub-Funds. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Sub-Funds. Authorisation of the Sub-Funds by the SFC is not a recommendation or endorsement of the Sub-Funds nor does it guarantee the commercial merits of the Sub-Funds or their performance. It does not mean the Sub-Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

- *Market Risk*. Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectations, etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Market movements may therefore result in substantial fluctuations in the Net Asset Value per unit of the relevant Sub-Fund. The price of Units and the income from them may go down as well as up. Investors should note that the Sub-Funds may not make distributions to investors.

- *Asset Class Risk*. Although the Manager is responsible for the continuous supervision of the investment portfolio of the Sub-Funds, the returns from the types of Securities in which the Sub-Funds invest may underperform returns from other securities markets or from investment in other assets. Different types of Securities tend to go through cycles of out-performance and underperformance when compared with other general securities markets.

- *Country, Political and Sovereign Risk*. Investors should note that investment closely related to a particular country may be subject to the country's economic, political and sovereign risks. This may include any act of war, terrorism, riot, insurrection in the country, the imposition of any investment, repatriation or exchange control restrictions by the government authority, the confiscation, expropriation or nationalization of any property by the government authority. Any economic downturn may adversely affect the investment sentiment and domestic economy of the country and affect the value of related investments. Devaluation or revaluation of the local currency, sovereign government's own capacity to repay external debt or any other political or economic risks incurred or experienced by a country may adversely affect the value of related investments. In that regard, the Sub-Funds will invest in some companies the securities of which are listed on the SEHK and have substantial business operations in China. Such companies may have substantial exposure to the risks in China. As a result, changes in political, economic and social conditions in China could adversely affect the value of investments.

- *Equity Risk*. As the Sub-Funds may directly be investing in the Index Securities (or other Securities), they may be exposed to the risks associated with investment in Securities (including settlement and counterparty risks). The investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risk associated with individual companies.

- *Securities Risk*. Each company has its unique factors affecting the value of its securities. These factors include the company's management capability, capital structure, liquidity position, product composition and others. If the Underlying Index is concentrated in a particular stock or group of Securities of a particular industry or group of industries, the Manager may similarly concentrate such Sub-Fund's investments. The Sub-Funds may be adversely affected by or their performance depends heavily on the performance of those Securities, and be subject to greater price volatility than a more diversified fund.

- *Tracking Error Risk*. A Sub-Fund's return may deviate from its Underlying Index due to a number of factors. For example, the fees, expenses and taxes or other provisions of the Sub-Fund, liquidity of the market, imperfect correlation of returns between the Sub-Fund's assets and the Securities constituting its Underlying Index, rounding of share prices, foreign exchange costs, changes to the Underlying Index and regulatory policies may affect the Manager's ability to achieve close correlation with the Underlying Index of the Sub-Fund. Further, a Sub-Fund may receive income (such as interests and dividends) from its assets while the Underlying Index does not have such sources of income. There is no guarantee or assurance of exact or identical replication at any time of the performance of the Underlying Index and the Sub-Fund's returns may therefore deviate from its Underlying Index. Although the Manager regularly monitors the tracking error of the Sub-Funds, there can be no assurance that the Sub-Funds will achieve any particular level of tracking error relative to the performance of their respective Underlying Index.

- *Sector Concentration Risk*. If the Underlying Index of a Sub-Fund is concentrated in a particular stock or group of stocks of a particular industry or group of industries, the Sub-Fund may be adversely affected by or depend heavily on the performance of those stocks and be subject to price volatility. In addition, the Manager may invest a significant percentage or all of the assets of a Sub-Fund in a single stock, group of stocks, industry or group of industries, and the performance of that Sub-Fund could be closely tied to that stock, group of stocks, industry or group of industries and could be more volatile than the performance of other more diversified funds, and be more susceptible to any single economic, market, political or regulatory occurrence.

- *Trading Risk*. While the creation/redemption feature of the Trust is designed to make it more likely that Units will trade close to their Net Asset Value, disruptions to creations and redemptions (for example, as a result of imposition of capital controls by a foreign government) or the unit price fluctuations due to supply and demand of Units in the secondary market may result in trading prices that differ significantly from Net Asset Value. Also, there can be no assurance that an active trading market will exist for Units of a Sub-Fund on any securities exchange on which Units may trade.

  The Net Asset Value of Units of a Sub-Fund will also fluctuate with changes in the market value of the Sub-Fund's holdings of Securities. The market prices of Units will fluctuate in accordance with changes in Net Asset Value and supply and demand on any exchange on which Units are listed. The Manager cannot predict whether Units will trade below, at or above their Net Asset Value. Price differences may be due, in large part, to the fact that supply and demand forces in the secondary trading market for Units will be closely related, but not identical, to the same forces influencing the prices of the Index Securities trading individually or in the aggregate at any point in time. Given, however, that 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. In the event that the Manager suspends creations and/or redemptions of Units of the Sub-Funds, the Manager expects larger discounts or premiums.

  Where the market price of Units of a Sub-Fund traded on the SEHK diverge significantly from the Net Asset Value of the Sub-Fund, there is a risk that Unitholders may not be able to buy or sell at a price close to the Net Asset Value. There is however no certain basis for predicting the sizes in which or the prices at which the Units in the Sub-Fund may trade. There can be no assurance that Units in the Sub-Funds will experience trading or pricing patterns similar to those of other exchange traded funds which are issued by the investment companies in other jurisdictions or are traded on the SEHK. Further, investors pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK. Retail investors may pay more than the Net Asset Value per Unit when buying a Unit on the SEHK and may receive less than the Net Asset Value per Unit when selling a Unit on the SEHK.

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

- *Passive Investments Risk.* The Sub-Funds are not actively managed. Accordingly, the Sub-Funds will be adversely affected by a decline in world market segments relating to their respective Underlying Index. The Sub-Funds invest in the Securities included in or reflecting their respective Underlying Index. The Manager does not attempt to select Securities individually or to take defensive positions in declining markets.

- *Management Risk*. Because a Sub-Fund may not fully replicate its Underlying Index and may hold non-Index Securities, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Manager has absolute discretion to exercise shareholders' rights with respect to Securities comprising the Sub-Funds. There can be no guarantee that the exercise of such discretion will result in the investment objective of the Sub-Funds being achieved. Investors should also note that in certain cases, the Manager, the Sub-Funds or the Unitholders do not have any voting rights with respect to Securities comprising the Sub-Funds.

- *Operating Risk*. There is no assurance that the performance of a Sub-Fund will be identical to the performance of the relevant Underlying Index. The level of fees and expenses payable by a Sub-Fund will fluctuate in relation to its Net Asset Value. Although the amounts of certain ordinary expenses of the Sub-Fund can be estimated, the growth rate of the Sub-Fund, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Sub-Funds or the actual level of their expenses.

- *Restrictions on Creation and Redemption of Units Risk*. Investors should note that the Sub-Funds are not like typical retail investment funds offered to the public in Hong Kong (for which units can generally be purchased and redeemed directly from the manager). Units of a Sub-Fund may only be created and redeemed in Application Unit directly by Participating Dealers from the Manager and may not be created or redeemed directly by other investors from the Manager. Such other investors may only make a request (and if such investor is a retail investor, through a stockbroker which has opened an account with a Participating Dealer) to create or redeem Units in Application Unit aggregations through a Participating Dealer who will generally accept and submit creation/redemption requests received from third parties except under exceptional circumstances (such as (i) where the investor fails to comply with the client acceptance procedures, (ii) suspension of creation or redemption of Units or determination of Net Asset Value of the Sub-Fund, (iii) market and operational restraints (for example when dealings on the SEHK are restricted or suspended, settlement or clearing of securities in CCASS is disrupted or the Underlying Index is not compiled or published); (iv) the Participating Dealer is not able to acquire further investments due to trading restrictions or limits in the relevant market (if applicable); or (v) circumstances where the Manager considers that acceptance of the Application will have an adverse effect on the Sub-Fund). Participating Dealers may impose fees and charges in handling any creation/redemption request which would increase the cost of investment and/or reduce the redemption proceeds and investors are advised to check with the Participating Dealers as to relevant fees and charges. Since the number of Participating Dealers at any given time will be limited, there is a risk that investors may not always be able to create or redeem Units freely. Alternatively, investors may realize the value of their Units by selling their Units through an intermediary such as a stockbroker on the SEHK, although there is a risk that dealings on the SEHK may be suspended.

