THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS NAMED BELOW

If you are in any doubt *about the contents of this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.*

If you have sold or transferred *all your units in CSOP China CSI 300 Smart ETF, you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.*

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

*CSOP Asset Management Limited (the "**Manager**") accepts full responsibility for the accuracy of the information contained in this Announcement and Notice as at the date of publication, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, as at the date of publication, there are no other facts the omission of which would make any statement misleading.*

SFC authorization is not a recommendation or an endorsement of the Trust (as defined below) and the Terminating Sub-Fund (as defined below) nor does it guarantee the commercial merits of the Trust and the Terminating Sub-Fund or their performance. It does not mean the Trust and the Terminating Sub-Fund are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

CSOP China CSI 300 Smart ETF
(the "Terminating Sub-Fund")

a sub-fund of CSOP ETF Series (the "Trust")

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

Stock Codes: 83129 (RMB counter) and 03129 (HKD counter)

ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORIZATION AND DELISTING AND NON-APPLICABILITY OF CERTAIN PROVISIONS OF THE CODE

Terms not defined in this Announcement and Notice will have the meanings as are given to such terms in the prospectus dated 5 September 2019 (the "**Prospectus**").

IMPORTANT: Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the proposed cessation of trading, proposed termination, proposed deauthorization and proposed delisting of CSOP China CSI 300 Smart ETF and the non-applicability of certain provisions of the Code for the period from 25 November 2019 (i.e. the Trading Cessation Date, as defined in section 2.4) to the date of deauthorization (the "Deauthorization Date"). In particular, investors should note that:

- **taking into account the relevant factors, including, in particular, the relatively small net asset value ("Net Asset Value") of the Terminating Sub-Fund (see details of the factors in section 1 below), the Manager has, by means of a resolution of the board of directors of the Manager dated 21 October 2019, decided to exercise its power under Clause 27.2a of the Trust Deed, and proposed to seek termination of the Terminating Sub-Fund with effect from the Termination Date (as defined in section 2.3). The Manager has given written notice to HSBC Institutional Trust Services (Asia) Limited (the "Trustee") notifying the Trustee of its proposal to terminate the Terminating Sub-Fund pursuant to Clause 27.2a of the Trust Deed, and the Trustee does not object to this proposal;**

- **the Last Trading Day (as defined in section 2.4) of the units in the Terminating Sub-Fund ("Units") will be 22 November 2019, i.e. the last day on which investors may buy or sell Units on the SEHK and the last day for creation and redemption of Units in accordance with the usual trading arrangements currently in place;**

- **the Units of the Terminating Sub-Fund will cease trading as from 25 November 2019 (i.e. the Trading Cessation Date); that means no further buying or selling of Units on the SEHK and no creation and redemption of Units will be possible from the Trading Cessation Date onwards;**

- **the Manager will realise all of the assets of the Terminating Sub-Fund effective from the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards, (i) there will be no further trading of Units of the Terminating Sub-Fund and no further creation and redemption of Units of the Terminating Sub-Fund; (ii) the Manager will start to realise all of the assets of the Terminating Sub-Fund and the Terminating Sub-Fund will therefore cease to track the performance of the Underlying Index and will not be able to meet its investment objective of tracking the performance of the Underlying Index; (iii) the Terminating Sub-Fund will no longer be marketed to the public; (iv) the Terminating Sub-Fund will mainly hold cash; and (v) the Terminating Sub-Fund will only be operated in a limited manner;**

- **given the Terminating Sub-Fund will no longer be marketed to the public and have limited operations after it ceases trading, pursuant to 8.6(t) of the Code and paragraph 13 of the Frequently Asked Questions on Exchange Traded Funds and Listed Funds, the Terminating Sub-Fund will continue to maintain its SFC authorization status without strictly complying**

with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorization Date, provided that the specific conditions and requirements imposed by the SFC are met.

Such conditions and requirements are described in section 5 below;

- **the Manager confirms that, save for the particular provisions of the Code set out in sections 5.2 to 5.4 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations until the Deauthorization Date;**

- **the Manager will, after having consulted the Trustee and the Terminating Sub-Fund's auditor, declare a Final Distribution (as defined in section 1.2) to the investors who remain so as at 27 November 2019 (the "Distribution Record Date"), and the Final Distribution is expected to be payable on or around 19 December 2019 (the "Final Distribution Date");**

- **based on the information available to the Manager as at the date of this Announcement and Notice, the Manager does not expect or anticipate there will be a further distribution after the Final Distribution. However, in the unlikely event there is a further distribution after the Final Distribution, the Manager will issue an announcement informing the Relevant Investors;**

- **by the date when the Trustee and the Manager form an opinion that the Terminating Sub-Fund ceases to have any outstanding contingent or actual assets or liabilities, the Trustee and the Manager will commence the completion of the termination of the Terminating Sub-Fund (i.e. the Termination Date).**

- **during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Terminating Sub-Fund's SFC authorization status and SEHK listed status, and, subject to the SEHK's approval, expects the delisting to take effect at or around the same time as the deauthorization;**

- **the Manager will cap the ongoing charges of the Terminating Sub-Fund at 2.92% p.a. until the Termination Date. The Manager will bear the unamortised preliminary expenses and all costs and expenses associated with the termination of the Terminating Sub-Fund (other than normal operating expenses such as transaction costs and any taxes relating to the realisation of assets of a Terminating Sub-Fund) from the date of this Announcement and Notice up to and including the Termination Date;**

- **the Manager expects that the deauthorization and the delisting will take place either on the Termination Date or shortly after the Termination Date (please note that any product documentation for the Terminating Sub-Fund previously issued to investors, including the Prospectus and the KFS in respect of the Terminating Sub-Fund, should be retained for personal use only and not for public circulation); and**

- **investors should pay attention to the risk factors as set out in section 7.1 below (including liquidity risk, Units trading at a discount or premium risk, tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, failure to track the Underlying Index risk, delay in distribution risk and market makers' inefficiency risk). Investors should exercise caution and consult their professional and financial advisers before dealing in the Units in the Terminating Sub-Fund or otherwise deciding on the course of actions to be taken in relation to their Units in the Terminating Sub-Fund.**

Stockbrokers and financial intermediaries are urged to:

- **forward a copy of this Announcement and Notice to their clients holding Units in the Terminating Sub-Fund, and inform them of the contents of this Announcement and Notice as soon as possible;**

- **facilitate their clients who want to dispose of Units in the Terminating Sub-Fund on or before the Last Trading Day;**

- **inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units in the Terminating Sub-Fund; and**

- **inform their clients of the Final Distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients**

The Manager will, until the Last Trading Day, issue reminder announcements on a weekly basis to investors informing and reminding them of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date. Also, further announcements will be made, as and when appropriate in accordance with the applicable regulatory requirements, in due course to inform the investors of the Final Distribution Date, the Termination Date, the dates for the deauthorization and the delisting.

The Manager reserves its right to terminate the Terminating Sub-Fund in its absolute discretion by notice in writing to the Trustee under Clause 27.2a of the Trust Deed if the aggregate Net Asset Value of all the Units in the Terminating Sub-Fund outstanding shall be less than RMB 100,000,000.

As at 22 October 2019, the Net Asset Value of all the Units outstanding in the Terminating Sub-Fund was RMB 13,351,917.25, less than RMB 100,000,000. The Manager therefore announces that it has, by means of a resolution of the board of directors of the Manager dated 21 October 2019, decided to terminate the Terminating Sub-Fund and voluntarily seek deauthorization and delisting. The proposed termination, deauthorization and delisting will be subject to the final respective approval of the SFC and the SEHK, and will only be completed after the Trustee and the Manager have formed an opinion that the Terminating Sub-Fund has no outstanding contingent or actual liabilities or assets.

Before the proposed termination, deauthorization and delisting, the Units of the Terminating Sub-Fund will cease trading on the SEHK as from 25 November 2019, the Trading Cessation Date. Accordingly, the last day on which the Units of the Terminating Sub-Fund can be traded on the SEHK will be 22 November 2019, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed, and no creation and redemption of Units in the Terminating Sub-Fund in the primary market through a Participating Dealer will be allowed.

As required under Clause 27.4 of the Trust Deed, no less than one month's notice is hereby given to the investors, notifying them of the proposed termination of the Terminating Sub-Fund. Also, as required under Chapter 11.1A of the Code, no less than one month's notice is hereby given to the investors, notifying them that the Terminating Sub-Fund will cease to track the performance of the Underlying Index, and cease trading, from the Trading Cessation Date.

The Manager will bear the unamortised preliminary expenses and all costs and expenses associated with the termination of the Terminating Sub-Fund (other than normal operating expenses such as transaction costs and any taxes relating to the realisation of assets of the Terminating Sub-Fund) from the date of this Announcement and Notice up to and including the Termination Date.

1. Proposed termination of the Terminating Sub-Fund, cessation of trading and realisation of assets

1.1 Proposed termination of the Terminating Sub-Fund

According to Clause 27.2a of the Trust Deed, the Terminating Sub-Fund may be terminated by the Manager in its absolute discretion by notice in writing in the event that the aggregate Net Asset Value of all the Units in the Terminating Sub-Fund outstanding shall be less than RMB 100,000,000. The Trust Deed does not require investors' approval for terminating the Terminating Sub-Fund on the ground set out in Clause 27.4 of the Trust Deed.

As at 22 October 2019, the Net Asset Value and the Net Asset Value per Unit of the Terminating Sub-Fund were RMB 13,351,917.25 and RMB 13.3519 respectively. Having taken into account the relevant factors including the interests of the investors as a whole, the current relatively small Net Asset Value of the Terminating Sub-Fund, the Manager is of the view that the proposed termination of the Terminating Sub-Fund would be in the best interests of the investors of the Terminating Sub-Fund. Therefore, the Manager has decided to exercise its power under Clause 27.2a of the Trust Deed, to terminate the Terminating Sub-Fund on the date on which the Trustee and the Manager form an opinion that the Terminating Sub-Fund ceases to have any contingent or actual assets or liabilities. The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Terminating Sub-Fund pursuant to Clause 27.2a of the Trust Deed, and the Trustee does not object to such proposal and acknowledges the non-applicability of certain provisions of the Code as referred to in this Announcement and Notice.

1.2 The proposed cessation of trading

The Manager will apply to SEHK to have the Units of the Terminating Sub-Fund cease trading on the SEHK with effect from 25 November 2019 (i.e. the Trading Cessation Date). The Manager will realise all of the assets of the Terminating Sub-Fund effective from the Trading Cessation Date in exercise of its investment powers under clause 27.2a of the Trust Deed. 22 November 2019 will be the Last Trading Day when investors may buy or sell Units in the Terminating Sub-Fund on the SEHK in accordance with the usual trading arrangements currently in place.

For the avoidance of doubt, creation and redemption of Units in the Terminating Sub-Fund by Participating Dealers will continue to be permitted until the Last Trading Day. Creations of Units will be limited to the creation of Units by Participating Dealers for market making activities of market makers to provide liquidity of the trading of the Units on the SEHK.

Investors should note that they cannot create and redeem Units directly from the Terminating Sub-Fund in the primary market. Only Participating Dealers may submit creation and redemption applications to the Manager and the Participating Dealers may have their own application procedures for their clients and may set application cut-off times for their clients which are earlier than those set out in the Prospectus but in any event, not later than the Last Trading Day. Investors are advised to check with the Participating Dealers as to the relevant timing deadlines and the client acceptance procedures and requirements.

The Manager will, after having consulted the Trustee and the Terminating Sub-Fund's auditor, declare a Final Distribution of the assets (the "**Final Distribution**") of the Terminating Sub-Fund to the investors who remain so as at 27 November 2019 (the "Distribution Record Date"). The Manager will declare the Final Distribution amount per unit on or around 16 December 2019 and proceed with the Final Distribution on or around 19 December 2019 (see details in section 2.2 below).

If there is any change to the dates mentioned in this paragraph, the Manager will issue an announcement of the revised dates.

1.3. Impacts on the proposed realisation of the assets of the Terminating Sub-Fund

After the realisation of the assets of the Terminating Sub-Fund (as described in section 1.2 above and subject to section 2.3 below), the Terminating Sub-Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets of the Terminating Sub-Fund. It therefore follows that, from the Trading Cessation Date, the Terminating Sub-Fund will cease to track the performance of the Underlying Index, and will not be able to meet its investment objective of tracking the performance of the Underlying Index.

2. <u>What will happen after the Trading Cessation Date?</u>

2.1 Immediately from the Trading Cessation Date

Effective from the Trading Cessation Date, the Units of the Terminating Sub-Fund will cease trading on the SEHK and there will be no further creation and redemption of Units in the primary market. This means investors will only be allowed to buy or sell Units of the Terminating Sub-Fund on the SEHK until (and including) the Last Trading Day, which is 22 November 2019 and will not be allowed to do so from the Trading Cessation Date onwards.

2.2 Final Distribution

The Manager will, after consulting the Trustee and the Terminating Sub-Fund's auditor, declare a Final Distribution in respect of those investors who remain invested in the Terminating Sub-Fund as of the Distribution Record Date (the "**Relevant Investors**"). Such Final Distribution is expected to be made on or around 19 December 2019.

2.3 During the period from the Trading Cessation Date (as defined in section 2.4) until the Termination Date

Following the realisation of the assets and the Final Distribution (as detailed in section 1.2 above), on the date on which the Trustee and the Manager form an opinion that the Terminating Sub-Fund ceases to have any contingent or actual assets or liabilities (the "**Termination Date**"), the Manager and the Trustee will commence the completion of terminating the Terminating Sub-Fund.

During the period from the Trading Cessation Date until, at least, the Termination Date, the Terminating Sub-Fund will continue to have listing status on the SEHK and will remain authorized by the SFC, although the Terminating Sub-Fund will be operated only in a limited manner (as described in section 4.2 below).

The deauthorization and delisting of the Terminating Sub-Fund will take place either on the Termination Date or shortly after the Termination Date, subject to the SFC's and SEHK's approval respectively. The Manager expects, subject to the SEHK's approval, that the delisting will only take place at or around the same time of the deauthorization.

The proposed termination, deauthorization and delisting will be subject to the payment of all outstanding fees and expenses (please refer to section 6 below for further information), discharge of all outstanding liabilities of the Terminating Sub-Fund, as well as the final respective approvals by the SFC and the SEHK.

Following deauthorization, the Terminating Sub-Fund will no longer be subject to regulation by the SFC. Any product documentation for the Terminating Sub-Fund previously issued to investors, including the Prospectus and any KFS in respect of the Terminating Sub-Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Terminating Sub-Fund to the public in Hong Kong as this may be in breach of the Securities and Futures Ordinance.

2.4 Important dates

Subject to the SFC's and the SEHK's respective approvals for the proposed arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Terminating Sub-Fund will be as follows:

Dispatch of this Announcement and Notice	22 October 2019, Tuesday
Last day for dealings in the Units of the Terminating Sub-Fund on the SEHK and last day for creation and redemption of Units of the Terminating Sub-Fund (the "**Last Trading Day**")	22 November 2019, Friday
Dealings in the Units of the Terminating Sub-Fund on the SEHK cease and no further creation and redemption of Units of the Terminating Sub-Fund (the "**Trading Cessation Date**"), i.e. same date on which the Manager will start to realise all the investments of the Terminating Sub-Fund and the Terminating Sub-Fund will cease to be able to track the Underlying Index	25 November 2019, Monday
Record date for determining the eligibility of entitlement of investors for the Final Distribution and further distribution, if any (the **"Distribution Record Date**")	By close of business on 27 November 2019, Wednesday
The date as at which the Manager will, after having consulted the Trustee and the Terminating Sub-Fund's auditor, declare the Final Distribution amount per unit	On or around 16 December 2019, Monday
Final Distribution, after the Manager having consulted with the Trustee and the Terminating Sub-Fund's auditor, will be paid to the Relevant Investors (the "**Final Distribution Date**")	On or around 19 December 2019, Thursday
Termination of the Terminating Sub-Fund (the "**Termination Date**")	Expected to be 27 December 2019, Friday, when the Manager and Trustee form an opinion that the Terminating Sub-Fund ceases to have any contingent or actual assets or liabilities.
Deauthorization and delisting of the Terminating Sub-Fund	On or shortly after the Termination Date, which is the date the SFC and SEHK approve the deauthorization

	and delisting respectively. The Manager expects that the deauthorization and delisting will take place either on or immediately after the Termination Date.

The Manager will issue the following:

- (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (in due course) an announcement to inform the investors of the Final Distribution Date;
- (on or shortly before the Termination Date) an announcement informing investors about the Termination Date, dates for the deauthorization and delisting of the Terminating Sub-Fund, in accordance with the applicable regulatory requirements.

If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units of the Terminating Sub-Fund, and inform them of the contents of this Announcement and Notice and any further announcements, as soon as possible.

3. <u>Potential actions to be taken by investors on or before the Last Trading Day</u>

3.1 Trading on the SEHK on any trading day up to and including the Last Trading Day

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Terminating Sub-Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices. The market makers of the Terminating Sub-Fund will continue to perform its market making functions in accordance with the Trading Rules of the SEHK.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the Terminating Sub-Fund on the SEHK on investors, and a transaction levy (at 0.0027% of the price of the Units of the Terminating Sub-Fund) and a trading fee (at 0.005% of the price of the Units of the Terminating Sub-Fund) will be payable by the buyer and the seller of the Units.

No charge to stamp duty will arise in Hong Kong in respect of sale or purchase of Units of the Terminating Sub-Fund on the SEHK.

The trading price of Units of the Terminating Sub-Fund may be below or above the Net Asset Value per Unit. Please see the "Units trading at a discount or premium risk" and "Market makers' inefficiency risk" in section 7.1 below.

3.2 Holding Units after the Last Trading Day

For Relevant Investors who are still holding Units in the Terminating Sub-Fund after the Last Trading Day, the Manager will, after having consulted the Trustee and the Terminating Sub-Fund's auditor, declare Final Distribution in respect of such Relevant Investors. Each Relevant Investor will be entitled to a Final Distribution of an amount equal to the Terminating Sub-Fund's then Net Asset Value in proportion to the Relevant Investor's interests in that Terminating Sub-Fund as at the Distribution Record Date. The Terminating Sub-Fund's then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the Terminating Sub-Fund as described in section 1.3 above.

The Final Distribution payable to each Relevant Investor is expected to be paid to the accounts of its financial intermediary or stockbroker maintained with CCASS on or around 19 December 2019. The Manager will issue a further announcement to inform the Relevant Investors of the exact day of payment of the Final Distribution, together with the amount of Final Distribution per Unit in respect of the Terminating Sub-Fund in due course.

3.3 Further distribution

The Manager does not expect or anticipate there will be a further distribution after the Final Distribution. However, in the unlikely event there is a further distribution after the Final Distribution, the Manager will issue an announcement informing the Relevant Investors.

If there is any change to the dates mentioned in this paragraph, the Manager will issue an announcement of the revised dates.

IMPORTANT NOTE: Investors should pay attention to the risk factors as set out in section 7.1 below and consult their professional and financial advisers before disposing of the Units in the Terminating Sub-Fund. If an investor disposes of its Units in the Terminating Sub-Fund at any time on or before the Last Trading Day, such investor will not in any circumstances be entitled to any portion of the Final Distribution or any further distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult their professional and financial advisers before dealing in their Units in the Terminating Sub-Fund or otherwise deciding on any course of actions to be taken in relation to their Units in the Terminating Sub-Fund.

4. <u>Consequences of the commencement of the cessation of trading</u>

4.1 Continued existence of the Terminating Sub-Fund

The Terminating Sub-Fund will maintain its SFC authorization status and its SEHK listing status, until the deauthorization and delisting. Deauthorization and delisting will follow as soon as possible after the termination of the Terminating Sub-Fund.

When the Manager and Trustee form an opinion that the Terminating Sub-Fund ceases to have any contingent or actual assets or liabilities, the Manager and the Trustee will complete the proposed termination process and the Manager will proceed with applying to the SFC for deauthorization, and to the SEHK to complete the delisting.

4.2 Limited operation of the Terminating Sub-Fund

During the period from the Trading Cessation Date up until deauthorization, the Terminating Sub-Fund will only be operated in a limited manner as there will not be any trading of Units of the Terminating Sub-Fund and the Terminating Sub-Fund will have no investment activities from the Trading Cessation Date onwards.

Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Terminating Sub-Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

5. <u>Non-applicability of certain provisions of the Code</u>

5.1 Background

As set out in section 2.3 above, while the Units in the Terminating Sub-Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Terminating Sub-Fund, the Terminating Sub-Fund will remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Terminating Sub-Fund will maintain its SFC authorization status, and its SEHK listed status, until the completion of the proposed termination, deauthorization and delisting.

However, from the Trading Cessation Date onwards:

(i) there will be no further trading of Units of the Terminating Sub-Fund and no further creation and redemption of Units of the Terminating Sub-Fund;

(ii) the Manager will start to realise all of the assets of the Terminating Sub-Fund and the Terminating Sub-Fund will therefore cease to track the performance of the Underlying Index and will not be able to meet its investment objective of tracking the performance of the Underlying Index;

(iii) the Terminating Sub-Fund will no longer be marketed to the public;
(iv) the Terminating Sub-Fund will mainly hold cash; and
(v) the Terminating Sub-Fund will only be operated in a limited manner.

Accordingly, given the Terminating Sub-Fund will no longer be marketed to the public and have limited operations after it ceases trading, pursuant to 8.6(t) of the Code and paragraph 13 of the Frequently Asked Questions on Exchange Traded Funds and Listed Funds, the Terminating Sub-Fund will continue to maintain its SFC authorization status without strictly complying with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorization Date, provided that the specific conditions and requirements imposed by the SFC are met.

Such conditions and requirements are described in this section 5.

5.2 Publishing of the suspension of dealing

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager will continue to manage the Terminating Sub-Fund without strict compliance with 10.7 of the Code from the Trading Cessation Date to the Deauthorization Date, subject to the condition that a statement shall be posted in a prominent position of the Manager's website from the Trading Cessation Date until the Deauthorization Date to notify investors that the Units of the Terminating Sub-Fund have ceased trading on the SEHK from 25 November 2019, and draw investors' attention to this Announcement and Notice and all other relevant announcements.

Because the Terminating Sub-Fund will maintain its SEHK listing status after the Last Trading Day 22 November 2019 until the Deauthorization Date, investors may continue to access further announcements in relation to the Terminating Sub-Fund via the HKEX's website and the Manager's website during such period.

5.3 Provision of real time or near-real time indicative Net Asset Value per Unit and last Net Asset Value

Under 8.6(u)(i) and 8.6(u)(ii) of the Code, the Manager is required to provide real time or near-real time indicative NAV per Unit (updated at least every 15 seconds during trading hours) and last NAV per Unit and last NAV of the Terminating Sub-Fund (updated on a daily basis) on the Manager's website or such other channels as the SFC considers appropriate.

Accordingly, the Manager will continue to manage the Terminating Sub-Fund without strict compliance with 8.6(u)(i) and 8.6(u)(ii) of the Code (for the period from the Trading Cessation Date to the Deauthorization Date), subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

(A) the Net Asset Value per Unit of the Terminating Sub-Fund as of 22 November 2019 (i.e. the Last Trading Day), which will be the latest available Net Asset Value per Unit of the Terminating Sub-Fund, will be published on the Manager's website; and

(B) the Manager shall update the latest available Net Asset Value per Unit of the Terminating Sub-Fund on the Manager's website as soon as practicable should there be any other change to the Net Asset Value of the Terminating Sub-Fund, including but not limited to changes arising from (i) the Final Distribution (please see further in section 2.2 above); (ii) further distribution (if any); (iii) any change in value of the scrip dividend (if any) of the underlying stocks; and (iv) any deduction of transaction costs or taxes relating to the realisation of assets of the Terminating Sub-Fund.