- *Risk Related to Divergence Between the Market Price of the Units and the*

Net Asset Value of a Sub-Fund. The Net Asset Value of a Sub-Fund represents the fair price for buying or selling Units. Investors should note however that unlike a typical retail investment fund offered to the public in Hong Kong (the market price of the units of which is determined by the net asset value of the investment fund), the market price of the Units traded on the SEHK is determined not only by the Net Asset Value of the Sub-Fund but also by other factors such as the supply of and demand for the Units in the SEHK. Therefore, there is a risk that the market price of the Units traded on the SEHK may diverge significantly from the Net Asset Value of the Sub-Fund. There is a risk, therefore, that Unitholders may not be able to buy or sell at a price close to this Net Asset Value. The "bid/ask" spread (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from the Net Asset Value. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from the Net Asset Value.

- *Valuation and Accounting Risk*. The Manager intends to adopt IFRS in drawing up the annual accounts of the Sub-Funds. Investors should note that the calculation of the Net Asset Value in the manner described under the section headed "Determination of Net Asset Value" will not necessarily be in compliance with the generally accepted accounting principles (i.e. IFRS). Under IFRS, (i) investments should be valued at fair value (bid and offer pricing are considered to be representative of fair value for listed investments) rather than the last traded price and (ii) establishment costs should be expensed as incurred rather than amortised over the period of time. Accordingly, investors should note that 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 accounts as the Manager will make necessary adjustments in the annual accounts to comply with IFRS. Any such adjustments will be disclosed in the annual accounts, including a reconciliation. In the event any such adjustment will need to be made in respect of a Sub-Fund, it is expected that the differential requiring adjustment will not be of a material nature, in terms of the Net Asset Value of the relevant Sub-Fund.

- *Units in the Sub-Funds are Not Principal Protected Risk*. Units in the Sub-Funds are not principal protected. Investors may lose all or part of their investment in the Units. Accordingly, investment in the Sub-Funds is only suitable for investors who can afford to lose all or part of their original capital investment in the Units.

- *Differences Between Primary and Secondary Market Trading Hours Risk*. Units of the Sub-Funds may trade on the SEHK even when requests for creation or redemption of the Units are not accepted. In such circumstances, the Units may trade in the secondary market at a discount or premium which is more significant than they would otherwise.

- *Risk of Withdrawal of Authorization*. The Sub-Funds seek to provide investment results that closely correspond with the performance their respective Underlying Index. The Sub-Funds have been authorized by the SFC pursuant to section 104 of the Securities and Futures Ordinance. However, the SFC reserves the right to withdraw the authorization of the Sub-Funds, for example, if the SFC considers an Underlying Index is no longer considered acceptable to the SFC.

- *Risk Relating to Listing*. The SEHK imposes certain requirements for the continued listing of securities, including the Units, on the SEHK. Investors cannot be assured that the Sub-Funds will continue to meet the requirements necessary to maintain the listing of Units on the SEHK or that the SEHK will not change the listing requirements. If the Units are delisted from the SEHK, the Manager may, in consultation with the Trustee, seek the SFC's prior approval to operate the relevant Sub-Fund as an unlisted index fund (subject to any necessary amendments to the rules of each Sub-Fund) or terminate the Sub-Fund and will notify investors accordingly.

- *Risk of Suspension of Trading on the SEHK*. Investors will not be able to purchase or sell Units on the SEHK during any period that the SEHK suspends trading in the Units. The SEHK may suspend the trading of Units whenever the SEHK determines that it is appropriate in the interests of a fair and orderly market to protect investors. The subscription and redemption of Units may also be suspended in the event that the trading of Units on the SEHK is suspended, for example in the event of disclosure of certain price sensitive information relating to a Sub-Fund.

- *Risk of Absence of Active Market*. There can be no assurance that an active trading market in respect of the Units in a Sub-Fund will be developed or maintained. There is no certain basis for predicting the actual price levels at which, or the sizes in which, the Units in a Sub-Fund may trade. There can be no assurance that the Units in a Sub-Fund will experience trading or pricing patterns similar to those of other exchange traded funds which are issued by investment companies in other jurisdictions or are traded on the SEHK.

- *Reliance on Participating Dealer(s) Risk*. The issuance and redemption of Units may only be effected through Participating Dealer(s). A Participating Dealer may charge a fee for providing this service. Participating Dealer(s) will not be able to issue or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of securities through the CCASS is disrupted or the Underlying Index(ices) is/are not compiled or published. In addition, Participating Dealer(s) will not be able to issue or redeem Units if some other event occurs which impedes the calculation of the Net Asset Value of a Sub-Fund or disposal of a Sub-Fund's portfolio securities cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

- *Reliance on Market Makers Risk*. Investors should note that liquidity in the market for the Units may be adversely affected if there are no market makers for a Sub-Fund. The Manager intends to ensure that there will always be at least one market maker in respect of the Units, and at least one market maker for each Sub-Fund is subject to three months' termination notice requirement. It is possible that there is only one SEHK market maker to a Sub-Fund and therefore it may not be practical for the Sub-Fund to remove the only market maker even if the market maker fails to discharge its duties as the sole market maker. If the market maker fails to discharge its duties as the sole market maker, it is possible that the liquidity in the market for the Units may be severely affected and in the worst circumstances, there may even be no liquid trading market for the Units.

- *Counterparty Risk*. The Trustee may at the request of the Manager enter into transactions with various financial institutions (such as brokerage firms and banks) for the sale and purchase of assets or Securities. Such financial institutions may also be issuers of Securities in which the Sub-Funds invest. The failure of any of such institutions to perform their obligations may adversely affect the operational capabilities or the capital position of the Trust or the Sub-Funds. The Trust or the Sub-Funds may also be exposed to the credit and insolvency risk of an exchange, clearing house, custodian or any depository used or appointed by the Trust or the Sub-Funds. Any assets held by such exchange, clearing house, custodian or depository are expected to be segregated from their own assets, but in the event of the bankruptcy or insolvency, there may still be a risk that creditors may claim against such assets, which may result in possible delay or other adverse effect in the recovery of such assets by the Trust or the Sub-Funds.

- *Early Termination Risk*. Under the terms of the Trust Deed, the Manager may terminate the Trust or any of the Sub-Funds early in various circumstances including if (a) at any time one (1) year after its establishment, the aggregate Net Asset Value of all Units outstanding in the Trust or such Sub-Fund is less than HK$200,000,000; (b) the Units of such Sub-Fund are no longer listed on the SEHK or other recognized securities market; or (c) such Sub-Fund ceases to have any Participating Dealer. On termination of the Trust or any of the Sub-Funds, the assets comprised in the Trust or such Sub-Fund will be sold and investors will receive distribution of the net cash proceeds although the Manager has the power to decide to make distributions in specie. Please see the section titled "Termination of the Trust or the Sub-Funds" for further details. If a Sub-Fund is terminated for whatever reason, it may suffer a decline in its Net Asset Value. Accordingly, investors in such Sub-Fund may not receive an amount upon termination equal to the capital originally invested in the relevant Units.

- *Risks Relating to the Underlying Index*. The Sub-Funds may be subject to the following risks in relation to the relevant Underlying Index:

  If an Underlying Index is discontinued or the Manager's license from the Index Provider under the relevant licence agreement is terminated, the Manager may, in consultation with the Trustee, seek the SFC's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the relevant Underlying Index. For the avoidance of doubt, index-tracking will remain the investment objective of the Sub-Funds.

  A Sub-Fund may be terminated if its Underlying Index is discontinued and/or the relevant Index licence agreement is terminated and the Manager is unable to identify or agree with any index provider terms for the use of a suitable replacement index, using, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as used in calculating the Index and which meets the acceptability criteria under Rule 8.6(e) of the Code. Any such replacement index will be made in compliance with the provisions of the Trust Deed and subject to the prior approval of the SFC under the Code, and Unitholders will be duly notified of the same. Accordingly, prospective investors should note that the ability of a Sub-Fund to track its respective Underlying Index depends on the continuation in force of the Index licence agreement in respect of the Underlying Index or a suitable replacement. A Sub-Fund may also be terminated if its respective Underlying Index ceases to be compiled or published and there is no replacement index, using, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as used in calculating such Underlying Index.

(ii) There may be changes in the constituents of the Underlying Indices from time to time. For example, the shares of a constituent company may be delisted or a new eligible company may be added to an Underlying Index. In such circumstances, in order to achieve the investment objective of a Sub-Fund, the Manager may change the weighting or composition of the Basket(s) held by the Sub-Funds. The price of the Units may rise or fall as a result of these changes. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units. Please refer to the "Underlying Index" sections of the Sub-Funds for more information on how the respective Underlying Index is compiled.

(iii) The process and the basis of computing and compiling the Underlying Index and any of its related formulae, constituent companies and factors may also be changed or altered by the Index Provider at any time without notice. Therefore an investment in the Units will generally reflect the relevant Underlying Index but not necessarily the way it was comprised at the time of investments in the Units.

The constituent list of the Underlying Indices, as updated from time to time, is published by the Index Provider on its website (www.csindex.com.cn).

There is also no warranty, representation or guarantee given to the investors as to the accuracy or completeness of the Underlying Indices, their computation or any information related thereto.

- *Risks Related to Regulatory and Market Intervention*. The Sub-Funds may be subject to any additional conditions or requirements as may be imposed by the regulators, including the SFC and the SEHK. Further, the trading of the Sub-Funds may also be subject to such intervention powers as may be exercised by the SFC or SEHK. If a Sub-Fund is not able to fully comply with the regulatory conditions or requirements, or if there is any market intervention, the trading of the units on the SEHK may be suspended or interrupted, in which case the investors or potential investors will not be able to buy, nor will investors be able to sell, units on the SEHK until such time as the resumption of trading is permitted by the regulators. Any such interventional power exercised by the regulators or interruption may also have unexpected and undesirable impact on many aspects of the Sub-Funds including but not limited to their operations, their unit pricing, liquidity, valuation and overall performance and return, and the Sub-Funds may, in such circumstances, be unable to achieve their investment objectives as intended. In worst scenario, there is also a risk that the value of the units in the Sub-Funds may fall significantly.

INVESTMENT AND BORROWING RESTRICTIONS

Investment Restrictions

The Trust Deed imposes a number of restrictions and prohibitions on investment of an Index Fund. So long as an Index Fund is authorized by the SFC pursuant to the Code, the assets of the Index Fund may be invested only in the investments permitted under and in accordance with Chapters 7 and 8 of the Code issued by the SFC (as applicable) unless a waiver is given by the SFC.

A summary of the investment restrictions of the Sub-Funds is as follows:

(1) No investment shall be purchased, made or added to if as a result thereof:

(a) the value of a Sub-Fund's latest holding of Securities issued by any single issuer, would exceed 10% of the latest available Net Asset Value of the Sub-Fund unless:

(i) it is limited to any Index Security that accounts for more than 10% of the weighting of the Underlying Index and unless otherwise approved by the SFC, weighting of that Index Security under the Sub-Fund may not exceed that Index Security's weighting in the Underlying Index, except where the weightings are exceeded as a result of changes in the composition of the Underlying Index and the excess is only transitional and temporary in nature; or

(ii) where the Sub-Fund adopts a representative sampling strategy, the Sub-Fund may overweight the underlying holdings of a particular Index Security's weighting in the Underlying Index provided that any such excess of weightings is subject to a maximum limit of 4% or such other percentage as determined by the Manager after consultation with the SFC having regard to the characteristics of the underlying shares, their weightings, the investment objectives of the Underlying Index and any other suitable factors (such as liquidity, market capitalization, free-floating factor of the constituent securities of the Underlying Index); or

(iii) otherwise approved by the SFC.

(b) the nominal amount of the Sub-Fund's holding of ordinary shares in the capital of any single issuer, when aggregated with the holdings of such ordinary shares held by all other Index Funds of the Trust, would exceed 10% of the total nominal amount of all the ordinary shares in the capital of that issuer in issue;

(c) the value of the Sub-Fund's holding of units or shares in collective investment schemes which are non-recognised jurisdiction schemes (i.e. not in the list of recognised jurisdiction schemes as set out by the SFC) and not authorised by the SFC would in aggregate exceed 10% of the latest available Net Asset Value of the Sub-Fund; and

(d) the value of the Sub-Fund's latest holding of Securities neither listed, quoted nor dealt in on a recognized securities market would exceed 15% of the latest available Net Asset Value of the Sub-Fund.

(2) Subject to 1(a) above, the value of the Sub-Fund's holding in Government and other public securities (as defined under Chapter 7 of the Code) of the same issue may not exceed 30% of the latest available Net Asset Value of the Sub-Fund. Further, subject to 1(a) above, the Manager may invest all of the assets of the Sub-Fund in Government and other public securities (as defined under Chapter 7 of the Code) in at least six different issues.

(3) The Manager shall not on behalf of the Sub-Fund:

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

(c) make short sales if it results in the Sub-Fund's liability to deliver Securities exceeding 10% of the latest available Net Asset Value of the Sub-Fund or if the Security which is to be sold short is not actively traded on a market where short selling activity is permitted;

(d) write uncovered options;

(e) write a call option on investments if the aggregate exercise price of such call option and of all other unexpired call options written for the account of the Sub-Fund would exceed 25% of the latest available Net Asset Value of the Sub-Fund in terms of exercise price;

(f) without the prior written consent of the Trustee, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person;

(g) enter into any obligation or acquire any asset which involves the assumption of any liability by the Trustee (in the capacity of the trustee of the Sub-Fund) which is unlimited;

(h) invest in options and warrants for purposes other than hedging if the aggregate amount of premium paid exceeds 15% of the latest available Net Asset Value of the Sub-Fund;

(i) enter into futures contract on an unhedged basis if the net total aggregate value of contract prices, whether payable to or by the Sub-Fund under all outstanding futures contracts, together with the aggregate value of holdings of physical commodities and commodity based investments exceed 20% of the latest available Net Asset Value of the Sub-Fund; or

(j) invest in any Security where a call is to be made, unless the call could be met in full out of cash or near cash in the Sub-Fund, the amount of which has not already been taken into account for the purposes of paragraph (e) above.

(4) For the avoidance of doubt, if no authorization of the SFC is required under the Securities and Futures Ordinance in respect of the Sub-Fund, none of the provisions in (1) to (3) shall be applicable to the Sub-Fund.

(5) As at the date of this Prospectus, none of the Sub-Funds intend to engage in any stock lending or stock borrowing, or repurchase transactions or other similar OTC transactions. Any changes in respect of the Manager's intention to enter into any stock lending or stock borrowing, or repurchase transactions is subject to the SFC's prior approval and not less than one month's prior notice (or such other notice period as agreed with the SFC) will be given to Unitholders.

Borrowing Restrictions

The Manager may borrow cash of up to 25% of the latest available Net Asset Value of a Sub-Fund for the following purposes:

- facilitating the creation or redemption of Units or defraying operating expenses;
- enabling the Manager to acquire Securities for the account of any Sub-Fund; or
- any other proper purpose as may be agreed by the Manager and the Trustee from time to time.

The assets of the Sub-Fund may be charged or pledged as security for any such borrowings. For the avoidance of doubt, back-to-back loans will not be taken into account when determining whether or not the 25% limit mentioned above has been breached by the Sub-Fund.

General

If any of the investment and borrowing restrictions are breached, the Manager shall as a priority objective take all steps necessary as soon as practicable to remedy the situation, having due regard to the interests of Unitholders. The Manager is not immediately required to sell applicable investments if any of the investment restrictions are exceeded as a result of changes in the value of the Sub-Fund's investments, reconstructions or amalgamations, payments out of the assets of the Sub-Fund or redemptions of Units but for so long as such limits are exceeded, the Manager shall not acquire any further investments which would result in such limit being further breached.

DETERMINATION OF NET ASSET VALUE

The Net Asset Value of a Sub-Fund shall be determined at the Valuation Point on each Dealing Day (or at such other time as the Manager and the Trustee may determine) by valuing the assets of the Sub-Fund and deducting the liabilities of the Sub-Fund in accordance with the terms of the Trust Deed.