5.4 Updating of the Prospectus and KFS in respect of the Terminating Sub-Fund

Under Chapters 6.1 and 11.1B of the Code, the Prospectus and the KFS in respect of the Terminating Sub-Fund must be up-to-date and must be updated to incorporate any relevant changes to the Terminating Sub-Fund.

The Manager will continue to manage the Terminating Sub-Fund without updating the Prospectus and the KFS in respect of the Terminating Sub-Fund as required under 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorization Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

(A) the Manager will promptly notify investors of any changes to the Terminating Sub-Fund or to the Prospectus or the KFS of the Terminating Sub-Fund by means of publishing the announcement(s) on the Manager's and the HKEX's websites (each, a "**Relevant Future Announcement**");

(B) the Manager will ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice together with the Prospectus, the KFS of the Terminating Sub-Fund, and any other Relevant Future Announcement(s); and

(C) the Manager will issue an updated Prospectus on the Deauthorization Date to remove all references to the Terminating Sub-Fund.

5.5 Other related matter

The Manager confirms that, save for the particular provisions of the Code set out in sections 5.2 to 5.4 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations in respect of the Terminating Sub-Fund.

6. <u>Costs</u>

6.1 Trading on the SEHK

As indicated in section 3.1 above, stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units of the Terminating Sub-Fund on or before the Last Trading Day.

6.2 Creation and redemption by Participating Dealers

All creation and redemptions of Units of the Terminating Sub-Fund by Participating Dealers will be subject to the fees and costs as set out in the Prospectus. Participating Dealers may pass on to the Relevant Investors such fees and costs, and may also impose fees and charges in handling creation and redemption requests which would increase the cost of creation and redemption. Investors are advised to check with Participating Dealers as to their relevant fees, costs and charges.

6.3 Cost of termination, deauthorization and delisting

The Manager will bear the unamortised preliminary expenses and all costs and expenses associated with the termination, deauthorization and delisting of the Terminating Sub-Fund (other than normal operating expenses such as transaction costs and any taxes relating to the realisation of assets of the Terminating Sub-Fund) from the date of this Announcement and Notice up to and including the Termination Date.

6.4 Ongoing charges of the Terminating Sub-Fund

The ongoing charges over a year[1] for the Terminating Sub-Fund, as disclosed in the KFS dated 5 September 2019, are 2.92%. The ongoing charges figure represents the ongoing expenses expressed as a percentage of the Net Asset Value of the Terminating Sub-Fund over a period of one year. The Manager will continue to charge a management fee up to and including the Final Distribution Date.

The Manager will cap the ongoing charges of the Terminating Sub-Fund at 2.92% per annum until the Termination Date.

The Manager does not expect that the termination of the Terminating Sub-Fund will impact the ongoing charges figures. Please note for completeness the ongoing charges figures are calculated in accordance with the guidance under the relevant SFC circular, and exclude the following costs and expenses associated with the termination of the Terminating Sub-Fund (which are to be borne by the Terminating Sub-Fund): (i) normal operating expenses such as transaction costs and (ii) any taxes relating to the realisation of assets of the Terminating Sub-Fund.

The Terminating Sub-Fund does not have any contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

[1] The ongoing charges figure is based on expenses for the year ended 31 December 2018.

7. <u>Other matters</u>

7.1 Other implications of the proposed cessation of trading, the proposed termination of the Terminating Sub-Fund and the proposed delisting and deauthorization

In consequence of this Announcement and Notice and the proposed cessation of trading, the proposed termination of the Terminating Sub-Fund and the proposed delisting and deauthorization, investors should note the following:

Liquidity risk - Trading of Units in the Terminating Sub-Fund on the SEHK from the date of this Announcement and Notice may become less liquid;

Units trading at a discount or premium risk - Although up to (and including) the Last Trading Day, the market makers of the Terminating Sub-Fund will continue to perform its market making functions in accordance with the Trading Rules of the SEHK, Units in the Terminating Sub-Fund may trade at a discount compared to its Net Asset Value in extreme market situations. This is because many investors may want to sell their Units in the Terminating Sub-Fund after this Announcement and Notice has been published but there may not be many investors in the market who are willing to purchase such Units. On the other hand, it is also possible that the Units in the Terminating Sub-Fund may trade at a premium and consequently the divergence between the supply of and demand for such Units may be larger than usual;

Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk – It is possible that the size of the Terminating Sub-Fund may drop drastically before the Last Trading Day. This may impair the Manager's ability to fulfill the investment objectives of the Terminating Sub-Fund and result in significant tracking error. In the extreme situation where the size of the Terminating Sub-Fund becomes so small that the Manager considers that it is not in the best interest of the Terminating Sub-Fund to continue to invest in the market, the Manager may decide to convert the whole or part of the investments of the Terminating Sub-Fund into cash or deposits in order to protect the interest of the investors of the Terminating Sub-Fund;

Net Asset Value downward adjustment risk – Changes in economic environment, consumption pattern and investors' expectations may have significant impact on the value of the investments and there may be significant drop in value of the assets. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day;

Failure to track the Underlying Index risk – All assets of the Terminating Sub-Fund, will be realised with effect from the Trading Cessation Date. Thereafter, the Terminating Sub-Fund's assets will mainly be cash. The Terminating Sub-Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Terminating Sub-Fund will cease to track the Underlying Index, and will not be able to meet its investment objective of tracking the performance of the Underlying Index;

Delay in distribution risk - The Manager will aim to realise all of the assets of the Terminating Sub-Fund and proceed with the Final Distribution as soon as practicable. However, the Manager may not be able to realise all of the assets in a timely manner during certain periods of time, for example, when trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depositary of the relevant market is close. In this case, the payment of Final Distribution may be delayed; and

Market makers' inefficiency risk – The Market Maker will continue to perform its market making functions in respect of the Terminating Sub-Fund in accordance with the Trading Rules of the SEHK until the Last Trading Day. However, in particular, should there be a large demand for the Units before the Trading Cessation Date, the market makers may not be able to effectively perform their market making activities to provide liquidity of the trading of Units on the SEHK. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice through the Last Trading Day.

Investor attention is also drawn to the risks disclosed in the Prospectus of the Terminating Sub-Fund.

7.2 Tax implications

Based on the Manager's understanding of the law and practice in force at the date of this Announcement and Notice, as the Terminating Sub-Fund is a collective investment scheme authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong), profits of the Terminating Sub-Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Terminating Sub-Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Terminating Sub-Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

No Hong Kong profits tax is expected to be payable by investors in Hong Kong in respect of the Final Distribution or further distributions (if any) to the extent of distribution of profits and/or capital of the Terminating Sub-Fund. For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Terminating Sub-Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Terminating Sub-Fund are revenue assets of the investors.

Investors should consult their professional financial advisers for tax advice.

8. <u>Connected party transactions</u>

None of the Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Terminating Sub-Fund, nor hold any interest in the Terminating Sub-Fund.

9. <u>Documents available for inspection</u>

Copies of the following documents are available for inspection free of charge at the offices of the Manager (2801-2803 Two Exchange Square, 8 Connaught Place, Central, Hong Kong). Copies of (a) may be obtained from the Manager on payment of a reasonable fee:

(a) the Trust Deed;
(b) the Participation Agreements;
(c) the Service Agreements;
(d) the audited accounts and the half-yearly unaudited reports of the Trust and the Terminating Sub-Fund; and
(e) the Prospectus and the KFS.

10. Enquiries

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager by calling (852) 3406 5688 during office hours (except Hong Kong statutory holidays), or visiting the Manager in person at 2801-2803, Two Exchange Square, 8 Connaught Place, Central, Hong Kong or visiting the Manager's website: http://www.csopasset.com[2].

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

CSOP Asset Management Ltd
as Manager of the Trust and the Terminating Sub-Fund
Hong Kong

22 October 2019

[2] The contents of the website have not been reviewed by the SFC.

CSOP ETF Series Prospectus

5 September 2019

CSOP ASSET MANAGEMENT

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

Investors should note that this Prospectus relates to Sub-Funds which may offer both exchange-traded class of Units and unlisted (not exchange-traded) class of Units.

CSOP ETF SERIES

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

PROSPECTUS

MANAGER

CSOP Asset Management Limited

5 September 2019

The Stock Exchange of Hong Kong Limited ("**SEHK**"), Hong Kong Exchanges and Clearing Limited ("**HKEX**"), Hong Kong Securities Clearing Company Limited ("**HKSCC**") and the Hong Kong Securities and Futures Commission ("**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. CSOP ETF Series ("**Trust**") and its sub-funds set out in Part 2 of this Prospectus (collectively referred to as the "**Sub-Funds**") have been authorised by the Commission pursuant to section 104 of the Securities and Futures Ordinance. Each of the Sub-Funds is a fund falling within Chapter 8.6 of the Code on Unit Trusts and Mutual Funds ("**Code**"). Authorisation by the Commission is not a recommendation or endorsement of the Trust or any of the Sub-Funds nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the Trust or the Sub-Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

TABLE OF CONTENTS

PARTIES

Manager, RQFII Holder*
CSOP Asset Management Limited
2801-2803, Two Exchange Square
8 Connaught Place
Central
Hong Kong

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

Advisers
China Southern Asset Management Co. Limited^
33rd Floor, Duty-Free Business Building,
6 Fuhua 1st Rd, Futian CBD,
Shenzhen, China 518048
ICBC Asset Management (Global) Company Limited^^
Unit 2501, 25/F, ICBC Tower,
3 Garden Road, Central,
Hong Kong

Custodian*
The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

PRC Custodian*
HSBC Bank (China) Company Limited
33th Floor, HSBC Building,
Shanghai ifc, 8 Century Avenue,
Pudong, Shanghai, China 200120
Service Agent or Conversion Agent
HK Conversion Agency Services Limited
1st Floor, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

Listing Agent#@
Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

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

---

* In respect of the CSOP FTSE China A50 ETF, CSOP CES China A80 ETF, CSOP SZSE ChiNext ETF, CSOP China CSI 300 Smart ETF, CSOP MSCI China A International ETF and ICBC CSOP S&P New China Sectors ETF
^ In respect of the CSOP FTSE China A50 ETF
^^ In respect of the ICBC CSOP S&P New China Sectors ETF and CSOP Hong Kong Dollar Money Market ETF
# In respect of the CSOP US Dollar Money Market ETF
@ This information is relevant to Listed Class of Units only

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

Directors of the Manager
Yi Zhou
Chen Ding
Gaobo Zhang
Xiaosong Yang
Zhongping Cai
Zhiwei Liu
Xiuyan Liu

PRELIMINARY

This Prospectus has been prepared in connection with the offer in Hong Kong of Units in the Trust and its Sub-Funds. The Trust is an umbrella unit trust established under Hong Kong law by a trust deed dated 25 July 2012, as amended and restated on 5 September 2019, between CSOP Asset Management Limited (the "**Manager**") and HSBC Institutional Trust Services (Asia) Limited (the "**Trustee**"), and as further amended and supplemented from time to time. Where specified in the relevant Appendix, a Sub-Fund may issue both exchange-traded classes of Units and/or unlisted (not exchange-traded) classes of Units.

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading. The Manager also confirms that this Prospectus includes particulars given in compliance with the Code and the "Overarching Principles" of the Commission Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products and (in respect of the Listed Class of Units) the Rules Governing the Listing of Securities on the SEHK for the purposes of giving information with regard to the Units of the Trust and the Sub-Funds. The Prospectus contains the information necessary for investors to be able to make an informed judgment of the investment and meets the disclosure requirements under the Code. Before making any investment decisions, investors should consider their own specific circumstances, including without limitation, their own risk tolerance level, financial circumstances, investment objectives. If in doubt, investors should consult their financial adviser, consult their tax advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to acquire Units and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable and to determine whether any investment in any of the Sub-Funds, is appropriate.

Applications may be made to list Units in a Sub-Fund constituted under the Trust on the SEHK. Subject to compliance with the admission requirements of HKSCC, the Units in such Sub-Fund will be accepted as eligible securities by HKSCC for deposit, clearing and settlement in CCASS with effect from the date of commencement of dealings in the Units in such Sub-Fund on the SEHK or such other date as may be determined by HKSCC. A class of Units which is listed on the SEHK is known as a Listed Class of Units. For further details on listing or application for listing of Listed Class of Units of a Sub-Fund on the SEHK and admission of Listed Class of Units of such Sub-Fund as eligible securities by HKSCC, please refer to Part 2 of this Prospectus. Settlement of transactions between participants of SEHK is required to take place in CCASS on the second CCASS Settlement Day (as defined in the "***Definitions***" section) after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized. Distribution of this Prospectus shall not be permitted unless it is accompanied by a copy of the latest Product Key Facts Statement(s) of each of the Sub-Funds, the latest annual financial report of the Trust (if any) and, if later, its most recent interim report. For Sub-Funds which issue both Listed Class of Units and Unlisted Class of Units, a separate set of product key facts statement will be available for each class.

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

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

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 such Sub-Fund.

Investors should note that any amendment or addendum to this Prospectus will only be posted on the **Manager's website** (**www.csopasset.com/etf**)[1].

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

[1] The contents of this website and any other websites referred to in this Prospectus have not been reviewed by the Commission and may contain information which is not targeted to Hong Kong investors.

DEFINITIONS

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

"**Application**" means, in respect of Listed Class of Units, a Creation Application or a Redemption Application.

"**Application Basket Value**" means, in respect of Listed Class of Units, the aggregate value of the Index Securities and/or Non-Index Securities comprising a Basket as fixed by the Manager on the relevant Valuation Day for the purpose of the creation and redemption of such Units in an Application Unit size.

"**Application Cancellation Fee**" means, in respect of Listed Class of Units, the fee payable by a Participating Dealer in respect of cancellation of an Application as set out in the Trust Deed, the rate of which is set out in Part 2 of this Prospectus.

"**Application Unit**" means, in respect of Listed Class of Units, such number of Units of a class or whole multiples thereof as specified in Part 2 of this Prospectus or such other multiple of Units of a class from time to time determined by the Manager, in consultation with the Trustee, and notified to Participating Dealers, either generally or for a particular class or classes of Units.

"**Auditors**" means the auditor or auditors of the Sub-Funds and the Trust from time to time appointed by the Manager with the prior approval of the Trustee pursuant to the provisions of the Trust Deed.

"**Base Currency**" means the currency of account of a Sub-Fund as specified in Part 2 of this Prospectus.

"**Base Security**" means a security (which is a FDI, including, without limitation, a warrant, a note or a participation certificate) which is linked to or otherwise tracks the performance of (i) one or more constituent securities of the relevant Underlying Index and/or (ii) such other security or securities as may be designated by the Manager.

"**Basket**" means, for the purpose of the creation and redemption of Listed Class of Units in an Application Unit size, a portfolio of Index Securities and/or Non-Index Securities, which seeks to benchmark the Underlying Index by replication strategy 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.

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

"**Cancellation Compensation**" means, in respect of Listed Class of Units, an amount payable by a Participating Dealer in respect of cancellation of an Application pursuant to the Trust Deed.

"**Cash Component**" means the aggregate Net Asset Value of the Units comprising the Application Unit(s) less the relevant Application Basket Value.

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

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

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

"**China", "mainland China" or the "PRC"** means the People's Republic of China excluding Hong Kong, Macau and Taiwan for purpose of this document.

"**China A-Shares**" means shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in Renminbi and available for investment by domestic (Chinese) investors, RQFII Holders, QFII and through Stock Connect.

"**China B-Shares**" means shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in foreign currencies and available for investment by domestic (Chinese) investors and foreign investors.

"**Code**" means the Code on Unit Trusts and Mutual Funds issued by the Commission, as may be amended from time to time.

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

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

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

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

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

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

"**Conversion Agent**" means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as conversion agent in relation to a Sub-Fund.

"**Conversion Agency Agreement**" means each agreement entered amongst the Manager, the Conversion Agent and HKSCC by which the Conversion Agent agrees to provide its services.

"**Conversion Agent's Fee**" means the fee which may be charged for the benefit of the Conversion Agent to each Participating Dealer on Creation Application and Redemption Application made by the relevant Participating Dealer, and which shall be determined by the Conversion Agent and set out in the Operating Guidelines and the Part 2 of this Prospectus.

"**Creation Application**" means, in respect of Listed Class of Units, an application by a Participating Dealer or PD Agent (as the case may be) for the creation of Units of a Sub-Fund in Application Unit size (or whole multiples thereof) in accordance with the relevant procedures set out in the Trust Deed, and the relevant Participation Agreement.

"**CSRC**" means China Securities Regulatory Commission.

"**Custodian**" means such person or person(s) who for the time being appointed to act as custodian of a Sub-Fund, as specified in Part 2 of this Prospectus.

"**Dealing Day**" means, in respect of a Sub-Fund, each Business Day during the continuance of such Sub-Fund or such other day or days as the Manager may from time to time, in consultation with the Trustee, determine either generally or in respect of a particular class or classes of Units.

"**Dealing Deadline**" in relation to any Dealing Day, shall be such time or times as the Manager may from time to time in consultation with the Trustee determine generally or in relation to a particular class or classes of Units or any particular jurisdiction in which Units may from time to time be sold or any particular place for submission of Application(s) by a Participating Dealer, as set out in Part 2 of this Prospectus.

"**Deposited Property**" means, in respect of each Sub-Fund, all the assets (including cash) received or receivable by the Trustee for the time being held or deemed to be held upon the trusts of the Trust Deed for the account of the relevant Sub-Fund excluding (i) the Income Property and (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed).

"**Dual Counter**" means, in respect of Listed Class of Units, the facility by which the Units of a Sub-Fund traded in RMB and traded in HKD are each assigned separate stock codes on the SEHK and are accepted for deposit, clearing and settlement in CCASS in more than one eligible currency (RMB or HKD) as described in Part 2 of this Prospectus.

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

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

"**Extension Fee**" means, in respect of Listed Class of Units, any fee payable by a Participating Dealer to the Trustee for its account and benefit on each occasion the Manager grants the request of such Participating Dealer for extended settlement in respect of an Application, as set out in the Operating Guidelines and Part 2 of this Prospectus.

"**FDI**" means financial derivative instrument.

"**Government and other Public Securities**" means any investment issued by, or the payment of principal and interest on, which is guaranteed by a government, or any fixed-interest investment issued by its public or local authorities or other multilateral agencies.

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

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China.

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

"**H-Shares**" means shares issued by companies incorporated in the PRC and listed on the SEHK and traded in Hong Kong dollars.

"**Income Property**" means, in respect of each Sub-Fund, (a) all interest, dividends and other sums deemed by the Manager (after consulting the Auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the relevant Sub-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 Sub-Fund; and (c) all Cancellation Compensation received or receivable by the Trustee for the account of the relevant Sub-Fund; (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 Sub-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 Sub-Fund or previously distributed to Unitholders; (iii) gains for the account of the relevant Sub-Fund arising from the realisation of Securities; and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the relevant Sub-Fund.

"**Index Provider**" means, in respect of each Sub-Fund, the person responsible for compiling the Underlying Index against which the relevant Sub-Fund benchmarks its investments and who holds the right to licence the use of such Underlying Index to the relevant Sub-Fund.

"**Index Securities**" means (i) the constituent Securities of the relevant Underlying Index; (ii) such other Securities the Index Provider has publicly announced shall form part of the Underlying Index in the future but are currently not constituent Securities of the relevant Underlying Index.

"**Initial Issue Date**" means, in respect of a Sub-Fund, the date of the first issue of Units relating to the Sub-Fund as set out in Part 2 of this Prospectus.

"**Initial Offer Period**" means, in respect of a class of Units, such period as may be determined by the Manager for the purpose of making an initial offer of Units of such class as set out in Part 2 of this Prospectus.

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

"**Issue Price**" means, in respect of each Sub-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, each as set out in Part 2 of this Prospectus.

"**Listed Class of Units**" means a class of Units of a Sub-Fund which is listed on either the SEHK or any other Recognised Stock Exchange.

"**Listing Agent**" means, in respect of Listed Class of Units, such entity appointed by the Manager as the listing agent for such Sub-Fund.

"**Listing Date**" means, in respect of Listed Class of Units, the date on which such Units are listed on the SEHK.

"**Manager**" means CSOP Asset Management Limited or any other person (or persons) who for the time being is duly appointed as manager (or managers) of the Trust and accepted by the Commission as qualified to act as such for the purposes of the Code.

"**Multi-Counter**" means, in respect of Listed Class of Units, the facility by which the Units traded in RMB, HKD and USD are each assigned separate stock codes on the SEHK and are accepted for deposit, clearing and settlement in CCASS in more than one eligible currency (RMB, HKD or USD) as described in this Prospectus.

“**Net Asset Value**” or “**NAV**” means the net asset value of a Sub-Fund or, as the context may require, of a Unit calculated pursuant to the Trust Deed.

“**Non-Index Securities**” means any securities, other than Index Securities, as may be designated by the Manager and any Base Securities linked to or otherwise used to track the performance of one or more such securities.

“**Operating Guidelines**” means, in respect of Listed Class of Units, the operating guidelines governing, including without limitation, the procedures for creation and redemption of Units of such Sub-Fund, as amended from time to time by the Manager with the approval of the Trustee, and where applicable, with the approval of HKSCC and the Conversion Agent, and in accordance with the terms of the relevant Participation Agreement.

“**Participating Dealer**” means a broker or dealer (licensed for Type 1 regulated activity under the Securities and Futures Ordinance) which has entered into a Participation Agreement, and any reference in this Prospectus to “Participating Dealer” shall, where the context requires, include a reference to any PD agent so appointed by the Participating Dealer.

“**Participation Agreement**” means an agreement either (1) entered into between the Trustee, the Manager and a Participating Dealer (and if applicable, supplemented with a supplemental participation agreement entered into between the same parties and the PD Agent), or (2) entered into between the Trustee, the Manager, the Participating Dealer, HKSCC and the Conversion Agent, each setting out, amongst other things, the arrangements in respect of Applications by such Participating Dealer or PD Agent (as the case may be), as may be amended from time to time. References to the Participation Agreement shall, where appropriate, mean the Participation Agreement, read together with the Operating Guidelines.

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

“**Primary Market Investor**” means an investor who makes a request to a Participating Dealer or to a stockbroker who has opened an account with a Participating Dealer to effect an Application on his behalf.

“**QFII**” means a qualified foreign institutional investor approved pursuant to the relevant PRC laws and regulations, as may be promulgated and/or amended from time to time.

“**Redemption Application**” means, in respect of Listed Class of Units, an application by a Participating Dealer or PD Agent (as the case may be) for the redemption of Units in Application Unit size (or whole multiples thereof) in accordance with the relevant procedures set out in the Trust Deed and the relevant Participation Agreement.

“**Redemption Price**” means, in respect of a Unit of each Sub-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, as set out in Part 2 of this Prospectus.

“**Register**” means, in respect of each Sub-Fund, the register of Unitholders of that Sub-Fund to be kept pursuant to the Trust Deed.

“**Registrar**” means, such person as may from time to time be appointed by the Trustee and acceptable to the Manager, to maintain the Register and in default of such appointment shall mean the Trustee.

“**reverse repurchase transactions**” means transactions whereby a Sub-Fund purchases Securities from a counterparty of sale and repurchase transactions and agrees to sell such Securities back at an agreed price in the future.

“**RMB**” **or** “**Renminbi**” means renminbi, the currency of the PRC.