The Trust Deed provides, inter alia, that the value of investments in a Sub-Fund shall be determined as follows:

(a) the value of any investment quoted, listed or normally dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market (other than an interest in a collective investment scheme) shall be calculated by reference to the last traded price on the principal stock exchange for such investments as at the close of business in such place on the relevant Dealing Day, provided that:

   (i) if an investment is quoted, listed or normally dealt in on more than one market, and if the Manager, in its discretion, considers that the prices ruling on a stock exchange other than the principal stock exchange provide a fairer criterion of value in relation to any such investment, the Trustee may, upon the written instruction of the Manager, adopt such price;

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

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

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

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

   (ii) the Manager may at any time and shall at such times or at such intervals as the Trustee may request, cause a revaluation to be made of any unquoted investment by a professional person recommended by the Manager in writing and approved by the Trustee as qualified to value such unquoted investment;

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

(d) the value of each unit, share or other interest in any collective investment scheme which is valued as at the same day as the Sub-Funds shall be the net asset value per unit or share in such collective investment scheme as at that day or, if the Manager so determines, or if such collective investment scheme is not valued as at the same day as the Sub-Fund, the value of such interest shall be the latest published net asset value per unit, share or other interest in such collective investment scheme or (if the same is not available) the last published redemption or bid price of such unit, share or other interest;

(e) notwithstanding the foregoing, the Manager may, at its absolute discretion, permit some other valuation method to be used if they consider that such valuation better reflects the fair value

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

(g) if no net asset value, bid and offer prices or price quotations are available, the value of the relevant asset shall be determined from time to time in such manner as the Manager shall determine.

The term "last traded price" referred above, refers to the last traded price reported on the relevant exchange for the Business Day, commonly referred to in the market as the "settlement price" or "exchange price", and represents a price at which members of the exchange settle between them for their outstanding positions. Where a security has not traded, then the last traded price will be the "exchange close" price as calculated and published by the relevant exchange in accordance with that exchange's rules.

The Trustee and/or the Manager may:

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

(b) accept as sufficient evidence of the value of any asset of the Sub-Fund 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 the Manager to provide such a quotation provided that nothing hereunder shall impose an obligation on the Trustee or the Manager (as the case may be) to obtain such a quotation or certification. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of any of the Trust Fund's assets, the Trustee may accept, use and rely on such prices without verification; and

(c) rely upon the established practice and rulings of any market and any committees and officials thereof on which any dealing in any assets of the Sub-Fund or other property is from time to time effected in determining what shall constitute a good delivery and any similar matters and such practice and rulings shall be conclusive and binding upon all persons under this Deed,

and the Trustee and the Manager shall not be liable for any loss suffered by the Trust, any Sub-Fund, any Unitholders or any other person in connection therewith except the Trustee and the Manager shall be respectively liable for losses which are due to fraud, wilful default or negligence on their part.

The Trustee may rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including the relevant calculation agent, automatic processing services, brokers, market makers or intermediaries, the Manager, and any administrator or valuations agent of other collective investments into which the Sub-Fund may invest. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of any of the Sub-Fund's assets, the Trustee may accept, use and rely on such prices, without verification, in determining the Net Asset Value of the Sub-Fund and shall not be liable to the Trust, any Unitholder or any other person in doing so.

The annual report and accounts of each Sub-Fund will be prepared in accordance with IFRS. Investors should note that the above valuation policies may not necessarily comply with IFRS. Under IFRS, investments should be valued at fair value and bid and ask pricing is considered to be representative of fair value for long and short listed investments respectively. However, under the valuation basis described above, listed investments are expected to be valued at the last traded price instead of bid and ask pricing as required under IFRS. To the extent that the valuation basis adopted by the Trust deviates from IFRS, adjustments may be required to be made in the annual accounts of the Trust in order to comply with IFRS, and if relevant will include a reconciliation note in the annual accounts of the Trust to reconcile values shown in the annual accounts determined under IFRS to those arrived at by applying the Trust's valuation rules. Otherwise, non-compliance with IFRS may result in the auditors issuing a qualified or an adverse opinion on the annual accounts depending on the nature and level of materiality of the non-compliance.

SUSPENSION OF DEALING OR DETERMINATION OF NET ASSET VALUE OF THE SUB-FUNDS

The Manager may, after giving notice to the Trustee, declare on the website maintained by the Manager for a Sub-Fund or through such other means as the Manager considers appropriate a suspension of dealing of the Units, and/or the determination of the Net Asset Value, of a Sub-Fund for the whole or any part of any period during which:

(a) there is a closure of or the restriction or suspension of trading on any securities market on which a substantial part of the investments of the Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or determining the Net Asset Value or the Issue Price or Redemption Price of a Unit;

(b) for any other reason, a substantial part of the investments of the Sub-Fund has been suspended on any securities market which they are normally traded;

(c) there is a suspension of trading of the relevant Units on the securities market on which such Units are normally traded;

(d) for any other reason, the prices of investments held or contracted for by the Manager for the account of the Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(e) in the opinion of the Manager, it is not reasonably practicable to realize any investments held or contracted for the account of the Sub-Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of the Sub-Fund;

(f) the remittance or repatriation of funds which will or may be involved in the redemption of, or in the payment for, the investments of the Sub-Fund or the subscription or redemption of any classes of Unit is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal exchange rates; or

(g) the Underlying Index is not compiled or published.

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

(a) there shall be no dealing and/or determination of the Net Asset Value of the Sub-Fund;

(b) the Manager shall have the absolute discretion to suspend an Application received prior to the suspension;

(c) the Manager shall have the absolute discretion, in respect of a valid Redemption Application received and accepted prior to the suspension, to delay conducting any action which would otherwise be undertaken in respect of such a Redemption Application (such as the transfer of the relevant Index Securities or payment of the Cash Component (if any));

(d) no Applications shall be made by any of the Participating Dealers; and

(e) no Units shall be created and issued or redeemed for the account of the Sub-Fund.

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

As soon as reasonably practicable after the termination of suspension, the Manager shall publish a notice of such termination on the website maintained by the Manager for the Sub-Fund or through such other means as the Manager considers appropriate.

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

SUSPENSION OF DEALING IN UNITS ON THE SEHK

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

Investors should also refer to the section on "Suspension of Dealing or Determination of Net Asset Value of the Sub-Funds" above for information on what may happen if dealing in Units of a Sub-Fund on the SEHK is suspended.

DISTRIBUTION POLICY

The Manager may in its absolute discretion distribute income to Unitholders at such time or times as it may determine in each financial year or determine that no distribution shall be made in any financial year. The amount to be distributed to Unitholders, if any, will be derived from the net income of the relevant Index Fund. No amount payable to Unitholders in respect of any distribution shall bear interest.

On a distribution by an Index Fund the Registrar, in accordance with the instructions of the Manager, will allocate the amounts available for distribution between Unitholders and will pay such amounts to Unitholders. The Trustee is not responsible for any error in such allocation or for any incorrect payment or failure by the Registrar to make any such payment.

Amounts to be distributed in respect of each Unit of a class shall be rounded to nearest unit (being the smallest denomination commonly in use) of the relevant Index Fund's currency of account. Any amount of income not distributed, in accordance with the Trust Deed and unclaimed for six years after the relevant distribution date shall be deemed to form part of the Income Property of the relevant Index Fund and any right a Unitholder (or any person claiming through, under or in trust for him) may previously have had in respect of such undistributed income shall be forfeited.

FEES AND CHARGES

For details of the amount of fees and charges currently applicable to the Sub-Funds, please refer to Schedule 1 to this Prospectus.

Management Fees and Servicing Fee

The Manager may charge management fee and servicing fee up to 2% per annum of the Net Asset Value of the Index Fund. The applicable rate for the Sub-Fund is set out in Schedule 1 to this Prospectus. The Manager may at any time decrease the rate of management fees or servicing fee in respect of any class of Units of an Index Fund. The Manager may also, on giving not less than 3 months' notice to Unitholders (or such shorter notice as the SFC may approve), increase the rate of management fee or servicing fee payable in respect of any class of Units of an Index Fund up to or towards the maximum rate of 2% per annum of the Net Asset Value of the Index Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

Further details of the management fees and servicing fees in respect of the Sub-Funds are set out in Schedule 1 to this Prospectus.

Trustee Fee

Under the terms of the Trust Deed, the Trustee may, after consulting the Manager, on giving not less than 3 months' written notice to the relevant Unitholders (or such shorter notice as the SFC may approve), increase the rate of the trustee fee payable in respect of an Index Fund up to or towards the maximum rate of one per cent (1%) per annum of the Net Asset Value of the Index Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

The Trustee may from time to time and as the Trustee thinks fit, appoint such person or persons (including a Connected Person) as Custodian, co-Custodian or sub-Custodian of the whole or any part of the assets of an Index Fund and may empower any such Custodian, or co-Custodian to appoint sub-Custodian with the Trustee's prior consent in writing.

The assets of the Trust will currently be under the custody of the Trustee. As and when the appointment of a Custodian, co-Custodian or sub-Custodian (other than the Trustee itself) should in the view of the Trustee be necessary, the fees and expenses of such Custodian, co-Custodian and sub-Custodian shall be paid out of the relevant Index Fund. The Manager and Trustee will take reasonable care to ensure that such fees are reasonable and align with prevailing market rates as and when such appointment is necessary.