"**RQFII**" **or** "**RQFII Holder**" means a Renminbi qualified foreign institutional investor approved pursuant to the relevant PRC laws and regulations, as may be promulgated and/or amended from time to time.

"**SAFE**" means the State Administration of Foreign Exchange of the PRC.

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

"**Secondary Market Investor**" means an investor who purchases and sells Listed Class of Units in the secondary market on the SEHK.

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

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

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

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

"**Service Agent**" means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent in relation to a Sub-Fund.

"**Service Agreement**" means the service agreement entered into among the Manager, the Trustee, the Service Agent, HKSCC, the Registrar and the relevant Participating Dealer and (where applicable) the PD Agent.

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

"**Sub-Fund**" means a separate trust fund with a segregated pool of assets and liabilities established under the Trust, specific details of which are set out in Part 2 of this Prospectus.

"**Subscription Price**" means, in respect of Unlisted Class of Units, the price at which Units may be subscribed for, determined in accordance with the Trust Deed.

"**substantial financial institution**" has the same meaning as in the Code.

"**Transaction Fee**" means, in respect of Listed Class of Units, the fee which may at the discretion of the Trustee be charged for the account and benefit of the Trustee, where applicable, the Conversion Agent or the Service Agent to each Participating Dealer under the Trust Deed, the maximum level of which shall be determined by the Trustee with the consent of the Manager from time to time and, where applicable, the Conversion Agent or the Service Agent as set out in Part 2 of this Prospectus and in accordance with the terms of the relevant agreements.

"**Trust**" means the unit trust constituted by the Trust Deed and to be called CSOP ETF Series or such other name as the Trustee and the Manager may from time to time determine.

"**Trust Deed**" means the trust deed dated 25 July 2012 between the Manager and the Trustee, as amended and restated on 5 September 2019 and as further amended, modified or 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 the index against which the relevant Sub-Fund is benchmarked.

“**Unit**” means such number of undivided shares or such fraction of an undivided share of a Sub-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.

“**Unit Cancellation Fee**” means, in respect of Listed Class of Units, the fee charged by the Conversion Agent in respect of the cancellation of Units in connection with an accepted Redemption Application.

“**Unlisted Class of Units**” means one or more class(es) of Units of a Sub-Fund which is/are neither listed on the SEHK nor any other Recognised Stock Exchange.

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

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

“**Unqualified Person**” means:

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

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

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

“**Valuation Point**” means, in respect of a Sub-Fund, the official closing of trading on: (i) the securities market on which the Index Securities and/or Non-Index Securities are listed on each Valuation Day, and in case there are more than one such securities markets, the official close of trading on the last relevant securities market to close, or such other time or times as determined by the Manager, in consultation with the Trustee, from time to time provided that there shall always be a Valuation Point on each Valuation Day other than where there is a suspension of determination of the Net Asset Value of the relevant Sub-Fund pursuant to the provisions of the Trust Deed.

PART 1

GENERAL INFORMATION RELATING TO THE TRUST

PART 1 : GENERAL INFORMATION RELATING TO THE TRUST

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

1. THE TRUST

The Trust is an umbrella unit trust constituted by way of a trust deed dated 25 July 2012 (as amended and restated on 5 September 2019), between CSOP Asset Management Limited as Manager and HSBC Institutional Trust Services (Asia) Limited as Trustee, (as further amended and supplemented from time to time). The terms of the Trust Deed are governed by the laws of Hong Kong.

Specific details of a Sub-Fund of the Trust are set out in Part 2 of this Prospectus. Each of the Sub-Funds is a fund falling within Chapter 8.6 of the Code.

The Manager may create further Sub-Funds in the future. Where indicated in the relevant Appendix in Part 2 of this Prospectus, Units in a Sub-Fund may be available for trading on the SEHK using a Dual Counter or Multi-Counter.

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

Each Sub-Fund may issue Listed Class of Units and Unlisted Class of Units. In respect of Sub-Funds which offer both Listed Class of Units and Unlisted Class of Units, please refer to the table set out in the relevant Appendix which sets out the key similarities and differences between each class of Units.

2. KEY OPERATORS AND SERVICE PROVIDERS

2.1 *Manager*

The Manager of the Trust and its Sub-Funds is CSOP Asset Management Limited.

The Manager was established in January 2008 and is licensed to carry on Types 1 (Dealing in Securities), 4 (Advising on Securities) and 9 (Asset Management) regulated activities under Part V of the Securities and Futures Ordinance.

The Manager, a subsidiary of China Southern Asset Management Co. Limited, is the first Hong Kong subsidiary set up by mainland Chinese fund houses to carry out asset management and securities advisory activities in Hong Kong.

The Manager is dedicated to serving investors as a gateway for investment between China and the rest of the world. For inbound investment, the Manager's boasting local expertise makes it the ideal adviser or partner of international investors. For outbound investment, it is keen to introduce suitable overseas investment opportunities to domestic Chinese institutional and retail investors. The Manager provides discretionary management services and advisory services to both institutional investors and investment funds.

The Manager undertakes the management of the assets of the Trust. The Manager may appoint investment adviser(s) to provide investment advice to the Manager in relation to any Sub-Fund. Details of investment advisers appointed in relation to a Sub-Fund (if any) and their remuneration will be stated in Part 2 of this Prospectus.

2.1.1 *Directors of the Manager*

The directors of the Manager are Yi Zhou, Chen Ding, Gaobo Zhang, Xiaosong Yang, Zhongping Cai, Zhiwei Liu and Xiuyan Liu.

Yi Zhou

Mr. Zhou holds a degree in Computer Communication from the Nanjing University of Posts and Telecommunications and has 11 years of experience in the securities industry. Mr. Zhou once worked on technology management in the telecommunications center of Jiangsu Posts & Telecommunications Bureau and administrative management at Jiangsu Mobile Communication Co., Ltd. He served as the Chairman of the Board of Directors at Jiangsu Beier Co., Ltd. and Nanjing Xinwang Tech Co., Ltd., and the Deputy General Manager of Shanghai Beier Fortune Communications Company.

Mr. Zhou is the Chairman of the Board of Directors, President, and party secretary of Huatai Securities Co., Ltd. Mr. Zhou joined Huatai Securities in August 2006 and served as the Director and President of Huatai Securities Limited Liability Company and the Director, President, and deputy party secretary of Huatai Securities Co., Ltd.

Chen Ding

Ms. Ding joined CSOP Asset Management Limited in 2010 and is the Chief Executive Officer, overseeing the overall business of the Manager.

Ms. Ding, from 2003 to June 2013, was the Assistant CEO and Managing Director of China Southern Asset Management Co. Ltd., one of the largest fund management companies in China with assets under management of RMB160 billion (as at 30 June 2013), where she was accountable for international strategic planning, fund product development and relationship management with various distribution channels and industry regulators for the company. She established and managed the first QDII mutual fund (assets under management RMB10 billion as at 30 June 2012), which she was also a member of the Investment Management Committee, from 2007 to June 2013. She was responsible for setting the investment policies and strategies of the fund, monitoring market, portfolio and systematic risk, asset allocation and stock selection in addition to reviewing and monitoring portfolio performance of the fund. She supervised five portfolio managers and two analysts.

Ms. Ding is the Chairperson of Chinese Asset Management Association of Hong Kong Limited, which promotes professional standards of practice in the fund management industry. She is also the Deputy Chairperson of the Chinese Securities Association of Hong Kong Company Limited. Ms. Ding was appointed under authority delegated by the Chief Executive and the Financial Secretary, as a member to the Securities and Futures Appeals Tribunal as of 1 April 2013. She was also appointed by the Securities and Futures Commission as a member of the Product Advisory Committee for two years with effect from 1 April 2014, a member to the Process Review Panel since 1 November 2014 and a member of the Advisory Committee since 1 June 2015. Ms. Ding is also a member of the Financial Reporting Review Panel of the Financial Reporting Council as well as a member of the New Business Committee of the Hong Kong Financial Services Development Council.

Prior to joining China Southern Asset Management Co. Ltd., Ms. Ding served from 2001 to 2003 as an Associate General Manager of China Merchants Securities Co. Ltd. in the PRC. She assumed key roles in building solid management infrastructure and repositioning the asset management business of the company.

Ms. Ding was also the Investment Manager of ML Stern & Co., in California, United States, which is a securities house. She was responsible for accounts management, where she provided investment solutions to high net worth and institutional investors; customer relationship development, where she conducted company research and profiling; communicated with sell-side analysts and prepared investment analyses for clients, and participated in the innovation of annuity product rollouts.

Ms. Ding holds a Master's Degree in Business Administration from the San Francisco State University in the United States and a Bachelor degree in Electrical Engineering from the China Chengdu Science and Technology University in the PRC.

Gaobo Zhang

Mr. Zhang is a founding partner and the Chief Executive Officer of Oriental Patron Financial Group and is responsible for formulating the investment strategies, monitoring the investment performance and approving investment decisions. Mr. Zhang was appointed as an executive director and the Chief Executive Officer of OP Financial Investments Limited, a company listed on the Hong Kong Stock Exchange, in February 2003. He joined CSOP Asset Management Limited in 2008.

From February 1988 to February 1991, Mr. Zhang was a deputy chief of the Policy Division of Hainan Provincial Government. From 1991 to 1993, Mr. Zhang was deputy chief of Financial Markets Administration Committee of the People's Bank of China Hainan Branch. He was chairman of Hainan Stock Exchange Centre from 1992 to 1994. Mr. Zhang is also an independent non-executive director of Beijing Enterprises Water Group Limited, a company listed on the Hong Kong Stock Exchange and a non-executive director of Vimetco N.V., a company listed on the London Stock Exchange.

Mr. Zhang obtained a Bachelor's degree in Science from Henan University in China in 1985 and later graduated from the Peking University in China with a Master's degree in Economics in 1988.

Xiaosong Yang

Mr. Yang is the Chief Executive Officer of China Southern Asset Management Co., Ltd where Mr. Yang has overall responsibility for the business. He joined China Southern Asset Management Co., Ltd as the Head of Compliance in 2012.

Prior to joining China Southern Asset Management Co. Ltd., Mr. Yang worked for China Securities Regulatory Commission where he served as the Deputy General Manager of the Supervision Department. Mr. Yang holds a Master's Degree in Accounting from Renmin University of China in the PRC.

Zhongping Cai

Mr. Cai is the Chief Financial Officer of China Southern Asset Management Co. Ltd. where he has the overall responsibility for supervising the finance unit.

Prior to joining China Southern Asset Management Co. Ltd., Mr. Cai served as the Chief Financial Officer of UBS SDIC in China. He joined the Manager in 2014.

Mr. Cai holds a Master's Degree from Zhongnan University of Economics and Law in PRC.

Zhiwei Liu

Dr. Liu was appointed as a non-executive Director of OP Financial Investments Limited in December 2015 and was re-designated to an executive Director in June 2016. Further, he has assumed an additional role as the president and serving as a member of the corporate governance committee of OP Financial Investments Limited since June 2016. Dr. Liu is responsible for building and expanding the investor relations and public relations platform of OP Financial Investments Limited to support the Group's domestic and international strategies. He is the Chairman of Shanghai Chunda Asset Management Co., Ltd., Dr. Liu served as the Vice-Chairman of Xi'an International Trust Co., Ltd from 2008 to 2011. He also served as a general manager of the merger and acquisition department of Guosen Securities Co., Ltd from 1997 to 1998.

Dr. Liu obtained a bachelor's degree in Industrial Management Engineering from Zhe Jiang University in 1989. He furthered his studies in the PBOC between 1989 and 1992 and obtained a master's degree in International Finance. In 2007, Dr. Liu obtained a doctoral degree in Economics & Law from Hunan University. He completed a professional programme in Finance CEO from Cheung Kong Graduate School of Business in 2010.

Xiuyan Liu

Ms. Liu joined China Southern Asset Management Co., Ltd in 2005. Ms. Liu serves as the General Manager of International Business Department and Executive Assistance to Chief Executive Officer of China Southern Asset Management Co., Ltd. She is also the Chairperson of the Board of Director of China Southern Capital Management Co., Ltd.

Prior to joining China Southern Asset Management Co., Ltd, Ms. Liu served as the General Manager of Legal Department of China Southern Securities Co., Ltd, the Vice President of Walstar Investment Holding Co., Ltd and the Vice President of Chinalin Securities Co., Ltd.

Ms. Liu is a qualified lawyer in China and holds an EMBA from Peking University in the PRC.

2.2 ***Investment Adviser***

The details of the Investment Adviser appointed in respect of a Sub-Fund are set out in Part 2 of this Prospectus.

2.3 ***Listing Agent (applicable in respect of Listed Class of Units only)***

The details of the Listing Agent appointed in respect of a Sub-Fund are set out in Part 2 of this Prospectus.

2.4 ***Trustee and Registrar***

The Trustee of the Trust and the Sub-Funds is HSBC Institutional Trust Services (Asia) Limited.

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

The Trustee will also act as the Registrar of the Trust and each Sub-Fund.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Trust, subject to the provisions of the Trust Deed.

The Trustee may, however, appoint a person or persons (including a Connected Person of the Trustee) to be agent, nominee, custodian, joint custodian, co-custodian and/or sub-custodian to hold certain assets of any Sub-Fund and may empower any such person or persons to appoint, with the prior consent in writing of the Trustee, co-custodians and/or sub-custodians. The Trustee may also appoint delegates for the performance of its duties, powers or discretions under the Trust Deed. The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of nominees, agents and delegates which are appointed for the custody and/or safekeeping of the property of the Sub-Fund(s) and, (b) be satisfied that such persons retained remain suitably qualified and competent on an ongoing basis to provide the relevant custodial services to the Sub-Funds provided however that if the Trustee has discharged its obligations set out in (a) and (b) above, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any such person(s) not being the Trustee's Connected Person appointed as agents, nominees, custodians or joint custodians of certain assets of any Sub-Fund. The Trustee however shall remain liable for any act or omission of any such person that is a Connected Person of the

Trustee and that is appointed as agent, nominee, custodian, joint custodian, co-custodian and/or sub-custodian to hold certain assets of any Sub-Fund (including the Custodian which is appointed by the Trustee and the Manager and the PRC Custodian which is appointed by the Custodian, and both being Connected Persons of the Trustee) as if the same were the acts or omissions of the Trustee.

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

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

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

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

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

The Trustee will be entitled to the fees described in the section headed "***10. Fees and Charges***" under the heading "***10.2 Trustee's and Registrar's Fee***" below and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed.

The Manager has the sole responsibility for making investment decisions in relation to the Trust and/or each Sub-Fund and the Trustee (including its delegates) are not responsible for and have no liability for any investment decision made by the Manager. Except as expressly stated in this Prospectus, the Trust Deed and/or required by the Code, neither the Trustee nor any of its employees, service providers or agents are or will be directly or indirectly involved in the business affairs, organisation, sponsorship or investment management of the Trust or any Sub-

Fund. Also, none of the Trustee, its employees, service providers or agents is responsible for the preparation or issue of this Prospectus, and does not accept responsibility for any information contained in this Prospectus, other than the descriptions under this section "***2.3 Trustee and Registrar***".

2.5 ***Custodian***

The details of the Custodian of a Sub-Fund, if appointed, are set out in Part 2 of this Prospectus.

2.6 ***Service Agent or Conversion Agent (applicable in respect of Listed Class of Units only)***

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

2.7 ***Auditors***

The auditors of the Trust and the Sub-Funds are PricewaterhouseCoopers.

2.8 ***Participating Dealers (applicable in respect of Listed Class of Units only)***

The role of the Participating Dealers is to apply to create and redeem Listed Class of Units in a Sub-Fund from time to time in accordance with the terms of the relevant Participation Agreement.

If the Participating Dealer has appointed a PD Agent, the PD Agent will help as an agent of the Participating Dealer to create and redeem Listed Class of Units in a Sub-Fund insofar as any obligations under the relevant Participation Agreement or the Service Agreement (where applicable) entered into by the Participating Dealer and where applicable, which appointment is acknowledged by the Participating Dealer, the Trustee and the Manager.

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

The list of Participating Dealers or PD Agent (as the case may be) in respect of each Sub-Fund is available on www.csopasset.com/etf[1]. The Participating Dealers or PD Agent (as the case may be) are not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus.

2.9 ***Market Makers (applicable in respect of Listed Class of Units only)***

A market maker is a broker or a dealer permitted by the SEHK to act as such by making a market for the Listed Class of 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 Listed Class of Units on the SEHK. Market makers accordingly facilitate the efficient trading of Listed Class of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SEHK.

Subject to applicable regulatory requirements, the Manager will use its best endeavours to put in place arrangements so that that there is at least one market maker for each Sub-Fund in respect of the Listed Class of Units to facilitate efficient trading. Where a Dual Counter or Multi-Counter has been adopted, the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Listed Class of Units traded in each counter although these market makers may be the same entity. If the SEHK withdraws its permit to the existing market maker(s), the Manager will use its best endeavours to put in place arrangements so that that there is at least one other market maker per counter to facilitate the efficient trading of Listed Class of Units. The Manager will use its best endeavours to put in place arrangements so that at least one market maker per counter is required to give not less than 90 days' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of each Sub-Fund is available on www.csopasset.com/etf[1] and from time to time will be displayed on www.hkex.com.hk. Further details relating to market making arrangement (including market making arrangement where Dual Counter or Multi-Counter is adopted) are described in Part 2 of this Prospectus.

3. INVESTMENT CONSIDERATIONS

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

An Underlying Index comprises a group of Index Securities which an Index Provider selects as being representative of a market, market segment, specific industry sector or other appropriate benchmark. The Index Provider determines the relative weightings of the Index Securities in the relevant Underlying Index and publishes information regarding the market value of such Underlying Index.

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

4. GENERAL RISK FACTORS

Investments involve risks. Each Sub-Fund is 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 and an investor may not get back part or all of the amount they invest.

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

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

4.1 *Risk Factors relating to China*

China market risk. A Sub-Fund may invest in China. Investing in the China market is subject to the risks of investing in emerging markets generally and the risks specific to the China market which involves a greater risk of loss than investment in more developed countries due to higher economic, political, social and regulatory uncertainty and risks linked to volatility and market liquidity.

Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in PRC's political, social or economic policies may have a negative impact on investments in the China market.

Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency.

Investments in equity interests of Chinese companies may be made through China A-Shares, B-Shares and H-Shares. The PRC securities market has in the past experienced substantial price volatility, and there is no assurance that such volatility will not occur in future.

Investment in RMB denominated bonds may be made in or outside the PRC. As the number of these securities and their combined total market value are relatively small compared to more developed markets, investments in these securities may be subject to increased price volatility and lower liquidity.

Investors should also be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the relevant Sub-Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities.

Foreign exchange control risk. The Renminbi is not currently a freely convertible currency and is subject to exchange control imposed by the Chinese government. Such control of currency conversion and movements in the Renminbi exchange rates may adversely affect the operations and financial results of companies in the PRC. Insofar as a Sub-Fund's assets are invested in the PRC, it will be subject to the risk of the PRC government's imposition of restrictions on the repatriation of funds or other assets out of the country, limiting the ability of the relevant Sub-Fund to satisfy payments to investors.

Renminbi exchange risk. Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. In particular, there is no guarantee that the value of Renminbi against the investors' base currencies (for example HKD) will not depreciate. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the relevant Sub-Fund. Investors whose base currency is not the Renminbi may be adversely affected if the Renminbi depreciates against the base currency of holding of the investors in that such investors' investments may be worth less when they exchange Renminbi back to their base currency.

Further, the PRC government's imposition of restrictions on the repatriation of Renminbi out of China may limit the depth of the Renminbi market in Hong Kong and reduce the liquidity of the relevant Sub-Fund. Any delay in repatriation of Renminbi may result in delay in payment of redemption proceeds to the redeeming Unitholders. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and the Sub-Fund's or the investors' position may be adversely affected.

PRC tax considerations. By investing in securities issued by tax residents in the PRC (including without limitation China A-Shares and bonds) ("**PRC Securities**"), a Sub-Fund may be subject to withholding and other taxes imposed in the PRC.

(a) <u>*Corporate Income Tax ("CIT")*</u>

If the Trust or the relevant Sub-Fund is considered as a tax resident enterprise of the PRC, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Trust or the relevant Sub-Fund is considered as a non-tax resident enterprise with an establishment or place of business ("**E&P**") in the PRC, the profits attributable to that E&P would be subject to CIT at 25%. Non-resident enterprises without any E&P in the PRC are subject to PRC Withholding Income Tax ("**WIT**") generally at a rate of 10% to the extent it directly derives the PRC-sourced passive income, unless any specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties.

The Manager intends to manage and operate the Trust and the relevant Sub-Fund in such a manner that the Trust and the relevant Sub-Fund should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with an E&P in the PRC for CIT purposes, although this cannot be guaranteed.

(i) Interests

Interests derived from government bonds issued by the in-charge Finance Bureau of the State Council and/or local governments bonds approved by the State Council shall be exempt from PRC CIT under the CIT law.

Unless a specific exemption / reduction is applicable, for recipients that are non-tax residents without an E&P in the PRC under the CIT law, PRC WIT is levied on the payment of interests on debt instruments issued by PRC tax residents. The general WIT rate applicable is 10%.

The Ministry of Finance ("**MOF**") and the State Administration of Taxation ("**SAT**") jointly issued circular Caishui [2018] No. 108 ("**Circular 108**") on 22 November 2018, which stipulates that QFIIs and RQFIIs are exempt from CIT in respect of bond interest income received from 7 November 2018 to 6 November 2021 from investments in the China bond market. As the CIT exemption granted under Circular 108 is temporary, it is uncertain whether such CIT exemption policy would be extended after 6 November 2021.

Under the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "Arrangement"), if a Hong Kong tax resident derives interest income from the PRC, the WIT rate can be reduced to 7% provided that the Hong Kong tax resident is the beneficial owner of the interest income under the Arrangement and other relevant conditions are satisfied, subject to the agreement of the PRC tax authorities. In practice, due to the practical difficulties in demonstrating that an investment fund is the beneficial owner of the interest income received, such investment fund is generally not entitled to the reduced WIT rate of 7%. In general, the prevailing rate of 10% should be applicable to the Sub-Fund.

(ii) Dividends

Dividends derived from holding PRC Securities by a non-tax resident recipient from PRC tax residents are subject to the PRC WIT and the general WIT rate applicable is 10%.

(iii) Capital gains

*Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the **"Stock Connects"**)*

Pursuant to Caishui [2014] No. 81 ("**Circular 81**") and Caishui [2016] No. 127 ("**Circular 127**") promulgated by the MOF, the SAT and the CSRC on 14 November 2014 and 5 November 2016 respectively, PRC CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the relevant Sub-Fund) on the trading of A-Shares through the Stock Connects. Based on Circular 81 and Circular 127, no provision for gross realised or unrealised capital gains derived from trading of A-Shares via the Stock Connects is made by the Manager on behalf of the relevant Sub-Fund.

QFIIs and RQFIIs

Caishui [2014] No.79, jointly promulgated by the MOF, the SAT and the CSRC ("Circular 79") on 14 November 2014 states that (i) PRC WIT will be imposed on capital gains obtained by QFIIs and RQFIIs from the transfer of PRC equity investment assets (including PRC domestic stocks) realised prior to 17 November 2014 in accordance with the tax laws; and (ii) QFIIs and RQFIIs (without an E&P in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) will be temporarily exempted from WIT on gains derived from the transfer to PRC equity investment assets (including PRC A-Shares) effective from 17 November 2014.

Pursuant to Circular 79, the Manager will not make any WIT provision on the gross unrealised and realised capital gains derived from trading of China A-Shares through RQFII with effect from 17 November 2014.

There are currently no specific tax rules or regulations governing the taxation of capital gains realised by foreign investors on the disposal of bonds or fixed income securities. As mentioned above, the temporary exemption granted under Circular 79 applies to equity investment only, and Circular 79 is silent on whether the exemption is also applicable to non-equity investment such as PRC debt securities and other investments.

Based on the current verbal interpretation of the SAT and the local PRC tax authorities, debt or fixed income securities can be regarded as movable properties, and capital gains derived by foreign investors from investment in PRC debt or fixed income securities via QFIIs and RQFIIs should not be treated as PRC-sourced income and thus not subject to PRC WIT. However, there are no written tax regulations issued by the PRC tax authorities to explicitly clarify such treatment.

As a matter of practice, the collection of such 10% PRC WIT on capital gains realised by non-PRC resident enterprises from the trading of PRC debt or fixed income securities has not been strictly enforced by the PRC tax authorities. There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current PRC tax laws, regulations and practice. There is a risk that taxes may be levied in future on the relevant Sub-Fund for which no provision is made, which may potentially cause substantial loss to the relevant Sub-Fund.

Investor should note that the aforesaid tax filing and tax treaty application are made in accordance with the prevailing tax rules and practices of the PRC tax authority at the time of submission. The Net Asset Value of the relevant Sub-Fund may require further adjustment to take into account any retrospective application of new tax regulations and development, including change in interpretation of the relevant regulations by the PRC tax authority.

The Manager will closely monitor any further guidance by the relevant PRC and Hong Kong tax authorities and adjust the withholding policy of the relevant Sub-Fund accordingly. The Manager will act in the best interest of the Sub-Fund at all times.

(b) *Value-added Tax ("VAT")*

The MOF and the SAT issued Caishui [2016] No. 36 ("**Circular 36**") on 23 March 2016 announcing that the VAT transform program covers all the remaining industries of the program, including financial services. Circular 36 has taken effect from 1 May 2016, unless otherwise stipulated therein.

(i) Capital gains

According to Circular 36 and Circular Caishui [2016] No. 70, capital gains derived by QFIIs and RQFIIs on trading of marketable securities are exempted from VAT. According to Circular 81 and Circular 127, foreign investors which derive capital gains from trading activities via the Stock Connects are also exempted from VAT. Therefore, to the extent that the Sub-Fund(s)' investments (such as A-Shares through the Stock Connects, Access Products or debt instruments) are conducted through these channels, the capital gains should be exempted from VAT.

(ii) Interests / Dividends

Deposit interest income and interest received from government bonds and local government bonds are also exempt from VAT. Interest received by foreign investors (including QFIIs and RQFIIs) from non-government bonds (including corporate bonds) issued by PRC tax resident enterprises should technically be subject to 6%.

According to Circular 108, it stipulates that foreign institutional investors are temporarily exempt from VAT in respect of bond interest income received from 7 November 2018 to 6 November 2021 from investments in the China bond market. As the VAT exemption granted under Circular 108 is temporary, it is uncertain whether such VAT exemption policy would be extended after 6 November 2021.

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

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

(c) *Stamp duty:*

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

Stamp duty is not expected to be imposed on non-tax resident holders of government and corporate bonds, either upon issuance or subsequent transfer of such bonds.

(d) *General:*

Various tax reform policies have been implemented by the PRC government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in the PRC will be changed with retrospective effect in the future and any such change may have an adverse effect on the Net Asset Value of the relevant Sub-Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in the PRC which the relevant Sub-Fund invests in, thereby reducing the income from, and/or value of the Units.

(e) *Tax Provision:*

In order to meet the potential tax liability on capital gains arising from disposal of PRC Securities, the Manager reserves the right to provide for WIT on such gains and withhold the tax for the account of the relevant Sub-Fund. The Manager will at the inception of the relevant Sub-Fund decide whether the investment objectives and policies of the relevant Sub-Fund would necessitate the making of tax provisions in respect of the relevant Sub-Fund for the above tax obligations. Even if provisions are made, the amount of such provisions may not be sufficient to meet the actual tax liabilities. Where any provision is made, the level of the provisioning will be set out in Part 2 of this Prospectus and amount of actual provision will be disclosed in the financial reports of the relevant Sub-Fund. With the uncertainties under the applicable PRC tax laws and the possibility of such laws being changed and taxes being applied retrospectively, any provision for taxation made by the Manager may be excessive or inadequate to meet actual PRC tax liabilities on gains derived from investments held by the relevant Sub-Fund. Upon any future resolution of the abovementioned uncertainty or further changes to tax law or policies, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary. Investors should note that if provision for taxation is made, such provision may be excessive or inadequate to meet actual PRC tax liabilities on investments made by the relevant Sub-Fund. As a result, investors may be advantaged or disadvantaged depending on the final rules of the relevant PRC tax authorities. If no provision for potential WIT is made and in the event that the PRC tax authorities enforce the imposition of such WIT in respect of the relevant Sub-Fund's investment, the Net Asset Value of the relevant Sub-Fund may be affected. As a result, redemption proceeds or distributions may be paid to the relevant Unitholders without taking full account of tax that may be suffered by the relevant Sub-Fund, which tax will subsequently be borne by the relevant Sub-Fund and affect the Net Asset Value of the relevant Sub-Fund and the remaining Units in the relevant Sub-Fund. In this case, the then existing and new Unitholders will be disadvantaged from the shortfall.

On the other hand, if the provision is in excess of the final PRC tax liabilities attributable to the relevant Sub-Fund, the excess will be distributed to the Sub-Fund and reflected in the value of Units in the Sub-Fund. Notwithstanding the foregoing, please note that no Unitholders who have realised their Units in the Sub-Fund before the distribution of any excess provision to the relevant Sub-Fund shall be entitled to claim in whatsoever form any part of the withholding amounts distributed to that Sub-Fund, which amount would be reflected in the value of Units in the Sub-Fund. Therefore, Unitholders who have redeemed their Units will be disadvantaged as they would have borne the loss from the overprovision for PRC tax.

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

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

Government Intervention and Restriction. There may be substantial government intervention in the economy, including restrictions on investment in companies or industries deemed sensitive to relevant national interests.

Governments and regulators may also intervene in the financial markets, such as by the imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks. Further, intervention or restrictions by governments and regulators may affect the trading of China A-Shares or units of the relevant Sub-Fund. This may affect the operation and market making activities of a Sub-Fund, and may have an unpredictable impact on a Sub-Fund. This may also lead to an increased tracking error for the relevant Sub-Fund. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Index and as a result the performance of a Sub-Fund. In worst case scenario, the investment objective of the relevant Sub-Fund cannot be achieved.

Economic, political and social risks. The economy of China has been in a state of transition from a planned economy to a more market oriented economy. In many respects it differs from the economies of developed countries, including the level of government intervention, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions, including expropriation or confiscatory taxation, foreign exchange control or nationalisation of property held by issuers of the underlying securities in which the relevant Sub-Fund invests. These factors could adversely affect the performance of the relevant Sub-Fund.

PRC law and regulations risk. The PRC's legal system is based on written statutes and, therefore, prior court decisions do not have binding legal effect, although they are often followed by judges as guidance. The PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in promulgating laws and regulations dealing with economic matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. However, enforcement of such laws and regulations may be uncertain and sporadic, and implementation and interpretation of such laws and regulations may be inconsistent. The PRC's judiciary is relatively inexperienced in enforcing the existing laws and regulations, leading to a higher than usual degree of uncertainty as to the outcome of any litigation. Even where adequate laws exist in the PRC, it may be difficult to obtain swift and equitable enforcement of such laws, or to obtain enforcement of a judgment by a court of another jurisdiction. The introduction of new Chinese laws and regulations and the interpretation of existing ones may be subject to policy changes reflecting domestic political or social changes. The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC laws and regulations affecting securities markets are relatively new and evolving. As the PRC's legal system develops, there can be no assurance that changes in such legislation or interpretation thereof will not have an adverse effect upon the business and prospects of the relevant Sub-Fund's portfolio investments in China.

4.2 ***Investment risks***

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

- Less liquid and less efficient securities markets;
- Greater price volatility especially for Sub-Funds investing in equity securities;
- Exchange rate fluctuations and exchange controls;
- Less publicly available information about issuers;
- The imposition of restrictions on the expatriation of funds or other assets of a Sub-Fund;
- Higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- Difficulties in enforcing contractual obligations;
- Lesser levels of regulation of the securities markets;
- Different accounting, disclosure and reporting requirements;
- More substantial government involvement in the economy;
- Higher rates of inflation; and

- Disruption of normal market trading and valuation of securities due to extreme market conditions, natural catastrophes, greater social, economic, and political uncertainty and the risk of nationalization or expropriation of assets and war or terrorism.

Investment risk. The Sub-Funds are not principal guaranteed and the purchase of its Units is not the same as investing directly in the Index Securities comprised in the Underlying Index.

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

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

Risk of Indemnity. Under the Trust Deed, the Trustee and the Manager (and their respective directors, officers and employees) shall be entitled, except to the extent of any fraud, negligence, or wilful default on its (or their) part, to be indemnified and held harmless out of the assets of the relevant Sub-Fund in respect of any (in addition to any right of indemnity given by law) action, costs, claims, damages, expenses or liabilities to which it (or they) may be put or which it (or they) may incur by virtue of the proper performance of their respective duties. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of a Sub-Fund and the value of the Units.

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

There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of a Sub-Fund is based on the capital appreciation and income on the Securities it holds, less expenses incurred. The Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income.

Asset Class Risk. Although the Manager is responsible for the continuous supervision of the investment portfolio of each Sub-Fund, the returns from the types of Securities in which a Sub-Fund invests 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.

Financial Derivative Instruments and Collateral Risks. The risks associated with the use of FDIs are different from, or possibly greater than, the risks associated with investing directly in Securities and other traditional investments. Generally, a derivative is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indices. Any Sub-Fund investing in FDIs may utilise both exchange-traded and over-the-counter derivatives. Compared to equity securities, FDIs can be more sensitive to changes in market prices of the underlying assets and thus market prices of FDIs may fall in value as rapidly as they may rise. Investors investing in such Sub-Funds are exposed to a higher degree of fluctuation in value than a Sub-Fund which does not invest in FDIs. Transactions in over-the-counter FDIs may involve additional risk such as the risk that a counterparty defaults as there is no regulated market for such FDIs. Investing in FDIs also involves other types of risks including, but not limited to, the risk of adopting different valuation methodologies and imperfect correlation between the FDI and its underlying securities, rates and indices. Risks associated with FDIs also include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI by a Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by a Sub-Fund. There is no assurance that any derivative strategy used by a Sub-Fund will succeed.

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

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

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

Tracking Error Risk. A Sub-Fund's returns may deviate from the Underlying Index due to a number of factors. For example, the fees and expenses of a Sub-Fund, liquidity of the market, imperfect correlation of returns between a Sub-Fund's assets and the Securities constituting its Underlying Index the rounding of share prices, foreign exchange costs, changes to the Underlying Indices and regulatory policies may affect the Manager's ability to achieve close correlation with the Underlying Index of each Sub-Fund and to rebalance the Sub-Fund's holdings of Index Securities and/or Non-Index Securities in response to changes in the constituents of the Underlying Index. 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 relevant Underlying Index.

Although the Manager regularly monitors the tracking error of each Sub-Fund, there can be no assurance that any Sub-Fund will achieve any particular level of tracking error relative to the performance of its Underlying Index.

Concentration Risk. If the Underlying Index of a Sub-Fund is concentrated in a particular security or group of securities of a particular industry or group of industries, that Sub-Fund may be adversely affected by or depend heavily on the performance of those securities 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 security, group of securities, industry or group of industries, and the performance of the Sub-Fund could be closely tied to that security, group of securities, 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.

Single country risk. The investments of a Sub-Fund which invest in a single country, are not as diversified as regional funds or global funds. This means that such Sub-Funds tend to be more volatile than other mutual funds and its portfolio value can be exposed to country specific risks.

Foreign Security Risk. A Sub-Fund may invest entirely within or may relate to the equity markets of a single country or region. These markets may be subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic development. Investing in the Securities of non-Hong Kong companies involves special risks and considerations not typically associated with investing in Hong Kong companies. These include differences in accounting, disclosure, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, the imposition of restrictions on the expatriation of funds or other assets of a Sub-Fund, political instability which could affect local investments in foreign countries, and potential restrictions on the flow of international capital. Non-Hong Kong companies may be subject to less governmental regulation than Hong Kong companies. Moreover, individual foreign economies may differ favourably or unfavourably from the Hong Kong economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions.

Management Risk. A Sub-Fund may be subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. Although it is the Manager's intention to use full replication strategy to track the relevant Underlying Index for some of the Sub-Funds, there is no guarantee that this can be achieved, as the implementation of a full replication strategy may be subject to constraints which are beyond the control of the Manager. In addition, in the interest of a Sub-Fund, the Manager has absolute discretion to exercise shareholders' rights with respect to Index Securities and/or Non-Index Securities comprising the relevant Sub-Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of the relevant Sub-Fund being achieved. Investors should also note that in certain cases, none of the Manager, the relevant Sub-Fund or the Unitholders has any voting rights with respect to Index Securities and/or Non-Index Securities comprising the relevant Sub-Fund.

Passive Investments. The Sub-Funds are not actively managed. Each Sub-Fund invests in the Index Securities and/or Non-Index Securities included in or reflecting its Underlying Index regardless of their investment merit. The Manager does not attempt to select securities individually or to take defensive positions in declining markets. Accordingly, the lack of discretion to adapt to market changes due to the inherent investment nature of each Sub-Fund means that falls in the related Underlying Index are expected to result in a corresponding fall in the value of the relevant Sub-Fund.

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

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

Reliance on the Manager. Unitholders must rely upon the Manager in formulating the investment strategies and the performance of a Sub-Fund is largely dependent on the services and skills of its officers and employees. In the case of loss of service of the Manager or any of its key personnel, as well as any significant interruption of the Manager's business operations or in the extreme case of the insolvency of the Manager, the Trustee may not find successor managers quickly and the new appointment may not be on equivalent terms or of similar quality. Therefore, the occurrence of those events could cause a deterioration in the Sub-Fund's performance and investors may lose money in those circumstances.

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

In addition, a Sub-Fund may be exposed to the counterparty risk of a custodian, bank or financial institution ("custodian or depository") with which it deposits its securities or cash. These custodian or depository may be unable to perform their obligations due to credit-related and other events like insolvency of or default of them. In these circumstances the relevant Sub-Fund may be required to unwind certain transactions and may encounter delays of some years and difficulties with respect to court procedures in seeking recovery of the relevant Sub-Fund's assets.

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

Accounting standards and disclosure. The Manager intends to adopt Hong Kong Financial Reporting Standards ("**HKFRS**") in drawing up the annual financial reports of the Trust and the Sub-Funds. However, investors should note that the calculation of the Net Asset Value for determining fees and for subscription and redemption purposes will not necessarily be in compliance with generally accepted accounting principles, that is, HKFRS. Under HKFRS, investments should be valued at fair value, and bid and ask pricing is considered to be representative of fair value for long and short listed investments respectively. However, under the valuation basis described in the section "***8.1 Determination of the Net Asset Value***" below, listed investments may be valued by reference to the last traded price instead of bid and ask pricing as required under HKFRS. Accordingly, investors should note that the Net Asset Value as described in this Prospectus may not necessarily be the same as the Net Asset Value to be reported in the annual financial reports as the Manager may make necessary adjustments in the annual financial reports to comply with HKFRS. Any such adjustments will be disclosed in the annual financial reports, including a reconciliation note to reconcile values as shown in the annual financial reports prepared in accordance with HKFRS to those derived by applying the relevant Trust's valuation rules.

Risk of early termination. Under the terms of the Trust Deed and as summarised under the section headed "***12.5 Termination of the Trust or a Sub-Fund***" of this Prospectus, the Manager or the Trustee may terminate the Trust or a Sub-Fund under certain circumstances.

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

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

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

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

Cross class liability risk. The Trust Deed allows the Trustee and the Manager to issue Units in separate classes. The Trust Deed provides for the manner in which liabilities are to be attributed across the various classes within a Sub-Fund under the Trust (liabilities are to be attributed to the specific class of a Sub-Fund in respect of which the liability was incurred). A person to whom such a liability is owed has no direct recourse against the assets of the relevant class (in the absence of the Trustee granting that person a security interest). However, the Trustee will have a right of reimbursement and indemnity out of the assets of the Trust which may result in unitholders of one class of Units of a Sub-Fund being compelled to bear the liabilities incurred in respect of another class of the Sub-Fund which Units such unitholders do not themselves own if there are insufficient assets attributable to that other class to satisfy the amount due to the Trustee. Accordingly, there is a risk that liabilities of one class of a Sub-Fund may not be limited to that particular class and may be required to be paid out of one or more other classes of that Sub-Fund.

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

Dividends may not be paid. Whether a Sub-Fund will pay distributions on Units is subject to the Manager's distribution policy and also depends on dividends declared and paid in respect of the Index Securities and/or Non-Index Securities. Instead of distributing dividends to Unitholders, the Manager may in its discretion use dividends received from the Index Securities and/or Non-Index Securities to pay a Sub-Fund's expenses. Dividend payment rates in respect of such Index Securities and/or Non-Index Securities will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

No Right to Control a Sub-Fund's Operation. Investors of a Sub-Fund will have no right to control the daily operations, including investment and redemption decisions, of such Sub-Fund.

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

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

Effect of redemptions. If significant redemptions of Units are requested by the Participating Dealers or Unitholders of Unlisted Class of Units, it may not be possible to liquidate the Sub-Fund's investments at the time such redemptions are requested or the Manager may be able to do so only at prices which the Manager believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Units are requested by the Participating Dealers or Unitholders of Unlisted Class of Units, the right to require redemptions in excess of 10% of the total number of Units of the relevant Sub-Fund 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 Sub-Fund for the whole or any part of any period. Please see section "***8.2 Suspension Of Determination Of Net Asset Value***" for further details.

4.3 ***Market Trading Risks (applicable to the Listed Class of Units only)***

Trading Risk. While the creation/redemption feature of the Trust is designed to make it more likely that Listed Class of Units will trade close to their Net Asset Value, disruptions to creations and redemptions (for example, as a result of imposition of capital controls by a foreign government) may result in the Listed Class of Units trading at a significant premium / discount to its Net Asset Value. Also, there can be no assurance that an active trading market will exist or maintain for the Listed Class of Units of a Sub-Fund on any securities exchange on which such Listed Class of Units may trade.

The Net Asset Value of the Listed Class of Units of a Sub-Fund will also fluctuate with changes in the market value of a Sub-Fund's holdings of Index Securities and/or Non-Index Securities and changes in the exchange rate between the Base Currency and the subject foreign currency. The market prices of the Listed Class of Units will fluctuate in accordance with changes in Net Asset Value and supply and demand on any exchange on which the Listed Class of Units are listed. The Manager cannot predict whether the Listed Class of 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 the Listed Class of Units will be closely related, but not identical, to the same forces influencing the prices of the Index Securities and/or Non-Index Securities trading individually or in the aggregate at any point in time. Given, however, that the Listed Class of Units must be created and redeemed in Application Unit aggregations (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value), the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of the Listed Class of Units should not be sustained. In the event that the Manager suspends creations and/or redemptions of the Listed Class of Units of a Sub-Fund, the Manager expects larger discounts or premiums between the secondary market price of the Listed Class of Units and the Net Asset Value.

There is no certain basis for predicting the sizes in which the Listed Class of Units in the Sub-Fund may trade. There can be no assurance that the Listed Class of Units in the 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.

No Trading Market in the Units. There may be no liquid trading market for the Listed Class of Units of a Sub-Fund notwithstanding the listing of such Listed Class of Units on the SEHK and the appointment of one or more market makers. Further, there can be no assurance that the Listed Class of Units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions or those traded on the SEHK which are based upon indices other than the Underlying Index.

Reliance on Market Maker(s). Although it is the Manager's intention that there will always be at least one market maker in respect of the Listed Class of Units, Investors should note that liquidity in the market for the Listed Class of Units may be adversely affected if there is no market maker for a Sub-Fund. It is possible that where there is only one SEHK market maker to the Listed Class of Units of each Sub-Fund and therefore it may not be practical for a Sub-Fund to remove the only market maker to the Sub-Fund even if the market maker fails to discharge its duties as the sole market maker.

Reliance on Participating Dealer(s). The issuance and redemption of Listed Class 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 Listed Class of 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 Listed Class of 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. Where a Participating Dealer appoints a PD Agent to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative PD Agent, or if the PD Agent ceases to be a CCASS participant, the creation or redemption of Listed Class of Units by such Participating Dealer may also be affected. Since the number of Participating Dealers at any given time will be limited, and there may even be one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Listed Class of Units freely.

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

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

In addition, the price at which Index Securities and/or Non-Index Securities may be purchased or sold by a Sub-Fund upon any rebalancing activities or otherwise and the value of the Listed Class of Units may be adversely affected if trading markets for the Sub-Fund's portfolio securities are limited, inefficient or absent or if bid-offer spreads are wide.

Restrictions on creation and redemption of Units. Investors should note that an investment in the Listed Class of Units of a Sub-Fund is not like a typical retail investment fund offered to the public in Hong Kong (for which units can generally be purchased and redeemed directly from the manager). The Listed Class of Units of a Sub-Fund may only be created and redeemed in Application Unit sizes directly by a Participating Dealer (either on its own account or on behalf of an investor through a stockbroker which has opened an account with the Participating Dealer). Other investors may only make a request (and if such investor is a retail investor, through a stockbroker which has opened an account with a Participating Dealer) to create or redeem Listed Class of Units in Application Unit sizes through a Participating Dealer which reserves the right to refuse to accept a request from an investor to create or redeem Listed Class of Units under certain circumstances. Alternatively, investors may realize the value of their Listed Class of Units by selling their Listed Class of Units through an intermediary such as a stockbroker on the SEHK, although there is a risk that dealings on the SEHK may be suspended. Please refer the sections "***Rejection of Creation Applications***" and "***Rejection of Redemption Applications***" in Schedule 2 for details in relation to the circumstances under which creation and redemption applications can be rejected.

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

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

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

4.4 ***Differences in dealing, fee and cost arrangements between Listed Class and Unlisted Class of Units***

Each Sub-Fund may offer both Listed Class of Units and Unlisted Class of Units. Dealing arrangements in respect of Listed Class of Units and Unlisted Class of Units are different, and depending on market conditions, investors of the Listed Class of Units may be at an advantage compared to investors of the Unlisted Class of Units, or vice versa.

Unlike investors of Listed Class of Units who may buy and sell Units in the secondary market during SEHK trading hours, investors of Unlisted Class of Units are only able to subscribe and redeem at the relevant Subscription Price and Redemption Price (as the case may be) based on the latest available Net Asset Value as at the end of each Dealing Day. As such, holders of Listed Class of Units would have intra-day trading opportunities which will not be available to holders of Unlisted Class of Units. In a stressed market scenario, holders of Listed Class of Units can sell their units on the secondary market during SEHK trading hours if the market continues to deteriorate, while holders of Unlisted Class of Units will not be able to do.

Conversely, Secondary Market Investors generally do not have access to the redemption facilities which are available to investors of Unlisted Class of Units. During stressed market conditions, Participating Dealers may, on their own account or on behalf of Primary Market Investors, redeem Listed Class of Units on the primary market at the Net Asset Value of the relevant Sub-Fund, but the secondary market trading prices may have diverged from the corresponding Net Asset Value. In such circumstances, holders of the Listed Class of Units in the secondary market will be at an apparent disadvantage to holders of the Unlisted Class of Units as the latter will be able to redeem from the relevant Sub-Fund at Net Asset Value whilst the former will not.