Further details of the trustee fee in respect of the Sub-Funds are set out in Schedule 1 to this Prospectus.

Registrar's Fee

The Registrar may charge a fee based on the number of Unitholders on the register or on the number of redemptions, creations or transfers in respect of any Index Fund. Currently, the Trustee does not charge any additional charges for acting as the Registrar of the Sub-Funds.

In addition, the Registrar will be reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services such as the cost of postage, envelopes and the Unit certificates (if any).

Conversion Agent's Fee

Under the terms of the conversion agency agreement entered into among the Manager, the Conversion Agent and HKSCC, the Manager, on behalf of the Trust, will pay all fees chargeable by the Conversion Agent in connection with the Conversion Agent's role (including any Conversion Agent's Fee that is charged upon which a Creation Application or Redemption Application is made which is, in turn payable by the Participating Dealer). Please refer to Note 2 and Note 4 under Schedule 1 "Fees and Charges" in this Prospectus for further information on the Conversion Agent's fees.

Service Agent's Fee

A Service Agent's Fee of HK$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction.

Other Charges and Expenses

Each Index Fund shall bear the costs set out in the Trust Deed which are directly attributable to it. Where such costs are attributable to all the Index Funds, each Index Fund will bear such costs in proportion to its respective net asset value or in such other manner as the Manager shall consider appropriate. Such costs include but are not limited to the costs incurred in the establishment, structuring, management and administration of the Trust and the Index Funds, the costs of investing and realizing the investments of the Index Funds, the charges, fees, expenses, taxes or other duties in obtaining collateral, credit support, or implementing other measures or arrangements in mitigating the counterparty risk or other exposures of the Index Funds, the fees and expenses of Registrar, Conversion Agent or Service Agent (as the case may be), Custodians and sub-Custodians of the assets of the Trust, the fees and expenses of the auditors, the fees payable to the Index Provider, valuation costs, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs of holding meetings of Unitholders and the costs incurred in the preparation and printing of any explanatory memorandum, any audited accounts or interim reports which are distributed to the Unitholders.

In addition to the above, Unitholders may be required to pay any requisite governmental tax, stamp duty, registration fee, custody and nominee charges as may be required in the purchase or sale of the Units in an Index Fund. Fees payable by retail investors dealing in the Units on the SEHK are set out under the "Fees Payable by Retail Investors Dealing in Units on the SEHK" set out in Schedule 1 to this Prospectus.

Broker Commissions

It is expected that brokerage or other agency transactions for the account of the Trust may be executed through affiliates of the Manager. However, for so long as an Index Fund is authorized by the SFC, the Manager shall ensure that it complies with the following requirements when transacting with brokers or dealers connected to the Manager or Connected Persons of the Manager, save to the extent permitted under the Code or any waiver in respect of any of the above restrictions obtained from the SFC:

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

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

(c) the transaction execution is consistent with the best execution standards;

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

(e) the Manager shall 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 will be disclosed in the relevant Index Fund's annual report.

Soft Dollar Benefits

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

The Manager shall not obtain any rebate on any fees or charges levied by a Collective Investment Scheme in which an Index Fund invests, or any such fees or charges levied by the management company of such schemes.

TAXATION

The following summary of Hong Kong taxation is of a general nature, is 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 Unitholders. Prospective Unitholders should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong at the date of this Prospectus. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below.

Hong Kong Taxation

Profits Tax

The Sub-Funds

As each Sub-Fund has been authorised as a collective investment scheme constituted as a unit trust by the SFC under Section 104 of the SFO, profits of the Sub-Funds are exempt from Hong Kong Profits Tax.

Stamp Duty

No Hong Kong ad valorem stamp duty is payable on the issue of Units or on the redemption of Units.

No Hong Kong stamp duty is payable where the sale or transfer of the Units is effected by the Manager, who then either extinguishes the Units or re-sells the Units to another person within two months thereof.

Pursuant to the Stamp Duty (Amendment) Ordinance 2015, stamp duty payable in respect of any sale or purchase or 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 sale or purchase or transfers of Units do not attract Hong Kong stamp duty and no Hong Kong stamp duty is payable by Unitholders on sale or purchase or any transfer of the Units.

Impacts of the Foreign Account Tax Compliance Act and any other similar regulations

Under provisions of U.S. federal income tax law commonly referred to as the Foreign Account Tax Compliance Act ("**FATCA**"), certain payments of US source income (including, for example, interest and dividends and the gross proceeds from the disposition of certain US assets that can produce US source income) to foreign financial institutions ("**FFIs**") are subject to a new 30 percent withholding tax beginning 1 July 2014. The Trust is likely to be an FFI and is therefore affected by FATCA.

FFIs may avoid FATCA withholding by registering with the US Internal Revenue Service ("**IRS**") and undertaking certain US tax compliance and reporting obligations. Pursuant to these obligations, an FFI such as the Trust will have to obtain certain Trust Information (as defined below) from any "Consenting Persons" (as defined below) who are US persons for US federal income tax purposes and seek their consent to report, disclose and/or transfer such Trust Information to the IRS.

Each of the Trust and the CGB ETF has registered with the IRS and has obtained a Global Intermediary Identification Number of 23NC1K.00000.SP.344 and 70X5Q0.99999.SL.344 respectively.

A "**Consenting Person**" includes: any investor in the Trust; where the investor is an entity, its substantial owner and controlling person; and where the investor holds units of the Trust for the account or benefit of other person(s) or entity(ies), those other person(s) or entity(ies).

"**Trust Information**" includes: (a)(i) where the Consenting Person is an individual, his or her full name, date of birth, place of birth, residential address, mailing address, tax identification number, citizenships, residencies and tax residencies; (ii) where the Consenting Person is an entity or corporate, its full name, place of incorporation or formation, registered address, address of place of business, tax identification number, tax status, tax residency, and such information as the Trustee may reasonably require regarding each of its substantial owners, controlling persons, beneficiaries and settlors (if applicable); (b) in respect of an account through which a Consenting Person may receive or claim benefits or payments from the Trust, the account balance, account value, account number, contributions paid to account and amounts withdrawn or paid from the account; (c) any other documentation or information relating, directly or indirectly, to the tax status of the Consenting Person, e.g. IRS Form W-8 or IRS Form W-9; and (d) any accompanying statements, waivers, and consents, in such form and in such manner, as the Trustee and/or the Manager may from time to time reasonably require.

In addition, the Trust may from time to time be subject to any treaty, law, regulation, rules, codes of practice, guidelines, guidance in other jurisdictions or any other inter-governmental agreements between governments or authorities of two or more jurisdictions, which, together with FATCA, are collectively known as the "**Applicable Laws and Regulations**".

Each Consenting Person will be required to complete and sign such documents and take such actions for the purposes of ensuring compliance with the Applicable Laws and Regulations by the Trust, the Manager and/or the Trustee.

Without prejudice to the generality of the preceding paragraph, for the purposes of ensuring compliance with the Applicable Laws and Regulations, investors in the Trust will generally be required to provide to the Trust the Trust Information of themselves, and if the investors are entities and/or holding units of the Trust for the account or benefit of other person(s) or entity(ies) (i.e. beneficiaries), the Trust Information of themselves as well as of their substantial owners and controlling persons and, as applicable, the beneficiaries. Also, where: (a) there is a change of circumstances which may render any of the Trust

Information out-of-date; or (b) there is a change of circumstances with respect to a Consenting Person that causes the Trustee and/or the Manager to know or have reason to know that any of the Trust Information is incorrect, unreliable or out-of-date, the relevant Consenting Person must promptly (in any event within 30 days of the change), in such form and in such manner as the Trustee and/or the Manager may reasonably from time to time require, provide to the Trustee and the Manager the updated Trust Information. Each Consenting Person will have to consent to the Manager's and the Trustee's processing, transferring and/or disclosing the Trust Information to any local and/or foreign authorities, and confirm the accuracy of the Trust Information (including any update to the Trust Information). In providing the Trust Information of the relevant Consenting Person(s) to the Trust, the Consenting Person in question: (a) consents to the reporting, disclosure and/or transfer of such Trust Information of himself / herself / itself to any local and/or foreign authorities; (b) confirms that it / he / she has obtained the consent of each such other Consenting Person to the reporting, disclosure and/or transfer of such Trust Information of each such other Consenting Person to any local and/or foreign authorities (if applicable); and (c) confirms the accuracy of the Trust Information of himself / herself / itself and, if applicable, that of each such other Consenting Person.