The Net Asset Value per Unit of each of the Listed Class of Units and Unlisted Class of Units may also be different due to the different fees and costs applicable to each class of Units.

Please also refer to "Market Trading Risks (applicable to the Listed Class of Units only)" above for additional risks relating to Listed Class of Units.

4.5 ***Regulatory risks***

Legal and Regulatory Risk. A Sub-Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in a Sub-Fund's investment policy and objective. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the underlying securities of a Sub-Fund and as a result the performance of a Sub-Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for a Sub-Fund. In the worst case scenario, a Unitholder may lose a material part of its investment in a Sub-Fund.

Risk of withdrawal of authorization by the Commission. Each Sub-Fund seeks to provide investment results that closely correspond with the performance of the relevant Underlying Index. One or more Sub-Funds have been authorized as a collective investment scheme under the Code by the Commission pursuant to section 104 of the Securities and Futures Ordinance. However, the Commission reserves the right to withdraw the authorization of a Sub-Fund, for example, if the Commission considers the relevant Underlying Index is no longer acceptable to the Commission. The Commission's authorisation is not a recommendation or endorsement of a Sub-Fund nor does it guarantee the commercial merits of a Sub-Fund or its performance. This does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Risk relating to de-listing (applicable to Listed Class of Units only). The SEHK imposes certain requirements for the continued listing of Securities, including the Listed Class of Units, on the SEHK. Investors cannot be assured that the Sub-Funds will continue to meet the requirements necessary to maintain the listing of Listed Class of Units on the SEHK or that the SEHK will not change the listing requirements. If the Listed Class of Units are delisted from the SEHK, the Manager may, in consultation with the Trustee, seek the Commission's prior approval to operate only Unlisted Class of Units in respect of such Sub-Fund (subject to any necessary amendments to the rules of the Sub-Fund) or terminate the Sub-Fund and will notify investors accordingly.

Risk of suspension of trading on the SEHK. If trading of the Listed Class of Units of a 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 Listed Class of Units. The SEHK may suspend the trading of Listed Class 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 Listed Class of Units may also be suspended if the trading of Listed Class of Units is suspended.

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

4.6 ***Risks associated with Foreign Account Tax Compliance Act***

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

In general, an FFI which does not sign an FFI Agreement or is not otherwise exempt will face a punitive 30% withholding tax on all "withholdable payments" derived from US sources, including dividends, interest and certain derivative payments made on or after 1 July 2014. In addition, starting from 1 January 2017, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating US source dividends or interest will be treated as "withholdable payments." It is expected that certain non-U.S. source payments attributable to amounts that would be subject to FATCA withholding (referred to as "**passthru payments**") will also be subject to FATCA withholding, though the definition of "passthru payment" in U.S. Treasury Regulations is currently pending.

Hong Kong entered into an intergovernmental agreement with the US on 13 November 2014 ("**IGA**") for the implementation of FATCA, adopting "Model 2" IGA arrangements. Under this "Model 2" IGA arrangements, FFIs in Hong Kong (such as the Trust and the Sub-Funds) would be required to enter into the FFI Agreement with the US IRS, register with the US IRS and comply with the terms of FFI Agreement. Otherwise they will be subject to a 30% withholding tax on relevant US-sourced payments to them.

As an IGA has been signed between Hong Kong and the US, FFIs in Hong Kong (such as the Trust and the Sub-Funds) complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments to recalcitrant accounts (i.e. accounts of which the holders do not consent to FATCA reporting and disclosure to the US IRS) or close those recalcitrant accounts (provided that information regarding such recalcitrant account holders is reported to the US IRS), but may be required to withhold tax on payments made to non-compliant FFIs.

The Trust and each Sub-Fund will endeavour to satisfy the requirements imposed under FATCA and the FFI Agreement to avoid any withholding tax. In the event that the Trust or any Sub-Fund is not able to comply with the requirements imposed by FATCA or the FFI Agreement and the Trust or such Sub-Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Trust or that Sub-Fund may be adversely affected and the Trust or such Sub-Fund may suffer significant loss as a result.

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Trust or the relevant Sub-Fund, or a risk of the Trust or the relevant Sub-Fund being subject to withholding tax under FATCA, the Manager on behalf of the Trust and each of such relevant Sub-Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, to the extent permitted by applicable laws and regulations, (i) reporting the relevant information of such Unitholder to the US IRS; and/or (ii) withholding, deducting from such Unitholder's account, or otherwise collecting any such tax liability from such Unitholder. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds and in compliance with all applicable laws and regulations. As at the date of this Prospectus, all Units in the Sub-Funds are registered in the name of HKSCC Nominees Limited. It is the Manager's understanding that Hong Kong Securities Clearing Company Limited has completed registration with the IRS as a "Reporting Financial Institution under a Model 2 IGA".

The Sub-Funds have been registered with the IRS as at the date of this Prospectus. The Manager has taken competent tax advice and confirms that the Trust itself is not required to be registered with the IRS for FATCA-compliance purpose.

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

4.7 ***Risks associated with the Underlying Index***

The Underlying Index is subject to fluctuations. The performance of the Units should, before fees and expenses, correspond closely with the performance of the Underlying Index. If the Underlying Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

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

Compilation of Underlying Index. Each Sub-Fund is not sponsored, endorsed, sold or promoted by the relevant Index Provider. Each Index Provider makes no representation or warranty, express or implied, to investors in the relevant Sub-Fund or other persons regarding the advisability of investing in Index Securities or futures generally or in the relevant Sub-Fund particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the relevant Sub-Fund into consideration in determining, composing or calculating the relevant Underlying Index. There is no assurance that the Index Provider will compile the relevant Underlying Index accurately, or that the relevant Underlying Index will be determined, composed or calculated accurately, and consequently there can be no guarantees that its actions will not prejudice the interests of the relevant Sub-Fund, the Manager or investors.

Composition of the Underlying Index may change. The composition of the Index Securities constituting the relevant Underlying Index will change as the Index Securities may be delisted, or as new Securities or futures are included in the relevant Underlying Index. When this happens, the weightings or composition of the Index Securities owned by a Sub-Fund would be changed as considered appropriate by the Manager in order to achieve the investment objective. Thus, an investment in Units will generally reflect the relevant Underlying Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. However, there can be no guarantee that a particular Sub-Fund will, at any given time accurately reflect the composition of the relevant Underlying Index. Please refer to "***Tracking Error Risk***" under section "***4.2 Investment Risks***" above.

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

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

5. INVESTMENT AND BORROWING RESTRICTIONS

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

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

6. INVESTING IN A SUB-FUND

Investors should refer to Schedule 2 for information relating to the methods of investing in Listed Class of Units of a Sub-Fund, and Schedule 3 for information relating to the methods of investing in Unlisted Class of Units of a Sub-Fund.

7. CERTIFICATES

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

All Listed Class of Units of the Trust will be registered in the name of the HKSCC Nominees Limited by the Registrar on the Register of Unitholders of the relevant Sub-Fund, which is the evidence of ownership of such Listed Class of Units. Neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the Listed Class of Units. Beneficial interest of retail investors in the Listed Class of Units of the Trust will be established through an account with a participant in CCASS.

8. VALUATION AND SUSPENSION

8.1 *Determination of the Net Asset Value*

The Net Asset Value of the relevant Sub-Fund and the Net Asset Value per Unit of each class of the relevant Sub-Fund shall be determined as at the Valuation Point on the relevant Valuation Day in respect of each Dealing Day for Units of the Sub-Fund (or at such other time as the Manager, in consultation with the Trustee, may determine) by valuing the assets of the Sub-Fund or class (as the case may be) and deducting the liabilities attributable to the Sub-Fund or class (as the case may be) in accordance with the terms of the Trust Deed.

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

(a) the value of any investment quoted, listed or normally dealt in on a securities market (other than an interest in a collective investment scheme) shall be calculated by reference to the price appearing to the Manager to be the last traded price or last bid price or midway between the latest available market dealing offered price or the latest available market dealing bid price or the official closing price on the securities market on which the investment is quoted, listed or normally dealt in for such amount of such investment as the Manager may consider in the circumstances to provide a fair criterion, PROVIDED THAT:

(i) if an investment is quoted, listed or normally dealt in on more than one securities market, the Manager shall adopt the price or, as the case may be, last traded price on the securities market which, in their opinion, provides the principal market for such investment;

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

(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;

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

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

(i) the initial value of an unquoted investment 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 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 approved by the Trustee as qualified to value such unquoted investment;

Notwithstanding the above, the Manager may determine to value on a straight line basis investments in debt instruments acquired as a discount to their face value.

(c) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, 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 shall be the last available net asset value per unit, share or other interest in such collective investment scheme or, shall be determined from time to time in such manner as the Manager shall determine;

(e) notwithstanding the foregoing, the Manager may, in consultation with the Trustee, adjust the value of any investment or permit some other method of valuation to be used if, having regard to currency, applicable rate of interest, maturity, marketability and other considerations the Manager deems relevant, the Manager considers that such adjustment or use of such other method is required to reflect the fair value thereof. The Manager or the Trustee may also carry out regular independent valuation of the investments as it deems appropriate; and

(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.

The Trustee and the Manager may:

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

(b) accept as sufficient and conclusive evidence of the value of any asset of a Sub-Fund or the cost price or sale price thereof, any market quotation or certification by a calculation agent, administrator, broker, any professional person, firm or association qualified (in the opinion of the Manager to provide such a quotation provided that nothing hereunder shall impose an obligation on the Manager to obtain such a quotation or certification. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of any of a Sub-**Fund's** assets, the Trustee may accept, use and rely on such prices without verification;

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

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

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

8.2 ***Suspension Of Determination Of Net Asset Value***

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

(a) there is a closure of or restriction or disruption 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 of the Sub-Fund or the Net Asset Value per Unit of the relevant class; or

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

(c) circumstances exist as a result of which, in the reasonable 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 relevant class; or

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

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

(f) a breakdown occurs in any of the systems and/or means of communication normally employed in ascertaining the Net Asset Value of the relevant Sub-Fund or the Net Asset Value per Unit, Subscription Price or Issue Price (as the case may be) or Redemption Price of the relevant class, or when for any other reason the Net Asset Value of the relevant class cannot be ascertained in a prompt or accurate manner; or

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

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

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

(j) the business operations of the Manager, the Trustee the Registrar and/or their respective delegates in relation to the operation of the Trust are substantially interrupted or closed as a result of arising from pestilence, acts of war, terrorism, insurrection, revolution civil unrest, riots, strikes or acts of God.

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

(a) there shall be no determination of the Net Asset Value of the relevant Sub-Fund or the Subscription Price or Issue Price (as the case may be) or the Redemption Price of Units in the relevant class;

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

(c) (in respect of the Unlisted Class of Units) no subscription application shall be made by any investors and in the event any subscription application is received in respect of any Dealing Day falling within such period of suspension (that has not been otherwise withdrawn), such subscription application shall be deemed as having been received immediately following the termination of the suspension;

(d) the Manager shall be under no obligation to rebalance the Deposited Property of the Sub-Fund; and

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

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

The Manager shall notify the Commission if dealing in Units is suspended and publish a notice of suspension immediately following such suspension and, at least once a month during the period of suspension, on its website at www.csopasset.com/etf[1] or in such publications as the Manager decides.

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

In respect of Unlisted Class of Units, any subscription, switch or redemption application submitted prior to a suspension may be withdrawn at any time after such suspension has been declared and before termination of such suspension by notice in writing to the Manager and the Manager shall promptly notify the Trustee accordingly. If the Manager has not received any such notification of withdrawal of such subscription, switch or redemption application before termination of the suspension, the Trustee shall, subject to and in accordance with the provisions of the Trust Deed, issue, switch or redeem such Unlisted Class of Units in respect of such application and such application shall be deemed to be received immediately following the termination of such suspension.

8.3 ***Suspension of Dealing in Listed Class of Units On The SEHK (Secondary Market)***

Dealing in Listed Class of 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.

9. **DISTRIBUTION POLICY**

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

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

10. **FEES AND CHARGES**

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

10.1 ***Management Fees and Servicing Fee***

Under the terms of the Trust Deed, the Manager may, on giving not less than one month's written notice to the relevant Unitholders, increase each of the rate of the management fee or servicing fee payable in respect of a Sub-Fund up to or towards its maximum rate of 2% per annum of the Net Asset Value of the Sub-Fund accrued daily and calculated as at each Dealing Day and payable monthly or such higher percentage as may be approved by the relevant Unitholders in accordance with the terms of the Trust Deed.

Please refer to Part 2 of this Prospectus for further details on the management fee or servicing fee payable in respect of each Sub-Fund.

10.2 ***Trustee's and Registrar's Fee***

Under the terms of the Trust Deed, the Trustee may, on giving not less than one month's written notice to the relevant Unitholders, increase the rate of the Trustee's fee payable in respect of a Sub-Fund up to or towards the maximum rate of 1% per annum of the Net Asset Value of the Sub-Fund accrued daily and calculated as at each Dealing Day and payable monthly or such higher percentage as may be approved by the relevant Unitholders in accordance with the terms of the Trust Deed.

The Trustee is also entitled to a fee in its capacity as the Registrar.

Please refer to Part 2 of this Prospectus for further details on the Trustee's and Registrar's fee payable in respect of each Sub-Fund.

The Trustee shall pay the fees of any custodian or sub-custodian to which it has appointed. The Trustee's fee is inclusive of fees payable to the Custodian (and its delegates).

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

10.3 ***Service Agent's or Conversion Agent's Fee (applicable in respect of Listed Class of Units only)***

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

10.4 ***Subscription Fee, Redemption Fee and Switching Fee (applicable in respect of the Unlisted Class of Units only)***

Subscription Fee

Under the Trust Deed, the Manager is entitled to impose a subscription fee on the issue of Unlisted Class of Units of any Sub-Fund of up to a maximum of 5 per cent. of the subscription monies.

The subscription fee is payable in addition to the Subscription Price per Unit. The Manager may, in its absolute discretion, waive or reduce the payment of all or any portion of the subscription fee (either generally or in any particular case) of a Sub-Fund.

Redemption Fee

Under the Trust Deed, the Manager is entitled to impose a redemption fee on the redemption of Unlisted Class of Units of any Sub-Fund of up to a maximum of 3 per cent. of the redemption proceeds payable in respect of such Units.

The redemption fee is deducted from the redemption proceeds payable to a Unitholder in respect of each Unlisted Class of Unit redeemed. The Manager may, in its absolute discretion, waive or reduce the payment of all or any portion of the redemption fee (either generally or in any particular case) of a Sub-Fund.

Switching Fee

Under the Trust Deed, the Manager is entitled to impose a switching fee on the switching of Unlisted Class of Units of up to 1 per cent. of the redemption proceeds payable in respect of the Unlisted Class of Units being switched.

The switching fee is deducted from the amount realised from the redemption of the relevant Unlisted Class of Units and reinvested in the new Unlisted Class of Units of the same or another Sub-Fund. The Manager may, in its absolute discretion, waive or reduce the payment of all or any portion of the switching fee (either generally or in any particular case) of a Sub-Fund.

10.5 ***Other Charges and Expenses***

Each Sub-Fund will bear the costs set out in the Trust Deed, which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, the Manager, in consultation with the Trustee, shall determine how such costs are to be allocated. Such costs may include but are not limited to the cost of (a) all stamp and other duties, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, transaction fees of the Trustee as may be agreed by the Manager in relation to transactions involving the whole or any part of the relevant Sub-Fund, custodian or sub-custodian and proxy fees and expenses, collection fees and expenses, insurance and security costs, and any other costs, charges or expenses payable in respect of the acquisition, holding and realisation of any investment or other property or any cash, deposit or loan (including the claiming or collection of income or other rights in respect thereof and including any fees or expenses charged or incurred by the Trustee or the Manager or any of their Connected Person in the event of the Trustee or the Manager or such Connected Person rendering services or effecting transactions giving rise to such fees or expenses), (b) the fees and expenses of the Auditors, the Registrar and Service Agent (or the Conversion Agent, as the case may be and if applicable), (c) fees charged by the Trustee in connection with valuing the assets of the Trust or any part thereof, calculating the issue and redemption prices of Units, (d) expenses in connection with the management and trusteeship of the Trust, (e) all legal charges incurred by the Manager and/or the Trustee in connection with the Trust, (f) out-of-pocket expenses incurred by the Trustee and/or the Manager wholly and exclusively in the performance of its duties (including, where appropriate, obtaining collateral, credit support or implementing other measures or arrangements in mitigating the counterparty risk or other exposure of the relevant Sub-Fund), (g) the costs and expenses incurred by the Manager and/or the Trustee in establishing the Trust and/or the relevant Sub-Fund and costs and expenses in connection with the initial issue of Units of each class (which expenses may be amortised by being written off against the Sub-Funds in proportion to their respective Net Asset Values in equal amounts (or such other proportions or method as the Manager and the Trustee may determine from time to time) over the first five financial years or such other period as the Manager after consultation with the Auditors shall determine, (h) the fees and expense of the Trustee which are agreed by the Manager in connection with time and resources incurred by the Trustee reviewing and producing documentation in connection with the operation of the relevant Sub-Fund (including filing of annual returns and other documents with any regulatory authority having jurisdiction over the Trust), (i) the expenses of or incidental to the preparation of deeds supplemental to the Trust Deed, (j) the expenses of holding meetings of Unitholders and of giving notices to Unitholders, (k) the costs and expenses of obtaining and maintaining a listing for the Listed Class of Units on any stock exchange or exchanges selected by the Manager and/or in obtaining and maintaining any approval or authorisation of the Trust or a Sub-Fund or in complying with any undertaking given, or agreement entered into in connection with, or any rules governing such listing approval or authorisation, (l) costs and expenses charged by the Trustee in terminating the Trust or the relevant Sub-Fund and for providing any additional services as agreed by the Manager, (m) unless the Manager determines, bank charges incurred in making payments to Unitholders pursuant to the Trust Deed, (n) the fees of any guarantor agreed by the Manager (including the fee of the Trustee or any Connected Person of the Trustee acting as guarantor in relation to any Sub-Fund), (o) any licence fees and expenses payable to the owner of an index for the use of such index, (p) the fees and expenses of establishing, maintaining and operating any company wholly owned by the Trustee on behalf of any one or more Sub-Funds, (q) without prejudice to the generality of the foregoing, all costs incurred in publishing the Net Asset Value, the subscription, issue and redemption prices of Units, all costs of preparing, printing and distributing all statements, accounts and reports pursuant to the provisions of the Trust Deed (including the Auditors' fees), the expenses of preparing and printing any Prospectus, and any other expenses, deemed by the Manager after consulting the Trustee, to have been incurred in compliance with or in connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with the provisions of any code relating to unit trusts, (r) all other reasonable costs, charges and expenses which in the opinion of the Trustee and/or the Manager are properly incurred in the administration of the Trust pursuant to the performance of their respective duties, (s) all fees and expenses incurred in connection with the retirement or removal of the Manager, the Trustee, the Auditors or any entity providing services to the Trust, or the appointment of a new manager, a new trustee, new auditors or other new service providers providing services to the Trust, and (t) all such charges, costs, expenses and disbursements as under the general law the Trustee is entitled to charge to the Trust.

10.6 ***Establishment Costs***

The costs and expenses incurred by the Manager and the Trustee in establishing the Trust and the initial sub-fund of the Trust, CSOP FTSE China A50 ETF, were borne by the CSOP FTSE China A50 ETF and were fully amortised.

The costs of establishment of each subsequent Sub-Fund will be borne by the relevant Sub-Fund and the costs of establishment of any additional class of Units will be borne by the relevant class. Such establishment costs will be amortised over such period as the Manager may determine and specified in Part 2 of this Prospectus.

11. TAXATION

11.1 Hong Kong

11.1.1 *A Sub-Fund*

Profits tax

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

Stamp duty

Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty (i.e. fixed and ad valorem) on the transfer of a Basket to a Sub-Fund by a Participating Dealer as a consideration for an allotment of Units of such Sub-Fund will be remitted or refunded (i.e. in the primary market). Similarly, Hong Kong stamp duty on the transfer of a Basket by a Sub-Fund to a Participating Dealer upon redemption of Units will also be remitted or refunded (i.e. in the primary market).

11.1.2 *Unitholders*

Profits tax

Unitholders who do not carry on a trade or business in Hong Kong or the Units were acquired and held by the Unitholders as “capital assets” for Hong Kong profits tax purposes, gains arising from the sale or disposal or redemption of the Units should not be taxable.

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

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

Stamp Duty

Hong Kong stamp duty is payable on the transfer of Hong Kong stock. “Hong Kong stock” is defined as “stock” the transfer of which is required to be registered in Hong Kong. The Units fall within the definition of “Hong Kong stock”.

Hong Kong stamp duty in respect of Listed Class of Units

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

Hong Kong stamp duty in respect of Unlisted Class of Units

No Hong Kong stamp duty should be payable where the sale or transfer of such Units is effected by selling the relevant Units back to the Manager, who then either extinguish the Units or re-sells the Units to another person within two months thereof. Other types of sales or purchases or transfers of Unlisted Class of Units by the Unitholders in a Sub-Fund should be liable to Hong Kong stamp duty of 0.2 per cent (equally borne by the buyer and the seller) on the higher of the consideration amount or market value.

11.1.3 ***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 ("FIs") in Hong Kong to collect certain required information relating to non-Hong Kong tax residents holding financial accounts with the FIs, and report such information to the Hong Kong Inland Revenue Department ("IRD") for the purpose of AEOI exchange. Generally, the information will be automatically exchanged in respect of account holders that are tax residents in an AEOI partner jurisdiction(s) with which Hong Kong has a Competent Authority Agreement ("CAA") in force; 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 IRD the required tax information relating to Unitholders and prospective investors.

The Ordinance as implemented by Hong Kong requires the Trust to, amongst other things: (i) register the Trust as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e. Unitholders) to identify whether any such accounts are considered "Reportable Accounts" under the Ordinance; and (iii) report to the IRD the required information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the required information reported to it to the government authorities of the jurisdictions with which Hong Kong has a CAA in force. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a reportable jurisdiction; and (ii) certain entities controlled by individuals who are tax resident in such jurisdictions. Under the Ordinance, details of Unitholders, including but not limited to their name, date and place of birth, address, tax residence, tax identification number (if any), account number, 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.

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 the Ordinance. The Unitholder's information (and information on controlling persons including beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are passive non-financial entities), may be transmitted by the IRD to authorities in other jurisdictions. The failure of a Unitholder to provide any requested information may result in the Trust, the 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.

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

11.2 ***The PRC***

A Sub-Fund that invests in the PRC may be subject to withholding and other taxes imposed in the PRC. For further details relating to PRC taxes and the associated risks, please refer to the risk factor headed "***PRC tax considerations***" under section "***4.1 Risk Factors relating to China***" in Part 1 of this Prospectus.

11.3 ***Other jurisdiction(s)***

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

11.4 ***General***

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

12. OTHER IMPORTANT INFORMATION

12.1 ***Reports and Accounts***

The Trust's financial year end is 31 December in each year.

Unitholders will be notified of where they can obtain the printed and electronic copies of the latest annual financial reports or the interim financial reports once they are available (both published in English only). Such notices will be sent to Unitholders as soon as practicable and in any event within four months of the end of each financial year (starting the first financial year) in the case of audited financial reports and within two months after 30 June in each year in the case of unaudited interim financial reports. Once issued, such reports will be available in electronic copies from the website www.csopasset.com/etf[1].

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

12.2 ***Removal and Retirement of the Manager***

The Manager shall be subject to removal by not less than one (1) month's notice in writing given by the Trustee in any of the following events:-

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

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

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

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

The Manager shall have power to retire in favour of some other qualified manager in accordance with the provisions of the Trust Deed. In particular, the Manager shall give all Unitholders in the relevant Sub-Fund written notice of at least 60 days (or 30 days in the event of liquidation of the Trustee, or a material breach by the Trustee of its obligations under the Trust Deed), (or such other period as permitted by the Commission) in accordance with the provisions of the Trust Deed.

12.3 ***Removal and Retirement of the Trustee***

The Trustee shall be subject to removal by not less than one (1) month's notice in writing given by the Manager (or such shorter period of notice as the parties may agree). Notwithstanding the foregoing, the Manager may by notice remove the Trustee 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;

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

(d) if the Commission withdraws its approval of the Trustee as trustee of the Trust; or

(e) following a material breach of the Trustee's obligations under the Trust Deed which, if the breach is capable of remedy, the Trustee fails to remedy within 60 days of being specifically required in writing so to do by the Manager, and for good and sufficient reason the Manager acting in good faith is of the reasonable opinion and so states in writing to the Trustee that a change of Trustee is desirable and in the best interests of Unitholders as a whole.

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

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

12.4 ***<u>Potential Conflicts of Interest, Transactions with Connected Persons, Cash Rebates and Soft Commissions</u>***

The Manager, the Investment Adviser and the Trustee or their Connected Persons may, from time to time, act as manager, investment adviser, trustee or as custodian or in such other capacity in connection with or be otherwise involved in or with any other collective investment schemes separate and distinct from the Trust and the Sub-Funds, including those that have similar investment objectives to those of the Sub-Funds, or contract with or enter into financial, banking or other transaction with one another or with any investor of the Sub-Funds, or any company or body any of whose shares or securities form part of any Sub-Fund or may be interested in any such contract or transaction.

In addition:

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

(b) The Trustee, the Manager or the Investment Adviser or any of their Connected Persons may contract or enter into any financial, banking or other transaction with one another or with any Unitholder.

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

(d) The Trustee, the Manager, the Investment Adviser and any of their Connected Persons may buy, hold and deal in Index Securities and/or Non-Index Securities for their own account or for the account of their other customers (including Participating Dealers acting for themselves or for their clients) notwithstanding that Index Securities and/or Non-Index Securities may be held as part of the Sub-Fund.

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

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

Each of the Manager, the Investment Adviser and the Trustee or their Connected Persons will, at all times, have regard in such event to its obligations to the Sub-Funds and the investors and will endeavour to ensure that such conflicts are resolved fairly.

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

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

All transactions carried out by or on behalf of the Sub-Funds will be at arm's length and executed on the best available terms in compliance with applicable laws and regulations. Any transactions between the Sub-Funds 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 Sub-Fund's annual financial reports.

The brokerage and other agency transactions for the account of the Sub-Funds may be executed through brokers or dealers connected to the Manager or Connected Persons of the Manager. However, for so long as a Sub-Fund is authorized by the Commission, 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 obtained from the Commission:

(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 by such broker or dealer will be disclosed in the relevant Sub-Fund's annual financial reports.

Neither the Manager nor any of its Connected Persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions to them (save for goods and services as permitted under the Trust Deed and summarised under this section).

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

The Manager shall procure that no such contractual arrangements are entered into unless:

(a) the nature of which is such that their provision are of demonstrable benefit to the Sub-Funds;

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

(c) brokerage rates are not in excess of customary institutional full-service brokerage rates.

(d) adequate prior disclosure is made in the Prospectus the terms of which the Unitholders has consented to,

(e) periodic disclosure is made in the Trust's and/or a Sub-Fund's annual financial reports in the form of a statement describing the soft dollar policies and practices of the Manager or its investment delegate, including a description of goods and services received by them; and

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

No direct payment may be made to the Manager or any of its Connected Persons who undertake to place business with that party.

For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments. Details of soft commission arrangements will be disclosed in the relevant Sub-Funds' annual financial reports.

12.5 ***<u>Termination of the Trust or a Sub-Fund</u>***

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

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

(a) if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee), become bankrupt or if a receiver is appointed over any of their assets and not discharged within ninety (90) days;

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

(c) if 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) if the Manager shall have ceased to be the Manager for whatever reason and, within a period of sixty (60) days or thirty (30) days (in the event of liquidation of the Trustee, or a material breach by the Trustee of its obligations under the Trust Deed) thereafter, no other qualified corporation shall have been appointed by the Trustee as a successor Manager;

(e) if the Trustee shall have notified the Manager of its desire to retire as Trustee and the Manager shall fail to find a qualified corporation to act as a trustee in place of the Trustee within sixty (60) days or thirty (30) days (in the event of liquidation of the Manager, or a material breach by the Manager of its obligations under the Trust Deed) (as the case may be) therefrom.

The circumstances under which 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 include:

(a) if on any date, in relation to the Trust, the aggregate Net Asset Value of all Units shall be less than RMB 100 million or in relation to a Sub-Fund or any class of Units of such Sub-Fund, the aggregate Net Asset Value of the Units outstanding hereunder in respect of such Sub-Fund or any class of Units of such Sub-Fund shall be less than RMB 100 million or such other amount as may be specified in the Appendix of the relevant Sub-Fund;

(b) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Trust and/or the relevant Sub-Fund and/or the relevant class of Units;

(c) if the Trust and/or the relevant Sub-Fund shall cease to be authorized or otherwise officially approved pursuant to the Securities and Futures Ordinance or (in respect of a Sub-Fund with only Listed Class of Units in issue) listed on the SEHK or other recognized securities markets;

(d) if the Underlying Index of the relevant 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; or

(e) (in respect of a Sub-Fund with only Listed Class of Units in issue) if the relevant Sub-Fund ceases to have any Participating Dealer.

In cases of termination under the above circumstances, no less than one month's notice will be given to Unitholders.

Upon the Trustee or the Manager giving notice to terminate the Trust or a Sub-Fund pursuant to the Trust Deed, or upon the passing of an Extraordinary Resolution to terminate a Sub-Fund pursuant to the Trust Deed, where the assets of the relevant Sub-Fund include Securities that cannot be traded on exchange or otherwise be disposed of, the Manager may, upon consultation with the Trustee, compulsorily redeem at Net Asset Value of all the Units then in issue of the relevant Sub-Fund, following which the relevant Sub-Fund may be terminated in accordance with the provisions of the Trust Deed. Upon such redemption and payment of redemption proceeds, former Unitholders shall have no interest in the relevant Sub-Fund and all rights of such former Unitholders shall be extinguished. The Manager shall notify the Commission in advance the circumstance where it proposes to compulsorily redeem Unitholders of a Sub-Fund in such circumstances and shall agree with the Commission appropriate methods of notification of Unitholders in the relevant Sub-Fund prior to such compulsory redemption and termination.

Investors should note that, due to the nature of the listing of the Listed Class of Units on the SEHK, the termination procedures applicable to Listed Class of Units and Unlisted Class of Units of the same Sub-Fund may differ. In the event of termination of the Trust, a Sub-Fund or a particular Class of Units, Unitholders will be notified of the relevant termination procedures applicable to its holding of the relevant Class of Units.

Any unclaimed proceeds or other cash held by the Trustee under the provisions of the Trust Deed may at the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

12.6 ***Trust Deed***

The Trust was established under Hong Kong law by a trust deed dated 25 July 2012, as amended and restated on 5 September 2019 (and as may be further 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.

12.7 ***Indemnification and Limitation of Liability***

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

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

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

12.8 ***Modification of Trust Deed***

Subject to the prior approval of the Commission if any Sub-Fund is authorised pursuant to section 104 of the Securities and Futures Ordinance, 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 will not result in any increase in the amount of costs and charges payable out of the assets of the Trust or (ii) is necessary in order to comply with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law) or (iii) is made to correct a manifest error.

In all other cases modifications involving material changes require the sanction of an extraordinary resolution of the Unitholders affected and prior approval of the Commission.

12.9 ***Meetings of Unitholders***

The Trust Deed contains detailed provisions for meetings of Unitholders. Meetings may be convened by the Trustee, the Manager or the holders of at least 10% in value of the Units in the relevant Class or the relevant Sub-Fund then in issue, on not less than 21 days' notice. Notice of meetings will be posted to Unitholders and (in respect of notices relating to Listed Class of Units) posted on HKEX's website at www.hkex.com.hk. Unitholders may appoint proxies, who need not themselves be Unitholders. The quorum for a meeting to pass an ordinary resolution will be Unitholders present in person or by proxy registered as holding not less than 10% of the Units in the relevant Class or the relevant Sub-Fund for the time being in issue. The quorum for a meeting to pass an extraordinary resolution will be Unitholders present in person or by proxy registered as holding not less than 25% of the Units in the relevant Class or the relevant Sub-Fund for the time being in issue or, for an adjourned meeting, Unitholders present in person or by proxy whatever their number or the number of Units held by them. A meeting to pass an extraordinary resolution may be used to modify the terms of the Trust Deed, including increasing the maximum fees payable to the service providers, removing the Manager or terminating the Sub-Fund at any time. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum.

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

The Trust Deed contains provisions for the holding of separate meetings of holders of Units in different Sub-Funds and different classes where only the interests of holders in a particular Sub-Fund or class are affected.

12.10 ***<u>Voting Rights</u>***

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

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

12.11 ***<u>Documents Available for Inspection</u>***

Copies of the Trust Deed, Service Agreement or the Conversion Agency Agreement (as applicable), Participation Agreements, other material contracts, if any (as specified in Part 2 of this Prospectus) and the latest annual and interim financial reports (if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager. Please refer to section "***12.18 Complaints and Enquiries***" below for the address of the Manager.

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

12.12 ***<u>Part XV of the Securities and Futures Ordinance</u>***

Part XV of the Securities and Futures Ordinance sets out the Hong Kong disclosure of interests' regime applicable to Hong Kong listed companies. The regime does not apply to unit trusts that are listed on the SEHK. Consequently, Unitholders are not obliged to disclose their interest in a Sub-Fund.

12.13 ***<u>Anti-Money Laundering Regulations</u>***

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

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

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

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

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

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

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

12.14 ***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, 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% of the total number of Units of the such Sub-Fund in issue (or such higher percentage as the Manager may determine in respect of the Sub-Fund) subject to the conditions under the section headed "***Deferral of Redemption Applications***" in Schedule 2 and "***Restrictions on Redemption***" in Schedule 3.

12.15 ***Publication of Information Relating to the Sub-Funds***

The Manager will publish important news and information in respect of the Sub-Funds (including in respect of the Underlying Index), both in English and in Chinese languages, on its website www.csopasset.com/etf[1] and (where applicable in respect of the Listed Class of Units) on HKEX's website at www.hkex.com.hk including:

- this Prospectus (as amended and supplemented from time to time);
- the latest Product Key Facts Statements of the Sub-Funds. Investors should note that where a Sub-Fund offers both Listed Class of Units and Unlisted Class of Units, a separate set of product key facts statement will be available for each of the Listed Class of Units and Unlisted Class of Units of the same Sub-Fund;
- the latest annual and interim financial reports of the Sub-Funds in English;
- any public announcements made by a Sub-Fund, including information in relation to the relevant Sub-Fund and the Underlying Index, notices of the suspension of the calculation of Net Asset Value, changes in fees and charges and the suspension and resumption of the issue, creations and redemptions of Units and notices relating to material changes to a Sub-Fund that may have an impact on its investors, including notices for material alterations or additions to this Prospectus or the Sub-Fund's Product Key Facts Statement or constitutive documents;
- (in respect of the Listed Class of Units) the near real-time indicative Net Asset Value per Unit of a Sub-Fund during normal trading hours on the SEHK;
- the last Net Asset Value of each Sub-Fund and Net Asset Value per Unit of each class of each Sub-Fund;
- the past performance information of each Sub-Fund;
- the annual tracking difference and tracking error of each class of each Sub-Fund;
- the full portfolio information of each Sub-Fund updated on a daily basis; and
- (in respect of the Listed Class of Units) the latest list of Participating Dealers and market makers.

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

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

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

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

Please refer to the section "***12.16 Website Information***" below for the warning and the disclaimer regarding information contained in such website.

12.16 ***Website Information***

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist investors to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of the Manager or the Trustee accepts any responsibility for ensuring that the information contained in such other websites and sources, if available, is accurate, complete and/or up-to-date, and no liability is accepted by the Manager and the Trustee in relation to any person's use of or reliance on the information contained in these other websites and sources save, in respect of the Manager, the website, www.csopasset.com/etf[1]. Investors should exercise an appropriate degree of caution when assessing the value of such information.

12.17 ***Notices***

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

12.18 ***Complaints and Enquiries***

Investors may contact the complaint officer of the Manager if they have any complaints or enquiries in respect of the Trust or a Sub-Fund:

Address: 2801-2803, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

Manager's Customer Service Hotline: +852 3406 5688

Depending on the subject matter of the complaints or enquiries, these will be dealt with either by the Manager directly, or referred to the relevant parties for further handling. The Manager will revert and address the investor's complaints and enquiries as soon as possible. The contact details of the Manager are set out in the paragraph above.

12.19 ***Certification for Compliance with FATCA or Other Applicable Laws***

Each Unitholder (i) will be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Trust or a Sub-Fund (A) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Trust or the relevant Sub-Fund receives payments and/or (B) to satisfy reporting or other obligations under IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction, including reporting obligations that may be imposed by future legislation.

12.20 ***Power to Disclose Information to Tax Authorities***

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

12.21 ***Material Changes to an Index***

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

12.22 ***Replacement of an Index***

Following the authorisation of a Sub-Fund, a replacement of the Index may only be made in accordance with this Prospectus and the Trust Deed and with the prior approval of the Commission.

SCHEDULE 1 – INVESTMENT AND BORROWING RESTRICTIONS

Investment Restrictions

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager. Each of the Sub-Fund(s) is subject to the following principal investment restrictions:-

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

  (1) investments in Securities issued by such entity;

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

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

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

  (1) investments in Securities issued by such entities;

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

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

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

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

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

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

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

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

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

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

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

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

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

(g) notwithstanding (a), (b) and (d), not more than 30% of the total Net Asset Value of a Sub-Fund may be invested in Government and other Public Securities of the same issue;

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

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

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

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

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

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

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

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

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

name and key investment information are disclosed in the Prospectus of the Sub-Fund,

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

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

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

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

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

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

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

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

(2) the relevant Appendix must state that:

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

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

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

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

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

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

paragraph (k); and

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

The Manager shall not on behalf of any Sub-Fund(s):-

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

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

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

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

(v) subject to Chapter 7.3 of the Code, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;

(vi) enter into any obligation in respect of such Sub-Fund or acquire any asset or engage in any transaction for the account of such Sub-Fund which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of Unitholders is limited to their investment in the relevant Sub-Fund; or

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

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

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

- a Sub-Fund adopts a representative sampling strategy which does not involve full replication of the constituent Securities of the underlying index in the exact weightings of such index;

- the strategy is clearly disclosed in the Prospectus;
- the excess of the weightings of the constituent Securities held by the Sub-Fund over the weightings in the index is caused by the implementation of the representative sampling strategy;
- any excess weightings of the Sub-Fund's holdings over the weightings in the index must be subject to a maximum limit reasonably determined by the Sub-Fund after consultation with the Commission. In determining this limit, the Sub-Fund must consider the characteristics of the underlying constituent Securities, their weightings and the investment objectives of the index and any other suitable factors;
- limits laid down by the Sub-Fund pursuant to the point above must be disclosed in the Prospectus;
- disclosure must be made in the Sub-Fund's interim and annual reports as to whether the limits imposed by the Sub-Fund itself pursuant to the above point have been complied with in full. If there is non-compliance with the said limits during the relevant reporting period, this must be reported to the Commission on a timely basis and an account for such non-compliance should be stated in the report relating to the period in which the non-compliance occurs or otherwise notified to investors.

Other Investment Restrictions

For each Sub-Fund which is authorised by the Commission as a money market fund under Chapter 8.2 of the Code, the relevant Sub-Fund shall comply with the following investment restrictions:

(1) subject to the provisions below, the Sub-Fund may only invest in short-term deposits and high quality money market instruments, and up to 10% in money market funds authorised by the Commission under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the Commission and acceptable to the Commission;

(2) the Sub-Fund must maintain a portfolio with weighted average maturity of not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other Public Securities;

For the purposes herein:

a. "weighted average maturity" is a measure of the average length of time to maturity of all the Securities in the Sub-Fund weighted to reflect the relative holdings in each instrument; and is used to measure the sensitivity of the Sub-Fund to changing money market interest rates; and

b. "weighted average life" is the weighted average of the remaining life of each Security held in Sub-Fund; and is used to measure the credit risk, as well as the liquidity risk,

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

(3) notwithstanding the above, the aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity may not exceed 10% of the Net Asset Value of the Sub-Fund except:

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

b. in the case of Government and other Public Securities, up to 30% may be invested in the same issue; or

c. in respect of any deposit of less than USD1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size.

(4) notwithstanding paragraphs (b) and (c) under the section "Investment Restrictions" above, the aggregate value of the Sub-Fund's investments in entities within the same group through instruments and deposits may not exceed 20% of its total Net Asset Value except:

a. in respect of any cash deposit of less than USD1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size; and

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

(5) notwithstanding the borrowing limit as set out below, the Sub-Fund may borrow up to 10% of its total Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses;

(6) the value of the Sub-Fund's holding of investments in the form of asset-backed securities may not exceed 15% of its total Net Asset Value;

(7) subject to Chapter 7.32 to 7.38 of the Code, the Sub-Fund may engage in sale and repurchase and reverse repurchase transactions in compliance with the following requirements:

(1) the amount of cash received by the Investment Fund under repurchase transactions may not in aggregate exceed 10% of its total Net Asset Value;

(2) the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the Net Asset Value of the Sub-Fund;

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

(4) the holding of collateral, together with other investments of the Sub-Fund, must not contravene the investment limitations and requirements set out under this section "Money Market Funds";

(8) the Sub-Fund may use FDIs for hedging purposes only;

(9) the currency risk of the Sub-Fund shall be appropriately managed and any material currency risk that arises from investments that are not denominated in the Base Currency shall be appropriately hedged;

(10) the Sub-Fund must hold at least 7.5% of its total Net Asset Value in daily liquid assets and at least 15% of its total Net Asset Value in weekly liquid assets.

For the purposes herein:

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

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

(11) a Sub-Fund that offers a stable or constant net asset value or which adopts an amortized cost accounting for valuation of its assets may only be considered by the Commission on a case-by-case basis.

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

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

Borrowing Restrictions

Subject to the limits set out in Part 2 of this Prospectus, the Manager may engage in borrowing in order to acquire investments, to redeem Units or to pay expenses relating to a Sub-Fund. The maximum borrowing of a Sub-Fund may not exceed 10% of its total Net Asset Value. For this purpose, back-to-back loans do not count as borrowing. Securities lending transactions and sale and repurchase transactions in compliance with the requirements as set under the section entitled "Securities Financing Transactions" below are also not borrowings for the purpose of, and are not subject to the borrowing restrictions under this section. The assets of the Sub-Fund may be charged, pledged or otherwise encumbered in any manner as security for any such borrowings.

If the investment and borrowing restrictions set out above are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time 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 relevant Sub-Fund's investments, reconstructions or amalgamations, payments out of the assets of the relevant Sub-Fund or redemption 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.

Securities Financing Transactions

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

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

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

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

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

Further, details of the arrangements are as follows:

(a) each counterparty for such transactions will be independent counterparties approved by the Manager with credit rating of BBB- or above (by Moody's or S&P, or any other equivalent ratings by recognised credit rating agencies) or which are corporations licensed by the Commission or are registered institutions with the Hong Kong Monetary Authority;

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

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

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

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

Financial Derivative Instruments

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

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

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

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

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

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

Unless otherwise stated in the relevant Appendix, each Sub-Fund may acquire FDIs for non-hedging purposes (“investment purposes”), subject to the limit that the Sub-Fund’s net exposure relating to these FDIs (“net derivative exposure”) does not exceed 50% of its total Net Asset Value (unless otherwise approved by the Commission for a Sub-Fund pursuant to Chapter 8 of the Code). For the avoidance of doubt:

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

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

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

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

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

(a) the underlying assets consist solely of shares in companies, debt Securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates or currencies or other asset classes acceptable to the Commission, in which the Sub-Fund may invest according to its investment objectives and policies;

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

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

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

A Sub-Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis. For the purposes herein, assets that are used to cover the Sub-Fund's payment and delivery obligations incurred under transactions in FDIs should be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes. A transaction in FDIs which gives rise to a future commitment or contingent commitment of a Sub-Fund should also be covered as follows:

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

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

The above policies relating to FDIs apply to financial instruments which embeds a financial derivative as well.

Collateral

Collateral received from counterparties shall comply with the following requirements:

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

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

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

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

- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and a Sub-Fund's exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapter 7 of the Code;

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

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

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

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

- Cash collateral – any re-investment of collateral received for the account of the Sub-Fund shall be subject to the following requirements:

    - cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the Commission and acceptable to the Commission, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. For this purpose, money market instruments refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account. Non-cash collateral received may not be sold, re-invested or pledged;

    - the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in sub-paragraphs (2) and (10) of the section entitled "Other Investment Restrictions" above;

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

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

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

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

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

- eligible collateral include cash, cash equivalents, government bonds, supranational bonds, corporate bonds, stocks, funds and money market instruments;

- the issuer of collateral must be of high quality and the rating by a recognised credit rating agency shall be taken into account in the credit assessment process. Securities rated with a non-investment grade credit rating is not eligible for collateral purpose. There is no criteria for country of origin of the counterparty;

- no maturity constraints will apply to the collateral received;

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

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

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

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

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

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

SCHEDULE 2 – PROVISIONS RELATING TO THE OFFER, CREATION, REDEMPTION, LISTING AND TRADING OF THE LISTED CLASS OF UNITS

This Schedule 2 contains disclosure relating to the Listed Class of Units only. Unless the context otherwise requires, references to "Units" and "Unitholders" in this Schedule shall be construed to refer to a Listed Class of Units of a Sub-Fund or a Unitholder of such Units. Save for terms defined below, all other terms used in this Schedule shall have the same meanings as assigned to them under the main part of the Prospectus.

1. INVESTING IN THE LISTED CLASS OF UNITS OF A SUB-FUND

There are currently two methods to invest in Listed Class of Units of the Sub-Funds:

1.1. *In the Primary Market*

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

- Because of the size of the capital investment (i.e. Application Unit size) required either to create or redeem Listed Class of Units through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals.

- Participating Dealers may submit a Creation Application or a Redemption Application to create or redeem Listed Class of Units directly in the relevant Sub-Fund.

Please refer to section "***2. Creation and Redemption of Application Units (Primary Market)***" below for the operational procedures in respect of Creation Applications. Creation and redemption of Listed Class of Units by Participating Dealers will be conducted in accordance with the Trust Deed, the Operating Guidelines and the relevant Participation Agreement.

1.2. *In the Secondary Market (SEHK)*

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

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

Please refer to section "***3. Trading of Listed Class of Units on the SEHK (Secondary Market)***" below for further information in respect of buying and selling Units on the SEHK.

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

2.1. *General*

This section provides general information regarding the creation and redemption of Listed Class of Units of the Sub-Funds of the Trust. Specific details relating to a Sub-Fund are set out in Part 2 of this Prospectus.