Where: (i) an investor fails to provide such Trust Information to the Trust as the Manager and/or the Trustee reasonably require; (ii) the Trust Information provided in relation to any Consenting Person is inaccurate, incomplete or not promptly updated; or (iii) the Manager and/or the Trustee are prevented from disclosing the Trust Information for whatever reason, the Trust may be subject to certain withholding tax with respect all or a portion of any payments to the Trust (e.g. investment returns as a result of any investment made by the Trust), and the Trust, Trustee and/or the Manager may take any action in good faith and on reasonable grounds, to the extent not prohibited by applicable law, to ensure compliance with the Applicable Laws and Regulations. Such actions include but are not limited to any actions in relation to the investor's units of the Trust or redemption proceeds to ensure that such withholding is economically borne by the investor whose failure to provide the necessary Trust Information or comply with such requirements gave rise to the withholding; for instance, compulsorily redeeming units of the investor by the Manager and report, disclose and/or transfer such Trust Information by the Trust, the Manager and/or the Trustee with respect to an investor to the local and/or foreign authorities at any time (including, if applicable, after the units of the investors have been redeemed for whatever reason), provided that any reporting, disclosure and transfer of Trust Information will be consistent with the applicable regulations governing the use of personal data in Hong Kong (including the Personal Data (Privacy) Ordinance, as amended from time to time).

The Trust, the Trustee and the Manager each intends to ensure the Trust's compliance with Applicable Laws and Regulations. However, neither the Trust, the Trustee nor the Manager can provide any assurances that the Trust will be able to comply with the Applicable Laws and Regulations. If the Trust does not comply with the Applicable Laws and Regulations, the application of withholding taxes, deductions, or penalties due to any non-compliance may adversely affect the net asset value per Unit and therefore cause investors to suffer a material loss. If any investor has any doubt on the impact of the Applicable Laws and Regulations on itself / himself / herself or its / his / her tax position, the investor should seek independent professional advice.

THE TAX DESCRIPTION CONTAINED IN THIS DOCUMENT (1) MAY NOT BE RELIED UPON, AND WAS NOT INTENDED TO, PROVIDE PENALTY PROTECTION UNDER

THE U.S. INTERNAL REVENUE CODE AND (2) IS WRITTEN TO MARKET THE UNITS. WITHOUT PREJUDICE TO THE GENERALITY OF THE SUB-SECTION **"GENERAL"** UNDER THIS SECTION **"TAXATION"**, ALL PROSPECTIVE INVESTORS ARE STRONGLY URGED TO CONSULT WITH THEIR OWN PERSONAL LEGAL AND TAX ADVISERS CONCERNING ANY TAX CONSEQUENCES, WHICH MAY ARISE FROM THEIR INVESTMENT, OWNERSHIP, OR BENEFICIAL INTEREST IN THE TRUST.

Hong Kong requirements regarding tax reporting

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

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

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

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

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

The Unitholders

Unitholders should not be subject to any Hong Kong profits tax (whether by way of withholding or otherwise) on distributions by the Sub-Funds in accordance with the practice of the Inland Revenue Department of Hong Kong (as at the date of this Prospectus).

Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for individuals or unincorporated business) will arise on any gains or profits made on the sale, redemption or other disposal of the Units where the profits, not being regarded as capital in nature, arise from a trade, profession or business carried on by a Unitholder in Hong Kong and are sourced in Hong Kong. Unitholders should take advice from their own professional advisers as to their particular tax position.

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

General

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

OTHER IMPORTANT INFORMATION

Reports and Accounts

The Sub-Funds' year end is 31 December in each year. In respect of the CGB ETF, the first accounting period is from the close of its Initial Offer Period to 31 December 2018. Audited accounts in English only will be available on the Manager's website within four (4) months of the end of each financial year. Half-yearly unaudited reports are also to be prepared up to the last Dealing Day in June of each year and be available in English only on the Manager's website within two (2) months of such date. The webpage for the HK Dividend ETF is http://asset.pingan.com.hk/eng/3070 and the webpage for the CGB ETF is http://asset.pingan.com.hk/eng/3080. Hard copies of these reports may also be obtained at the offices of the Manager at Suite 2301, 23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours on any day (excluding Saturdays, Sundays and public holidays). A notice notifying the investors of the availability of the relevant accounts or reports will be published by the Manager on the Manager's website at the time when such accounts or reports are published.

The first audited annual accounts of the CGB ETF will be published on or before 30 April 2019, covering the period between the close of its Initial Offer Period and 31 December 2018.

Such reports will contain a statement of the value of the net assets of the Sub-Funds and the investments comprising its portfolio, including a list of the constituent securities of the Underlying Index, if any, that each accounts for more than ten per cent (10%) of the weighting of the Underlying Index as at the end of the relevant period and their respective weightings showing any limit adopted by the Sub-Funds have been complied with. Such reports will also provide a comparison of the Sub-Funds' performance and the actual performance of their respective Underlying Index over the relevant period.

Publication of Information Relating to the Sub-Funds

The Manager shall publish the near real time Net Asset Value per Unit of each Sub-Fund on the Manager's website on each Dealing Day. The webpage for the HK Dividend ETF is http://asset.pingan.com.hk/eng/3070 and the webpage for the CGB ETF is http://asset.pingan.com.hk/eng/3080.

The Manager shall also publish the following information in both English and Chinese languages in respect of each Sub-Fund on the Manager's website including:

- this Prospectus and the product key facts statement (as amended and supplemented from time to time) ;
- the latest annual and semi-annual financial reports of the Sub-Funds (available in English only) ;
- any public announcements made by the Sub-Funds, including information in relation to the Sub-Funds and the relevant Underlying Index, notices of the suspension of the calculation of Net Asset Value, changes in fees and charges, the suspension and resumption of trading of Units;

- holdings of each of the Sub-Funds (updated on a daily basis);

- the near real time estimated Net Asset Value per Unit updated every 15 seconds throughout each Dealing Day in the Base Currency of a Sub-Fund, and if the trading currency is different from the Base Currency, also in the trading currency;

- the daily closing Net Asset Value and Net Asset Value per Unit in the Base Currency of a Sub-Fund and, if the trading currency is different from the Base Currency, also in the trading currency;

- the identity of each Participating Dealer and Market Maker;

- the ongoing charges figure and the past performance information of a Sub-Fund; and

- the annual tracking difference and tracking error of a Sub-Fund.

For the CGB ETF, the near real time estimated Net Asset Value per Unit in HKD are indicative and for reference only. This is updated every 15 seconds during SEHK trading hours. The near real time estimated Net Asset Value per Unit in HKD do not use a real time HKD:RMB foreign exchange rate – it is calculated using the near real time estimated Net Asset Value per Unit in RMB, multiplied by an assumed foreign exchange rate as determined by the Hong Kong Monetary Authority for offshore RMB (CNH) on the previous SEHK trading day. Since the estimated Net Asset Value per Unit in RMB will not be updated when the PRC inter-bank bond market is closed, the changes in the estimated Net Asset Value per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

The last closing Net Asset Value per Unit in HKD is indicative and for reference only and is calculated using the last closing Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate as determined by the Hong Kong Monetary Authority for offshore RMB (CNH) as of the same Dealing Day.

The webpage for the HK Dividend ETF is http://asset.pingan.com.hk/eng/3070 and the webpage for the CGB ETF is http://asset.pingan.com.hk/eng/3080.

In addition, the Index Provider shall publish the CSI HK Dividend and CGB Index on its website (www.csindex.com.cn).

Removal and Retirement of the Trustee and the Manager

The Trustee

Subject to the prior written approval of the SFC, the Trustee may retire from office by giving not less than ninety (90) days' written notice (or such shorter period of notice as the SFC may approve) to the Manager and the Unitholders PROVIDED THAT adequate arrangements have been made for another trustee approved by the SFC to assume responsibility for the administration of the Trust and for the Trustee's interest in the assets of the Trust to be transferred to that trustee.

The Trustee may be removed by prior notice in writing to the Trustee by the Manager in any of the following events:

(a) if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee (or any such analogous process occurs or any analogous person is appointed in respect of the Trustee);

(b) if the Trustee ceases to carry on business; and

(c) when the Manager gives not less than 90 days' prior notice (or such shorter period of notice as the SFC may approve) in writing to the Trustee to remove the Trustee from the trusteeship of the Trust provided that the Manager determines that the removal of the Trustee is not materially adverse to the interests of the Unitholders and that the Manager notifies the Unitholders in writing of the removal of the Trustee.