Where a Sub-Fund has a Dual Counter or Multi-Counter, although a Participating Dealer may subject to arrangement with the Manager elect to CCASS to have Listed Class of Units which it creates deposited in any of the counters, all cash creation and redemption for all Listed Class of Units must be in the Base Currency of such Sub-Fund or any other currency as set out in the relevant Appendix only.

2.2. ***Applications by Primary Market Investors***

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

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

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

(a) any period during which (i) the creation or issue of Listed Class of Units of a Sub-Fund, (ii) the redemption of Listed Class of Units of a Sub-Fund, and/or (iii) the determination of Net Asset Value of a Sub-Fund is suspended pursuant to the provisions in the Trust Deed;

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

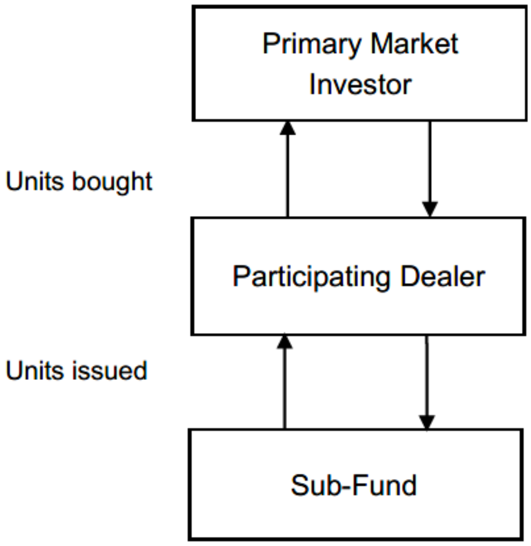
(c) where acceptance of the creation request or redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer and/or any of its Connected Persons; or

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

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

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

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

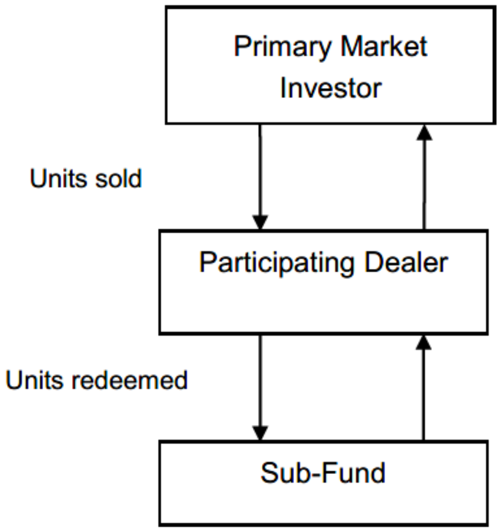


(i) Cash*; or
(ii) Index Securities and/or Non-Index Securities; or
(iii) a combination of cash and in-kind (Securities)
(please see the relevant Appendix for details)

(i) Cash (Base Currency or any other currency as set out in the relevant Appendix); or
(ii) Index Securities and/or Non-Index Securities; or
(iii) a combination of cash and in-kind (Securities)
(please see the relevant Appendix for details)

**Primary Market Investor may agree with the Participating Dealers the currency for settlement.*

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



(i) Cash*; or
(ii) Index Securities and/or Non-Index Securities; or
(iii) a combination of cash (RMB) and in-kind (Securities)
(please see the relevant Appendix for details)

(i) Cash (Base Currency or any other currency as set out in the relevant Appendix); or
(ii) Index Securities and/or Non-Index Securities; or
(iii) a combination of cash (RMB) and in-kind (Securities)
(please see the relevant Appendix for details)

**Primary Market Investor may agree with the Participating Dealers the currency for settlement.*

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

2.3. ***Creation Applications by Participating Dealers***

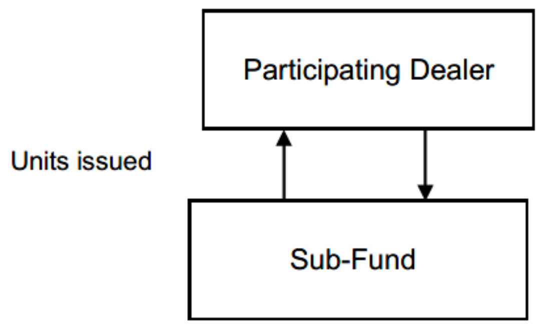
Unless otherwise determined by the Manager, in consultation with the Trustee, a Creation Application shall only be made by a Participating Dealer or PD Agent (as the case may be) in respect of a Dealing Day in accordance with the terms of the Trust Deed and the relevant Participation Agreement either during the Initial Offer Period or on a Dealing Day in respect of

Listed Class of Units constituting an Application Unit size or whole multiples thereof. The Application Unit size for a Sub-Fund is set out in Part 2 of this Prospectus.

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

There are currently three methods for creation of Listed Class of Units in respect of a Creation Application made by a Participating Dealer: (i) cash Creation Application ("**Cash Creation**") only; or (ii) in-kind Creation Application by delivering Index Securities and/or Non-Index Securities ("**In-Kind Creation**") only; or (iii) a combination of Cash Creation and In-Kind Creation ("**Hybrid Creation**"). The method(s) for creation of Listed Class of Units adopted by the current Sub-Funds are set out in the Appendix of the relevant Sub-Fund.

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



(i) Cash (Base Currency or any other currency as set out in the relevant Appendix); or
(ii) Index Securities and/or Non-Index Securities; or
(iii) a combination of cash (RMB) and in-kind (Securities)
(please see the relevant Appendix for details)

2.3.1. ***Procedures for Creation of Listed Class of Units***

General

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

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

Methods of creation of Listed Class of Units

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

(a) where Cash Creation only is adopted, a cash payment equivalent to the relevant Application Basket Value (which shall be accounted for as Deposited Property), which the Manager shall use to purchase the Index Securities and/or Non-Index Securities constituting the Basket(s), and the Manager shall be entitled in its absolute discretion to charge (for the account of the relevant Sub- Fund) to each Participating Dealer an additional sum which represents the appropriate provision for Duties and Charges (which may include, but is not limited to, a provision for stamp duties and other transaction charges or taxes applicable to the purchase (or estimated to be applicable to the future purchase) of the relevant Index Securities and/or Non-Index Securities; or

(b) where In-Kind Creation only is adopted, Index Securities and/or Non-Index Securities constituting the Basket(s) for the Listed Class of Units of the relevant Sub-Fund to be issued and a cash amount equivalent to any Duties and Charges payable; or

(c) where Hybrid Creation is adopted, a cash payment equivalent to the value of relevant Index Securities and/or Non-Index Securities constituting the Basket(s), together with the remaining Index Securities and/or Non-Index Securities constituting the Basket(s) for the Listed Class of Units of the relevant Sub-Fund to be issued, and a cash amount equivalent to any Duties and Charges payable.

plus,

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

Payment Terms in respect of Cash Creation only

Where Cash Creation is adopted, the Manager currently only accepts cash payments in the Base Currency of the relevant Sub-Fund (even for a Sub-Fund which adopts Dual Counter or Multi-Counter) or any other currency as set out in the relevant Appendix. Notwithstanding the Dual Counter or Multi-Counter, any cash payable by Participating Dealers in a Cash Creation must be in the Base Currency of the relevant Sub-Fund or any other currency as set out in the relevant Appendix regardless of whether the Units are deposited into CCASS as RMB traded Units, HKD traded Units or as USD traded Units. The process of creation of Units is the same for all counters.

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

(a) the prices used when valuing the relevant Index Securities and/or Non-Index Securities of the Trust in respect of the relevant Sub-Fund for the purpose of such issue of Listed Class of Units; and

(b) the prices which would be used when acquiring the same Index Securities and/or Non-Index Securities if they were acquired by the Trust in respect of the relevant Sub-Fund with the amount of cash received by the Trust in respect of the relevant Sub-Fund upon such issue of Listed Class of Units.

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

Base Currency and Issuance of Listed Class of Units

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

2.3.2. ***Issue Price***

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

Any commission, remuneration or other sums payable by the Manager to any agent or other person in respect of the issue or sale of any Listed Class of Units shall not be added to the Issue Price of such Listed Class of Units and shall not be paid by the Trust.

2.3.3. ***Creation and Issue of Listed Class of Units***

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 Listed Class of Units pursuant to that Creation Application shall be effected on that Dealing Day, but:

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

(b) the Register shall be updated after the Valuation Point for the Valuation Day relating to the Dealing Day on which the Creation Application is deemed to be accepted provided that the Trustee shall be entitled to refuse to enter (or allow to be entered) Listed Class of Units in the Register if at any time the Trustee is of the opinion that the issue of Listed Class of Units does not comply with the provisions of the Trust Deed.

2.3.4. ***Fees relating to Creation Applications***

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

Where In-Kind Creation or Hybrid Creation is adopted, a corporate action fee is also payable to HKSCC in respect of a Creation Application where a Conversion Agent is appointed for such Sub-Fund.

2.3.5. ***Rejection of Creation Applications***

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

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

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

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

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

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

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

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

(h) there are insufficient Index Securities and/or Non-Index Securities available to the Manager and/or the Trust to constitute the Basket(s) in respect of a Creation Application,

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

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

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

2.3.6. ***Cancellation of Creation Applications***

The Trustee may, on the instruction of the Manager, cancel any Creation Application and any Listed Class of Units deemed created and issued in respect of such Creation Application under the following circumstances:

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

(b) where an In-Kind Creation is adopted -

(i) if the title to any of the Index Securities and/or Non-Index Securities constituting the Basket deposited for exchange of Listed Class 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 such times and in such manner as prescribed in the relevant Participation Agreements (or such later time and/or date determined by the Manager); or

(ii) the full amount of any Duties 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 times and in such manner as prescribed in the relevant Participation Agreements (or such later time and/or date determined by the Manager).

(c) where a Hybrid Creation is adopted, the Creation Application will be cancelled under the circumstances stated in (a) and/or (b).

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

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

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

(c) the Manager may at its absolute discretion require the Participating Dealer to pay to the Trustee 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 Listed Class of Units 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 Listed Class of Units are cancelled, made a Redemption Application;

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

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

(f) no previous valuations of the assets in respect of a Sub-Fund shall be reopened or invalidated as a result of the cancellation of such Listed Class of Units.

2.4. ***<u>Redemption Applications by Participating Dealers</u>***

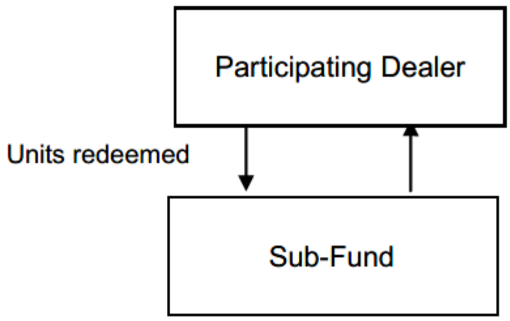
Unless otherwise determined by the Manager, in consultation with the Trustee, a Redemption Application shall only be made by a Participating Dealer or PD Agent (as the case may be) in respect of a Dealing Day in accordance with the terms of the Trust Deed and the relevant Participation Agreement on a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

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

Any Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the relevant Sub-Fund, exercise its discretion to accept an application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not exercise its discretion to accept any application.

Where the Manager accepts a Redemption Application in respect of a Sub-Fund from a Participating Dealer, the Manager may effect the redemption of the relevant Listed Class of Units by instructing the Trustee to transfer to the Participating Dealer, (i) cash ("**Cash Redemption**") only; or (ii) Index Securities and/or Non-Index Securities ("**In-Kind Redemption**") only; or a combination of cash and in-kind (Securities) ("**Hybrid Redemption**") each in accordance with the Trust Deed and the relevant Participation Agreements and Operating Guidelines. The redemption method(s) adopted by the current Sub-Funds are as set out in the Appendix of the relevant Sub-Fund.

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



(i) Cash (Base Currency or any other currency as set out in the relevant Appendix); or
(ii) Index Securities and/or Non-Index Securities; or
(iii) a combination of cash (RMB) and in-kind (Securities)

2.4.1. ***Procedures for Redemption of Listed Class of Units***

General

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

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

Methods of payment of redemption proceeds

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

(a) where Cash Redemption only is adopted, the redemption proceeds in cash provided that the Manager shall be entitled in its absolute discretion to charge (for the account of the Sub-Fund) to each Participating Dealer an additional sum which represents the appropriate provision for Duties and Charges (which may include, but is not limited to, a provision for stamp duties and other transaction charges or taxes applicable to the sale (or estimated to be applicable to the future sale) of the relevant Index Securities and/or Non-Index Securities),

(b) where In-Kind Redemption only is adopted, the relevant Index Securities and/or Non-Index Securities constituting the Basket(s) (as the Manager considers appropriate) in respect of such Listed Class of Units;

(c) where Hybrid Redemption is adopted, the redemption proceeds in cash provided that the Manager shall be entitled in its absolute discretion to charge (for the account of the Sub-Fund) to each Participating Dealer an additional sum which represents the appropriate provision for Duties and Charges (which may include, but is not limited to, a provision for stamp duties and other transaction charges or taxes applicable to the sale (or estimated to be applicable to the future sale) of the relevant Index Securities and/or Non-Index Securities) and the relevant Index Securities and/or Non-Index Securities constituting the Basket(s) (as the Manager considers appropriate) in respect of such Listed Class of Units,

plus,

(d) 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 to sell the Deposited Property of the relevant 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.

Payment Terms in respect of Cash Redemption only

Where Cash Redemption only is adopted, the Manager currently only allows redemption proceeds to be paid out in cash in the Base Currency of the relevant Sub-Fund (even for a Sub-Fund which adopts Dual Counter or Multi-Counter) or any other currency as set out in the relevant Appendix. Notwithstanding the Dual Counter or Multi-Counter, any cash proceeds received by Participating Dealers in a Cash Redemption shall be paid only in the Base Currency of the relevant Sub-Fund or any other currency as set out in the relevant Appendix. All Listed Class of Units regardless of their trading currency may be redeemed by way of a Redemption Application (through a Participating Dealer). The redemption process is the same for all Listed Class of Units regardless of their trading currency.

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

(a) the prices used when valuing the relevant Index Securities and/or Non-Index Securities of the Trust in respect of the relevant Sub-Fund for the purpose of such redemption of Listed Class of Units; and

(b) the prices which would be used when selling the same Index Securities and/or Non-Index Securities if they were sold by the Trust in respect of the relevant Sub-Fund in order to realise the amount of cash required to be paid out of the Trust in respect of the relevant Sub-Fund upon such redemption of Listed Class of Units.

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

Payment Terms in respect of In-Kind Redemption or Hybrid Redemption

Where a Sub-Fund adopts In-Kind Redemption or Hybrid Redemption, the Manager has the right to instruct the Trustee to deliver cash equivalent of any Index Security or non-Index Security (as the case may be) in connection with the Redemption Application to the Participating Dealer if (a) such Index Security or non-Index Security (as the case may be) is likely to be unavailable for delivery or available in insufficient quantity for delivery in connection with the Redemption Application; or (b) the Participating Dealer is restricted by regulation or otherwise from investing or engaging in a transaction in that Index Security or non-Index Security (as the case may be). Notwithstanding the Dual Counter or Multi-Counter, any cash proceeds received by Participating Dealers in the in-cash component in a Hybrid Redemption shall be paid only in RMB. All Listed Class of Units regardless of their trading currency may be redeemed by way of a Redemption Application (through a Participating Dealer). The process of redemption of Listed Class of Units is the same for all counters.

2.4.2. ***Redemption Price***

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

2.4.3. ***Payment of Redemption Proceeds***

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

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

2.4.4. ***Rejection of Redemption Applications***

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

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

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

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

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

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

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

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

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

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

2.4.5. ***Deferral of Redemption Applications***

In addition, the Manager is entitled to limit the number of Units of any Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units of the relevant Sub-Fund then in issue (rounded down to the extent required to ensure that Units may only be redeemed in multiples of Application Units). In this event, the limitation will apply pro rata (and not on a first in-first out basis) so that Unitholders of the relevant Sub-Fund who have validly requested to redeem such Units of the same Sub-Fund on that Dealing Day will redeem the same proportion of such Units of that Sub-Fund. Any such Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager has the same power) until the original request has been satisfied in full.

2.4.6. ***Fees relating to Redemption of Listed Class of Units***

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

Where In-Kind Redemption or Hybrid Redemption is adopted, a corporate action fee is also payable to HKSCC in respect of a Redemption Application where a Conversion Agent is appointed for such Sub-Fund.

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

The Conversion Agent may charge a Unit Cancellation Fee in connection with each Redemption Application.

2.4.7. ***Cancellation of Listed Class of Units pursuant to Redemption Application***

Upon redemption of Listed Class 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 Listed Class of Units and, for valuation purposes, such Listed Class of Units shall be deemed to have been redeemed and cancelled after the Valuation Point for the Valuation Day relating to the Dealing Day on which the Redemption Application is or is deemed to be received; and

(b) the name of the Unitholder of such Listed Class of Units shall be removed from the Register after the Valuation Point for the Valuation Day relating to the Dealing Day on which the Redemption Application is deemed to be accepted.

2.4.8. ***Cancellation of Redemption Applications***

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

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

(b) the Manager may at its absolute discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the relevant Sub-Fund, Cancellation Compensation in respect of each Unit in respect of a Listed Class of Units, being the amount (if any) by which the Redemption Price of each such Unit 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 relevant 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, in consultation with the Trustee, may at its discretion extend the settlement period on such terms and conditions as the Manager may determine (including as to, but not limited to, the payment of an Extension Fee).

2.5. ***<u>Switching</u>***

Investors should note that switching between Unlisted Class of Units and Listed Class of Units on the secondary market is not available. Participating Dealers who wish to switch between Listed Class of Units and Unlisted Class of Units should do so in accordance with the procedures as agreed with the Manager and the Trustee.

2.6. ***<u>Suspension of Creations and Redemptions</u>***

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

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

(b) during any period when a market on which an Index Security (that is a component of the relevant Underlying Index) has its primary listing, or the official clearing and settlement depositary (if any) of such market, is closed;

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

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

(e) during any period when the determination of the Net Asset Value of the relevant Sub-Fund is suspended or if any circumstance specified in section "***8.2 Suspension of Determination of Net Asset Value***" arises.

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

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

(b) no Listed Class of Units shall be created and issued or redeemed for the account of the relevant Sub-Fund.

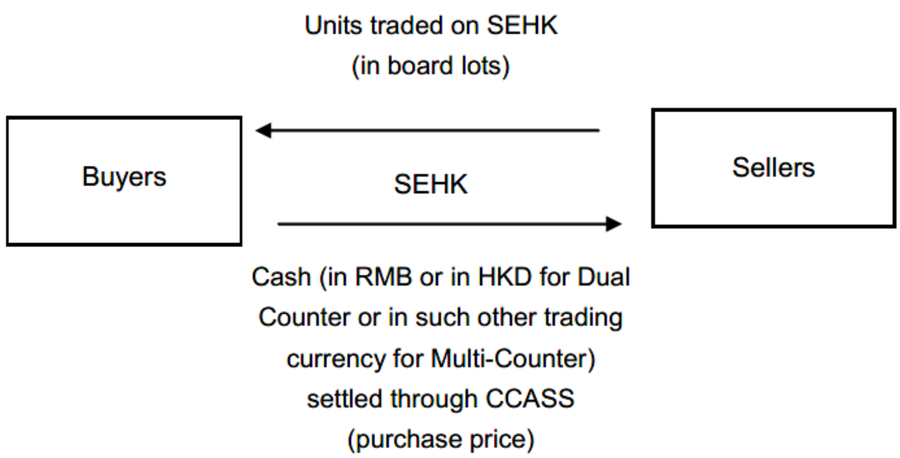
The Manager shall notify the Commission if dealing in Listed Class of Units is suspended and publish a notice of suspension immediately following such suspension and, at least once a month during the period of suspension, on its website at www.csopasset.com/etf[1] or in such publications as the Manager decides.

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

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

3. TRADING OF LISTED CLASS OF UNITS ON THE SEHK (SECONDARY MARKET)

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



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

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

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

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

There can be no guarantee that once the Listed Class of Units of a Sub-Fund are listed on the SEHK they will remain listed.

SCHEDULE 3 – PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, CONVERSION AND REDEMPTION OF THE UNLISTED CLASS OF UNITS

This Schedule 3 contains disclosure relating to the Unlisted Class of Units only. Unless the context otherwise requires, references to "Units" and "Unitholders" in this Schedule shall be construed to refer to an Unlisted Class of Units of a Sub-Fund or an Unitholder of such Units. Save for terms defined below, all other terms used in this Schedule shall have the same meanings as assigned to them under the main part of the Prospectus.

1. SUBSCRIPTION OF UNLISTED CLASS OF UNITS

1.1. ***Initial Issue of Unlisted Class of Units***

During an Initial Offer Period, Unlisted Class of Units in a Sub-Fund will be offered to investors at an initial Subscription Price of a fixed price per Unit as specified in Part 2 of this Prospectus.

Where specified in the relevant Appendix in Part 2 of this Prospectus, in the event that the total amount received by the Trustee from the subscription of the Unlisted Class of Units reaches a maximum amount for aggregate subscriptions (as specified in the relevant Appendix) at any time during an Initial Offer Period, the Manager is entitled (but not obliged) to close the relevant Unlisted Class of Units to further subscriptions before the end of the relevant Initial Offer Period.

Where specified in the relevant Appendix in Part 2 of this Prospectus, the Manager may decide not to issue the relevant Unlisted Class of Units in the event that less than a minimum amount for aggregate subscriptions (as specified in the relevant Appendix) is raised during the relevant Initial Offer Period or if the Manager is of the opinion that it is not commercially viable to proceed. In such event subscription monies paid by an applicant will be returned by cheque by post or by telegraphic transfer or such other means as the Manager and the Trustee consider appropriate at the applicant's risk (without interest and net of expenses) promptly after the expiry of the Initial Offer Period.

Unlisted Class of Units will be issued immediately following the close of the Initial Offer Period or such other Business Day as the Manager may determine. Dealing in Units of the Unlisted Class of Units will commence on the Dealing Day immediately following the closure of the relevant Initial Offer Period.

1.2. ***Subsequent Issue of Unlisted Class of Units***

Following the close of the relevant Initial Offer Period, Unlisted Class of Units will be available for issue on each Dealing Day at the relevant Subscription Price.

The Subscription Price on any Dealing Day will be the price per Unlisted Class of Units ascertained by dividing the Net Asset Value of the relevant class of the Sub-Fund as at the Valuation Point in respect of the relevant Dealing Day by the number of Units of such class of that Sub-Fund then in issue and rounded to 4 decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down) or in such manner and to such other number of decimal places as may from time to time be determined by the Manager. Any rounding adjustment will be retained by the relevant class. The Subscription Price will be calculated and quoted in the relevant class currency of the relevant Unlisted Class of Units.

The Manager is entitled to impose a Subscription Fee on the subscription monies for the application for the issue of Unlisted Class of Units. Different levels of Subscription Fee may be imposed, in relation to the issue of such Unlisted Class of Units of different Sub-Funds and also in relation to different classes of Unlisted Class of Units of a Sub-Fund. The Manager may retain the benefit of such Subscription Fee or may pay all or part of the Subscription Fee (and any other fees received) to recognised intermediaries or such other persons as the Manager may at its absolute discretion determine. Details of the Subscription Fee are set out in the section "***10. Fees and Charges***".

In determining the Subscription Price, the Manager is entitled to add an amount it considers represents an appropriate allowance for (a) estimated bid/offer spread of the investments of the relevant Sub-Fund, (b) fiscal and purchase charges, including stamp duty, other taxes, brokerage, bank charges, transfer fees and registration fees, or (c) charges which are customarily incurred in investing a sum equal to the application monies and issuing the relevant Unlisted Class of Units or the remittance of money to the Trustee.

1.3. ***Application Procedure***

To subscribe for Unlisted Class of Units, an applicant should complete a subscription application form (a "Subscription Form") and return the original Subscription Form, together with the required supporting documents, to the Trustee/Registrar by post to its business address or, if the applicant has provided to the Trustee/Registrar with an original fax indemnity in the Subscription Form, by fax to the Trustee/Registrar. The Manager may, in its absolute discretion, accept any applications for subscription made by other written or electronic forms in addition to post and fax.

Applications for Unlisted Class of Units during the relevant Initial Offer Period must be received by the Trustee/Registrar no later than 5:00 pm (Hong Kong time) on the last day of the relevant Initial Offer Period. After the Initial Offer Period, applications must be received by the Trustee/Registrar by the relevant Dealing Deadline. Application requests submitted after the applicable Dealing Deadline in respect of any Dealing Day will be dealt with on the next Dealing Day.

Each applicant whose application is accepted will be sent a contract note confirming details of the purchase of Unlisted Class of Units but no certificates will be issued.

Applicants may apply for Unlisted Class of Units through a distributor appointed by the Manager. Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Unlisted Class of Units through a distributor should therefore consult the distributor for details of the relevant dealing procedures.

Where an applicant applies for Unlisted Class of Units through a distributor, the Manager and the Trustee will treat the distributor (or its nominee) as the applicant. The distributor (or its nominee) will be registered as Unitholder of the relevant Unlisted Class of Units. The Manager and the Trustee will treat the distributor (or its nominee) as the Unitholder and shall not be responsible for any arrangements between the relevant applicant and the distributor regarding the subscription, holding and redemption of Unlisted Class of Units and any related matters, as well as any costs or losses that may arise therefrom. The Manager will, however, take all reasonable care in the selection and appointment of distributors.

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

The Manager may, at its discretion, reject in whole or in part any application for Unlisted Class of Units. In the event that an application is rejected, application monies will be returned without interest and net of expenses by cheque through the post or by telegraphic transfer or by such other means as the Trustee considers appropriate at the risk of the applicant.

No applications for Unlisted Class of Units will be dealt with during any periods in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (Please see section "***8.2 Suspension of Determination of Net Asset Value***" for further details).

1.4. ***Payment Procedure***

Subscription monies should be paid in the class currency of the relevant class of Unlisted Class of Units. Subscription monies in cleared funds should be received within 3 Business Days following (i) the relevant Dealing Day on which an application was received by the Dealing Deadline or (ii) in the case of applications for Unlisted Class of Units during the Initial Offer

Period, the last day of the relevant Initial Offer Period, or such other period as determined by the Manager. Payment details are set out in the Subscription Form.

Subscription monies paid by any person other than the applicant will not be accepted.

The Manager may exercise its discretion to accept late payment of subscription monies, provisionally allot Unlisted Class of Units by reference to the Net Asset Value of the relevant class of Units in the relevant Sub-Fund and charge interest on such overdue monies until payment is received in full, at such rate as the Manager thinks appropriate. However, if payment of subscription monies in cleared funds are not made within such period as determined by the Manager, the application may, at the discretion of the Manager, be considered void and cancelled. Upon such cancellation, the relevant Unlisted Class of Units shall be deemed never to have been issued and the applicant shall have no right to claim against the Manager, the Trustee or the Registrar and any loss will be borne by the applicant, provided that: (i) no previous valuations of the relevant Sub-Fund shall be re-opened or invalidated as a result of the cancellation of such Units; (ii) the Manager may require the applicant to pay, for the account of the relevant Sub-Fund, in respect of each such Unit cancelled, the amount (if any) by which the Subscription Price on the relevant Dealing Day exceeds the applicable Redemption Price on the date of cancellation; and (iii) the Trustee shall be entitled to charge the applicant a cancellation fee for the administrative costs involved in processing the application and subsequent cancellation.

Payment in other freely convertible currencies may be accepted. Where amounts are received in a currency other than the relevant class currency, they will be converted into the relevant class currency and the proceeds of conversion (after deducting the costs of such conversions) will be applied in the subscription of Unlisted Class of Units in the relevant class of the relevant Sub-Fund. Conversion of currencies may involve delay. Bank charges (if any) incurred in converting the subscription monies shall be borne by the relevant applicant and accordingly will be deducted from the subscription proceeds.

1.5. ***General***

All holdings of Unlisted Class of Units will be in registered form and certificates will not be issued. Evidence of title of Unlisted Class of Units will be the entry on the register of Unitholders in respect of each Sub-Fund. Unitholders should therefore be aware of the importance of ensuring that the Registrar is informed of any change to the registered details. Fractions of a Unit may be issued rounded to the nearest 4 decimal places. Subscription monies representing smaller fractions of a Unit will be retained by the relevant Sub-Fund. A maximum of 4 persons may be registered as joint Unitholders.

2. **REDEMPTION OF UNLISTED CLASS OF UNITS**

2.1. ***Redemption Procedure***

Unitholders of Unlisted Class of Units who wish to redeem their Units in a Sub-Fund may do so on any Dealing Day by submitting a redemption request to the Trustee/Registrar.

Any redemption request must be received by the Trustee/Registrar before the Dealing Deadline. Investors redeeming Unlisted Class of Units through a distributor (or its nominee) should submit their redemption requests to the distributor (or its nominee) in such manner as directed by the distributor (or its nominee). Distributors (or their nominees) may have different dealing procedures, including earlier cut-off times for receipt of redemption requests. Where an investor holds its investment in Unlisted Class of Units through a distributor (or its nominee), the investor wishing to redeem such Units must ensure that the distributor (or its nominee), as the registered Unitholder, submits the relevant redemption request by the Dealing Deadline. Redemption requests submitted after the applicable Dealing Deadline in respect of any Dealing Day will be dealt with on the next Dealing Day.

A redemption request should be given to the Trustee/Registrar in writing and sent by post to the Trustee/Registrar's business address or, if the relevant Unitholder has provided to the Trustee/Registrar with an original fax indemnity, by fax to the Trustee/Registrar (with its original following promptly). The Trustee/Registrar may, in its absolute discretion, accept any redemption requests made by other written or electronic forms in addition to post and fax. The redemption request must specify: (i) the name of the Sub-Fund, (ii) the relevant class and the value or number of Unlisted Class of Units to be redeemed, (iii) the name(s) of the registered Unitholder(s) and (iv) payment instructions for the redemption proceeds.

Partial redemption of a holding of Unlisted Class of Units in a Sub-Fund by a Unitholder may be effected, provided that such redemption will not result in the Unitholder holding Unlisted Class of Units in a class less than the Minimum Holding for that class specified in the relevant Appendix. In the event that, for whatever reason, a Unitholder's holding of Unlisted Class of Units in a class is less than such Minimum Holding for that class, the Manager may give notice requiring such Unitholder to submit a redemption request in respect of all the Unlisted Class of Units of that class held by that Unitholder. A request for a partial redemption of Unlisted Class of Units with an aggregate value of less than the minimum amount for each class of Units specified in the relevant Appendix (if any) will not be accepted.

All redemption requests must be signed by the Unitholder or, in the case of joint Unitholders, such one or more joint Unitholders who have been authorised to sign such requests on behalf of the other joint Unitholders (where such authorisation has been notified in writing to the Registrar) or, in the absence of such notification, by all joint Unitholders.

2.2. ***Payment of Redemption Proceeds***

The Redemption Price on any Dealing Day will be the price per Unlisted Class of Units ascertained by dividing the Net Asset Value of the relevant class of the relevant Sub-Fund as at the Valuation Point in respect of the relevant Dealing Day by the number of Units of such class then in issue and rounded to 4 decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down) or in such manner and to such other number of decimal places as may from time to time be determined by the Manager. Any rounding adjustment will be retained by the relevant Class. The Redemption Price will be calculated and quoted in the relevant class currency of the relevant Sub-Fund.

In determining the Redemption Price, the Manager is entitled to deduct an amount which it considers represents an appropriate allowance for (a) estimated bid/offer spread of the investments of the relevant Sub-Fund, (b) fiscal and sale charges, including stamp duty, other taxes, brokerage, bank charges, transfer fees and registration fees, or (c) charges which are customarily incurred by the relevant Sub-Fund in realising assets to provide funds to meet any redemption request.

The Manager may at its option impose a redemption fee in respect of the Unlisted Class of Units to be redeemed as described in the section "***10. Fees and Charges***". The Manager may on any day in its sole and absolute discretion differentiate between Unitholders as to the amount of the redemption fee to be imposed (within the permitted limit provided in the Trust Deed) on each Unitholder.

The amount due to a Unitholder on the redemption of a Unit of an Unlisted Class will be the Redemption Price, less any Redemption Fee. The Redemption Fee will be retained by the Manager.

Unitholders should note that redemption proceeds will not be paid to any Unitholder until (a) the duly signed original written redemption request (if such original is required by the Trustee/Registrar) and all other supporting documents, if any are required, have been received by the Trustee/Registrar; (b) the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee/Registrar; and (c) any such other procedures as the Trustee/Registrar may reasonably require have been completed.

Subject as mentioned above, and save as otherwise agreed by the Manager, and so long as relevant account details have been provided, redemption proceeds will normally be paid at the risk and expense of the redeeming Unitholder in the Class Currency of the relevant Sub-Fund by telegraphic transfer to the Unitholder's pre-designated bank account as specified in the redemption request, within 7 Business Days after the relevant Dealing Day and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented redemption request, unless the markets in which a substantial portion of the relevant Sub-Fund's investments is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of redemption proceeds within the aforesaid time period not practicable, but in such a case the details of such legal or regulatory requirements will be set out in the relevant Appendix and the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant markets. Any bank and other administrative charges associated with the payment of such redemption proceeds as well as the costs incurred in currency conversion, if any, will be borne by the redeeming Unitholder and deducted from the redemption proceeds.

With the prior consent of the Manager, arrangements can be made for redemption proceeds to be paid in any major currency other than the class currency of the relevant class of Unlisted Class of Units of the relevant Sub-Fund being redeemed. Payment will only be made to a bank account in the name of the Unitholder. No third party payments will be made.

The Trust Deed provides that redemptions may be, in whole or in part, made in specie at the discretion of the Manager. However, the Manager does not intend to exercise this discretion in respect of any Sub-Fund unless otherwise specified in the relevant Appendix. In any event, redemptions may only be made in specie, in whole or in part, with the consent of the Unitholder requesting the redemption.

2.3. ***<u>Restrictions on Redemption</u>***

The Manager is entitled to limit the number of Units of any Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units of the relevant Sub-Fund then in issue. In this event, the limitation will apply pro rata (and not on a first in-first out basis) so that Unitholders of the relevant Sub-Fund who have validly requested to redeem such Units of the same Sub-Fund on that Dealing Day will redeem the same proportion of such Units of that Sub-Fund. Any such Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager has the same power) until the original request has been satisfied in full.

The Manager may suspend the redemption of Unlisted Class of Units of any Sub-Fund, or delay the payment of redemption proceeds in respect of any redemption request received, during any period in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (for details please see section "***8.2 Suspension of Determination of Net Asset Value***").

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

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

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

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

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

(e) processing of the redemption application is not possible due to circumstances outside the control of the Manager; or

(f) the redemption application is not submitted in the form and manner set out in the provisions of the Trust Deed.

In the event of such rejection, the Manager shall notify the Trustee of its decision to reject such redemption application.

2.4. ***Restrictions on Unitholders***

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held by an Unqualified Person.

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

2.5. ***Transfer of Unlisted Class of Units***

The Trust Deed provides that a Unitholder may transfer Units with the consent of the Manager subject to the provisions of the Trust Deed. An investor is entitled to transfer such Units held by him by an instrument in writing in such form as the Trustee may from time to time approve. A transferor will be deemed to remain the Unitholder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. Each instrument of transfer must relate to a single Sub-Fund only.

3. SWITCHING OF UNLISTED CLASS OF UNITS

Subject to the prior consent of the Manager either generally or in any particular case, Unitholders may switch some or all of their Unlisted Class of Units of any Sub-Fund (the "Existing Sub-Fund") into unlisted shares, units or interests in other collective investment schemes administered by the Trustee and managed by the Manager or its Connected Persons and which has been authorised by the Commission (the "New Fund"). Switching to such other collective investment schemes will be by way of redeeming the Unlisted Class of Units held by the relevant Unitholders in accordance with the redemption procedures set out in the section "***2. Redemption of Unlisted Class of Units***" above and by re-investing the redemption proceeds thereof in such other collective investment schemes in accordance with the provisions of the relevant offering documents for such other collective investment schemes. A request for the switching of part of a holding of Unlisted Class of Units will not be effected if, as a result, the Unitholder would hold less than the Minimum Holding specified for the New Fund (if any) and/or the Existing Sub-Fund.

Under the Trust Deed, the Manager is entitled to impose a switching fee on the switching of Units of up to 1 per cent. of the redemption proceeds payable in respect of the Unlisted Class of Units of the Existing Sub-Fund being switched. The switching fee will be deducted from the amount reinvested in the New Fund and will be paid to the Manager.

Where a request for switching is received by the Trustee prior to the Dealing Deadline in respect of a Dealing Day, switching will be effected as follows:

(a) redemption of the Unlisted Class of Units of the Existing Sub-Fund will be dealt with by reference to the Redemption Price on that Dealing Day (the "Switching Redemption Day");

(b) where the Existing Sub-Fund and the New Fund have different currencies of denomination, the redemption proceeds of Unlisted Class of Units of the Existing Sub-Fund, after deduction of any switching fee, shall be converted into the currency of denomination of the New Fund; and

(c) the resulting amount will be used to subscribe for units of the New Fund at the relevant subscription price on the relevant dealing day in respect of the New Fund (the "Switching Subscription Day"). The Switching Subscription Day shall be the same day as the

Switching Redemption Day or (in the event that the Switching Redemption Day is not a dealing day in respect of the New Fund) the dealing day of the New Fund which immediately follows the relevant Switching Redemption Day, provided that the Trustee shall receive cleared funds in the relevant currency of the New Fund within such period as determined by the Manager. In the event that cleared funds are not received within the applicable period, the Switching Subscription Day shall be the day on which the Trustee receives cleared funds in the relevant currency by the dealing deadline of the New Fund, unless otherwise determined by the Manager.

The Manager may suspend the switching of Unlisted Class of Units during any period in which the determination of the Net Asset Value of any relevant Sub-Fund is suspended (for details please see section "***8.2 Suspension of Determination of Net Asset Value***").

Investors should note that switching between Unlisted Class of Units and Listed Class of Units on the secondary market is not available. Distributors who wish to switch between Unlisted Class of Units and Listed Class of Units should do so in accordance with the procedures as agreed with the Manager and the Trustee

4. FAX OR ELECTRONIC INSTRUCTIONS

If applicants or Unitholders wish to give instructions for subscription, redemption or switching by facsimile or any other electronic means designated by the Trustee/Registrar, applicants or Unitholders must first provide to the Trustee/Registrar an original indemnity relating to fax or transmission via such other electronic means in the application or request.

The Trustee/Registrar will generally act on faxed or any other electronic instructions for subscription, redemption or switching but may require signed original instructions. However, the Trustee/Registrar may refuse to act on faxed or any other electronic instructions until the original written instructions are received. The Trustee/Registrar may, in its absolute discretion, determine whether or not original instructions are also required in respect of subsequent applications or requests for subscription, redemption or switching sent by facsimile or any other electronic means by applicants or Unitholders.

Applicants or Unitholders should be reminded that if they choose to send the applications or requests for subscription, redemption or switching by facsimile or any other electronic means, they bear the risk of non-receipt or delay of such applications or requests. Applicants or Unitholders should note that the Trust, the Manager, the Trustee and the Registrar accept no responsibility for any loss caused as a result of non-receipt or illegibility of any application or request sent by facsimile or any other electronic means or any amendment of such application or request or for any loss caused in respect of any action taken as a consequence of such faxed or any other electronic instruction believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a facsimile or any other electronic transmission report produced by the originator of such transmission discloses that such transmission was sent.

5. SUSPENSION OF THE ISSUE, SUBCRIPTION AND REDEMPTION OF UNLISTED CLASS OF UNITS

The Manager may, after consultation with the Trustee, having regard to the best interests of Unitholders, suspend the issue and/or switching and/or redemption of Units of any Sub-Fund and/or (subject to all applicable legal or regulatory requirements where payment of redemption proceeds exceeds one calendar month) delay the payment of any monies and transfer of any Securities to persons who have redeemed Units of any Sub-Fund in the following circumstances:

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

(b) during any period when a market on which an Index Security (that is a component of the relevant Underlying Index) has its primary listing, or the official clearing and settlement depositary (if any) of such market, is closed;

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

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

(e) during any period when the determination of the Net Asset Value of the relevant Sub-Fund is suspended or if any circumstance specified in section "***8.2 Suspension of Determination of Net Asset Value***" arises.

The Manager will, after giving notice to the Trustee, suspend the right to subscribe for Units of the relevant Sub-Fund if, or if as a result of the investment of the proceeds of issue of such Units in accordance with its investment objective, the Trust collectively holds or would hold in aggregate more than 10 per cent. of the ordinary shares issued by any single issuer. In addition, where the Sub-Funds under the Trust hold in aggregate more than the limit of 10 per cent. of the ordinary shares issued by any single issuer, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders.

The Manager shall notify the Commission and publish a notice of suspension following the suspension, and at least once a month during the suspension, on it's website at www.csopasset.com/etf[1] or in such other publications as it decides.

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

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

APPENDIX 1

CSOP FTSE CHINA A50 ETF

(a sub-fund of the CSOP ETF Series, a Hong Kong umbrella unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

STOCK CODES: 82822 (RMB counter) and 02822 (HKD counter)

MANAGER

CSOP Asset Management Limited

5 September 2019

CSOP FTSE CHINA A50 ETF

Stock Codes: 82822 (RMB counter) and 02822 (HKD counter)

1. KEY INFORMATION

1.1 General

This appendix sets out information specific to CSOP FTSE China A50 ETF ("**CSOP A50 ETF**"). For general information about the Trust and its Sub-Funds, please refer to Part 1 of this Prospectus. Investors should read both Parts of the Prospectus before investing in CSOP A50 ETF. In particular, investors should consider the general risk factors set out in section "***4. General Risk Factors***" of Part 1 of this Prospectus and any specific risk factors set out in section "***11. Risk Factors relating to the CSOP A50 ETF***" of this Appendix, before investing in the CSOP A50 ETF.

Dealing in the RMB traded Units and HKD traded Units of the CSOP A50 ETF has commenced. RMB traded Units and HKD traded Units in the CSOP A50 ETF have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in CCASS.

1.2 Summary of Information

The following table sets out certain key information in respect of the CSOP A50 ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF") authorized as a collective investment scheme by the Commission under Chapter 8.6 of the Code
Underlying Index	FTSE China A50 Index Inception Date: 13 December 2003 Number of constituents: 50 Base Currency of Index: RMB (CNY)
Type of Underlying Index:	A net total return index which means that its performance reflects the reinvestment of dividends, net of withholding taxes, from the securities included in the Underlying Index. The Underlying Index is denominated and quoted in RMB.
Index Provider	FTSE International Limited
Investment Strategy	The Manager will use full replication strategy. The Manager may also use a representative sampling strategy in exceptional circumstances. Please refer to section "**3. Investment Objective and Strategy**" of this Appendix for further

	details.
Listing Date	28 August 2012
Dealing on SEHK Commencement Date	RMB counter: 28 August 2012 HKD counter: 8 November 2012
Exchange Listing	SEHK – Main Board
Stock Codes	RMB counter: 82822 HKD counter: 02822
Stock Short Name	RMB counter: CSOP A50 ETF-R HKD counter: CSOP A50 ETF
Trading Board Lot Size	RMB counter: 200 Units HKD counter: 200 Units
Base Currency	Renminbi (CNH)
Trading Currency	RMB counter: RMB (CNH) HKD counter: Hong Kong dollars (HKD)
Dividend Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP A50 ETF's net income after fees and costs. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP A50 ETF are charged to/paid out of the capital of the CSOP A50 ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP A50 ETF and therefore, the CSOP A50 ETF may effectively pay dividend out of capital. Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP A50 ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP A50 ETF. Please refer to section "5. Distribution Policy" in this Appendix for further

		information on the distribution policy of the CSOP A50 ETF and the risk factor headed "Risk relating to distributions paid out of capital" under sub-section "11.89 Other risks" in this Appendix for the risk associated with distributions paid out of capital. **Distributions on all Units (whether traded in HKD or RMB counter) will be in RMB only.***
Application Unit size for Creation/ Redemption (only by or through Participating Dealers)		Minimum 500,000 Units (or multiples thereof)
Method of Creation/ Redemption		Cash (RMB) only

* Both HKD traded Units and RMB traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions. Please refer to section "***5. Distribution Policy***" and section "***RMB distributions risk***" under "***11.5 Dual Counter Trading risks***" in this Appendix for further details.

Parties	Manager/RQFII Holder	CSOP Asset Management Limited
	Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited
	Adviser	China Southern Asset Management Co. Limited
	Custodian	The Hong Kong and Shanghai Banking Corporation Limited
	Participating Dealer	ABN AMRO Clearing Hong Kong Limited Barclays Bank PLC BNP Paribas Securities Services BOCI Securities Limited China Galaxy International Securities (Hong Kong) Co., Limited China International Capital Corporation Hong Kong Securities Limited China Merchants Securities (HK) Co., Limited CIMB Securities Limited CITIC Securities Brokerage (HK) Limited Citigroup Global Markets Asia Limited

CLSA Limited
Credit Suisse Securities (Hong Kong) Limited
Deutsche Securities Asia Limited
Essence International Securities (Hong Kong) Limited
Goldman Sachs (Asia) Securities Limited
Guotai Junan Securities (Hong Kong) Limited
Haitong International Securities Company Limited
J.P. Morgan Broking (Hong Kong) Limited
KGI Asia Limited
Macquarie Bank Limited
Merrill Lynch Far East Limited
Morgan Stanley Hong Kong Securities Limited
Normura International (Hong Kong) Limited
Oriental Patron Securities Limited
SG Securities (HK) Limited
The Hong Kong and Shanghai Banking Corporation Limited
UBS Securities Hong Kong Limited
Yuanta Securities (Hong Kong) Company Limited

* *please refer to the Manager's website set out below for the latest list*

Market Makers	<u>RMB counter:</u> AP Capital Management (Hong Kong) Limited Bluefin HK Limited CLSA Limited Credit Suisse Securities (Hong Kong) Limited Deutsche Securities Asia Limited Flow Traders Hong Kong Limited IMC Asia Pacific Limited Optiver Trading Hong Kong Limited SG Securities (HK) Limited UBS Securities Hong Kong Limited <u>HKD counter:</u> AP Capital Management (Hong Kong) Limited Bluefin HK Limited BNP Paribas Securities (Asia) Limited CLSA Limited Credit Suisse Securities (Hong Kong) Limited Deutsche Securities Asia Limited DRW Singapore Pte. Ltd. Eclipse Options (HK) Limited

	Flow Traders Hong Kong Limited Guotai Junan Securities (Hong Kong) Limited Haitong International Securities Company Limited Head & Shoulders Securities Limited IMC Asia Pacific Limited Optiver Trading Hong Kong Limited SG Securities (HK) Limited Tibra Trading Hong Kong Limited UBS Securities Hong Kong Limited Yue Kun Research Limited * please refer to the Manager's website set out below for the latest list
Service Agent	HK Conversion Agency Services Limited
Financial