In any of such events the Manager shall (with, for so long as the Trust is authorised by the SFC, the prior written consent of the SFC) appoint any other company qualified to act as trustee under the proper law of the Trust as the new trustee of the Trust and the outgoing Trustee shall upon receipt of notice by the Manager promptly execute such deed (in accordance with the provisions of the Trust Deed) as the Manager shall require reasonably appointing the new trustee as trustee of the Trust and the outgoing Trustee shall thereafter ipso facto cease to be the Trustee. The removal of the Trustee and the appointment of its successor shall take effect simultaneously.

The Manager

The Manager must be subject to removal by 3 months' notice in writing from the Trustee in either of the following events:

(a) for good and sufficient reason, the Trustee states in writing that a change in the Manager is desirable in the interest of the Unitholders; or

(b) Unitholders of the Trust representing at least 50% in value of the Units outstanding (excluding those held or deemed to be held by the Manager or the Participating Dealers) deliver to the Trustee a written request to dismiss the Manager.

The Manager must also be subject to removal forthwith upon written notice from the Trustee if the Manager commences liquidation or has gone into receivership or has entered into any scheme of arrangement or compromise with its creditors.

If the SFC ceases to accept the Manager as the investment manager of the Trust, the Manager's appointment shall be terminated as at the date on which the SFC notified the Trust or being the effective date on which the SFC ceases to accept the Manager as the Manager of the Trust.

The Manager may retire as manager of the Trust at any time after giving 90 days' written notice, or any other period of notice as agreed to by the Trustee, to the Trustee provided that, and subject to the Trustee selecting a new manager being duly qualified under the Code, and acceptable to the SFC.

The retirement of the Manager will not be effective until the appointment of the new manager by the Trustee is approved in writing by the SFC. The Trustee shall, as soon as reasonably practicable after the appointment of a new Manager, given written notice to the Unitholders specifying the name and other relevant details of the new Manager.

Termination of the Trust or the Sub-Funds

The Sub-Funds shall terminate upon the termination of the Trust. The Trust shall continue for a period of 80 years from the date of the Trust Deed or until it is terminated in one of the ways set out below.

The Trust may be terminated by the Trustee by notice in writing to the Manager and the Unitholders as hereinafter provided if:

(a) the Manager shall go into liquidation or if a receiver is appointed over any of their assets and not discharged within 60 days;

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

(c) the Trust shall cease to be authorized pursuant to the Securities and Futures Ordinance or if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust;

(d) the Manager shall have ceased to be the Manager and, within a period of 30 days thereafter, no other qualified corporation shall have been appointed by the Trustee as a successor Manager; and

(e) the Trustee shall have given 90 days' notice to retire and such notice period has expired, and after a further ninety (90) days' written notice by the Trustee to the Manager (or such shorter period as agreed between the Trustee and the Manager), the Manager is unable to find a suitable and willing person to act as trustee.

The Trust and/or a Sub-Fund and/or any classes of Units relating to a Sub-Fund (as the case may be) may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee and the Unitholders as hereinafter if:

(a) at any time one year after the establishment thereof, in relation to the Trust, the aggregate Net Asset Value of all Units outstanding shall be less than HK$200,000,000 or, in relation to a Sub-Fund, the aggregate Net Asset Value of the Units of the relevant classes outstanding shall be less than HK$200,000,000;

(b) the Sub-Fund (which is authorized by the SFC pursuant to the Securities and Futures Ordinance) shall cease to be authorized pursuant to the Securities and Futures Ordinance;

(c) any law shall be passed which renders it illegal or in the good faith opinion of the

Manager impracticable or inadvisable to continue the Trust and/or the Sub-Fund;

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

(e) the Units of the Sub-Fund are no longer listed on the SEHK or other securities market;

(f) the Trust and/or the Sub-Fund ceases to have any Participating Dealer; or

(g) the Trustee has ceased to be the Trustee and the Manager is unable to find a qualified corporation to act as trustee in place of the Trustee in accordance with the terms of the Trust Deed.

Notice will be given to Unitholders if the Trust or a Sub-Fund is terminated under the above circumstances. Such notice will be submitted to the SFC for prior approval.

A Sub-Fund may also be terminated by unanimous resolution of Unitholders of the class or classes relating thereto at a meeting convened in accordance with the Trust Deed and such termination shall take effect from the date as such resolution may provide.

Trust Deed

The Trust was established under Hong Kong law by a trust deed dated 19 April 2010 (as may be amended, modified or supplemented from time to time). All holders of Units are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

Conflicts of Interests

The Manager and the Trustee are not presently in any position of conflict in relation to the Trust.

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

Potential conflicts of interest may, for example, also arise in the following situations:

(a) the Manager or any of its Connected Persons may enter into investments for the Trust as agent for the Trustee and may, with the consent of the Trustee, deal with the Trust as principal;

(b) the Trustee, the Manager or any of their respective Connected Persons may have banking or other commercial relationships with any company or party which is the issuer of the Securities, financial instruments or investment products held by the Trust;

(c) the Trustee, the Manager or any of their respective Connected Persons may hold and deal in Units or in investments held by the Trust either for their own account or for the account of their customers;

(d) the monies of the Trust may be deposited with the Manager, the Trustee or any of their respective Connected Persons or invested in certificates of deposit or banking instruments issued by any of them provided that interest received on any such deposits shall be kept at a rate not lower than the prevailing rate for a deposit of that size and term, in the same currency and with institutions of a similar standing negotiated at arm's length. Subject thereto, the Manager, the Trustee or any of its Connected Persons shall be entitled to retain for its own use and benefit any benefit which it may derive from any cash for the time being in its hands (whether on current or deposit account) forming part of the relevant Index Fund.

In the event that a potential conflict of interest arises between the Manager or the Trustee with the Trust, the Manager and the Trustee will have regard to their respective obligations under the Trust Deed and to the Trust and Unitholders and will endeavour to act, so far as practicable, in the best interests of the Trust and the Unitholders. However, neither the Manager nor the Trustee shall be liable to account to the Trust or an Index Fund or any Unitholder for any profit or benefit made or derived thereby or in connection therewith.

Internal systems and controls are developed to ensure that in the event of conflicts of interests between an Index Fund and other funds and accounts managed by the Manager, all the funds and accounts (including the Index Funds) shall be treated fairly. With respect to the processing of trade orders placed by different parties, such process is automated and effected by our trading system, which automatically allocates trades in accordance with the time of the placement and the specific order instructions (e.g. price, volume limits). The order in which the trade allocation is made is not allowed to be adjusted except with the written consent of the officers designated as the Head of Investment and Head of Compliance of the Manager and the reasons for any such adjustment must be documented in full. The different teams of the Manager responsible for the portfolios of the Index Funds will not have discretion over the order in which trades can be allocated between different accounts.

Investment opportunities will not be allocated based, in whole or in part, on the relative fee structure or amount of fees paid by any client or fund or the profitability of any account or fund. Furthermore, key duties within the Manager are appropriately segregated to avoid apparent and potential conflicts of interest, and to ensure that price-sensitive information privy to any staff should not be available to staff outside those departments, except on a "need to know" basis. Proper Chinese walls are in place to restrict flow of confidential and inside information within the Manager.

Transaction with Connected Person

All transactions carried out by or on behalf of an Index Fund will be on arm's length terms, and in compliance with applicable laws and regulations. Any transactions between an Index Fund and the Manager or any of its Connected Persons as principal may only be made with the prior written consent of the Trustee. All such transactions shall be disclosed in the relevant Index Fund's accounts. Upon satisfying the requirements above and subject to applicable laws and regulations, there will be no obligation on the relevant party to account to the Trust or to Unitholders for any benefits arising from the aforementioned transactions and any such benefits may be retained by the relevant party. For so long as an Index Fund is authorized by the SFC, no more than 50% in aggregate of an Index Fund's transactions in any one financial period shall be carried out with or through a broker or dealer connected to the Manager or any of its Connected Persons of the Manager.

Indemnification and Limitation of Liability

The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed for details.

Nothing in the Trust Deed shall exempt the Trustee or the Manager from any liability to Unitholder imposed under Hong Kong law or breaches of trust through fraud or negligence, nor may they be indemnified against such liability by Unitholders or at Unitholders' expense.

Modification of Trust Deed

Subject to the prior approval of the SFC, the Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Trustee and the Manager such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee, the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs of preparing and executing the relevant supplemental deed) does not increase the costs and charges payable out of the assets of any Index Fund or (ii) is necessary in order to comply with any fiscal, statutory 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 require the sanction of an extraordinary resolution of the Unitholders affected. No modification to the Trust Deed shall impose any obligation on any Unitholders to make further payments or to accept further liability in respect of his/her Units.

Meetings of Unitholders

The Trust Deed provides that the Trustee or the Manager may (and the Manager shall at the request in writing of Unitholders together registered as holding not less than one-tenth in value of the Units in issue) at any time convene a meeting of Unitholders or of Unitholders of Units of any class upon at least 21 days' notice. Notices of meetings of Unitholders will be posted to 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. Where the Unitholder is a recognized clearing house (within the meaning of the Securities and Futures Ordinance) or its nominee(s), it may authorize such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meetings of Unitholders or any meetings of any class of Unitholders provided that, if more than one person is so authorized, the authorization or proxy form must specify the number and class of Units in respect of which each such person is so authorized. The person so authorized will be deemed to have been duly authorized without the need of producing any documents of title, notarized authorization and/or further evidence for substantiating the facts that it is duly authorized and will be entitled to exercise the same power on behalf of the recognized clearing house as that clearing house or its nominee(s) could exercise if it were an individual Unitholder, including the right to vote individually on a show of hands.

The quorum at Unitholders' meetings is 2 or more Unitholders present in person or by proxy, with such Unitholders registered as holding not less than 10% (or, in relation to a resolution proposed as an extraordinary resolution, 25% of the Units in issue. If a quorum is not present within half an hour from the time appointed for the meeting, the meeting will be adjourned for not less than 15 days, and at an adjourned meeting Unitholders present in person or by proxy whatever their number or the number of Units held by them will form a quorum.

An extraordinary resolution is required under the Trust Deed for certain purposes and is a resolution proposed as such and passed by a majority of 75% of the total number of votes cast.

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

The Trust Deed provides that at any meeting of Unitholders, on a show of hands, every Unitholder who (being an individual) is present in person or (being a partnership or corporation) is present by an authorized representative shall have one vote and, on a poll, every Unitholder who is present as aforesaid or by proxy shall have one vote for every Unit of which he is the holder.

Documents Available for Inspection

Copies of the Trust Deed, Conversion Agency Service Agreement, Service Agreement, Participation Agreements and the latest annual and semi-annual reports (if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager, Suite 2301, 23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. Copies of the Trust Deed can be purchased from the Manager on payment of a reasonable fee.

Anti-Money Laundering Regulations

As part of the Trustee's and the Manager's responsibility for the prevention of money laundering, they may require a detailed verification of an investor's identity and the source of the payment of any subscriptions. Depending on the circumstances of each application, a detailed verification might not be required where:

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

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

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

The Trustee and the Manager reserve the right to request such information as is necessary to verify the identity of any investor and the source of the payment. In the event of delay or failure by an investor to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and the application moneys relating thereto.

The Participating Dealers may be subject to similar anti-money laundering obligations.

Liquidity Risk Management

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

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

The liquidity management policy involves monitoring the profile of investments held by each Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "Redemption of Units", and will facilitate compliance with each Sub-Fund'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 Sub-Funds under normal and exceptional market conditions.

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

Notices

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

Manager
Ping An of China Asset Management (Hong Kong) Company Limited
Suite 2301, 23rd Floor,
Two International Finance Centre,
8 Finance Street, Central,
Hong Kong

Trustee
HSBC Institutional Trust Services (Asia) Limited

1 Queen’s Road Central
Hong Kong

Queries and Complaints

Investors may contact the Manager at its address as set out above, or by phone at its telephone number (852) 3762-9228 or by email at enquiries@pingan.com.hk to seek any clarification regarding the Trust or the Sub-Funds or to file a complaint. If a query or complaint is received by phone, the Manager will respond orally. If a query or complaint is received in writing, the Manager will respond in writing. Under normal circumstances the Manager will respond to any query or complaint as soon as practicable and in any event within 21 days.

SCHEDULE 1
FEES AND CHARGES

Management Fees

The Manager is entitled to receive a management fee, currently at the rate of 0.55 per cent (0.55%) per annum of the Net Asset Value of each of the Sub-Funds accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

Trustee Fee

The Trustee is entitled to receive a trustee fee, to be accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Trustee fee is calculated as a percentage per annum of the Net Asset Value of the each of the Sub-Funds at the rate of 0.14% per annum for the first HK$800 million of the Net Asset Value, 0.12% per annum for the next HK$800 million of the Net Asset Value, and 0.10% per annum for the remaining balance of the Net Asset Value, and is currently subject to a monthly minimum of HK$37,000.

The Trustee is also entitled to an inception fee of HK$80,000 for the establishment of each of the Sub-Funds.

General Expenses

Each of the Sub-Fund shall bear the costs and expenses incurred in its establishment, including the costs of preparing the constitutive and other documents, obtaining SFC authorization, the fees payable to the Index Provider (including the licence fees for the relevant Underlying Index), and the listing on SEHK. Such costs are amortized over the first accounting periods of the relevant Sub-Fund after consultation with the Auditors.

Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Sub-Funds are summarized in the table below:

Creation of Units

Fee	**HK Dividend ETF**	**CGB ETF**
Transaction Fee	HK$15,000[1] per Application	HK$15,000[1] per Application
Conversion Agent Fee	See Note[2]	NIL
Service Agent Fee	NIL	See Note[7]
Extension Fee	HK$10,000[3] per Application	HK$10,000[3] per Application
Application Cancellation Fee	HK$10,000[3] per Application	HK$10,000[3] per Application
Partial Delivery Fee	HK$10,000[3] per Application	HK$10,000[3] per Application
Daylight Settlement Fee	HK$10,000[3] per Application	HK$10,000[3] per Application

Redemption of Units

Fee	HK Dividend ETF	CGB ETF
Transaction Fee	HK$15,000[1] per Application	HK$15,000[1] per Application
Conversion Agent Fee	See Note[2]	NIL
Service Agent Fee	NIL	See Note[7]
Extension Fee	HK$10,000[3] per Application	HK$10,000[3] per Application
Application Cancellation Fee	HK$10,000[3] per Application	HK$10,000[3] per Application
Partial Delivery Fee	HK$10,000[3] per Application	HK$10,000[3] per Application
Daylight Settlement Fee	HK$10,000[3] per Application	HK$10,000[3] per Application
Unit Cancellation Fee	HK$1.00[4] per board lot	NIL

Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Sub-Funds on the SEHK are summarized in the table below:

Brokerage	Market rates
Transaction Levy	0.0027%[5]
Trading Fee	0.005%[6]
Stamp Duty	NIL

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

1 A Transaction Fee is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.

2 A Conversion Agent Fee is payable to the Conversion Agent which ranges from HK$5,000 to HK$12,000 per day per Participating Dealer. The exact amount of Conversion Agent Fee will depend on the aggregate Hong Kong dollar value of the Creation and Redemption Applications made on that day by a Participating Dealer, detailed below:

Total aggregated Application Basket Value per day	Conversion Agent's Fee / Service Agent Fee (as the case may be) per day
equal to or less than HK$2,000,000	HK$5,000
between HK$2,000,001 to HK$5,000,000	HK$8,000
between HK$5,000,001 to HK$10,000,000	HK$10,000
over HK$10,000,000	HK$12,000

3 Such extension fee, application cancellation fee, partial delivery fee or daylight settlement fee is payable by a Participating Dealer on each occasion the Manager grants the request of such Participating Dealer for daylight real time settlement,

partial delivery, cancellation or extended settlement in respect of such Application. The daylight settlement fee is payable when the Participating Dealer fails to complete a creation by the Settlement Date and so opts to use daylight settlement available on Euroclear to settle the trades on the same day. The extension fee, application cancellation fee, partial delivery fee and daylight settlement fee are payable by the Participating Dealer for the account and benefit of the Trustee.

4 For Redemption Applications only, a Unit Cancellation Fee will be payable to the Trustee for the account and benefit of the Conversion Agent for the cancellation of units upon redemption.

5 Transaction levy of 0.0027% of the price of the Units, payable by the buyer and the seller.

6 Trading fee of 0.005% of the price of the Units, payable by the buyer and the seller.

7 A Service Agent's Fee of HK$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction.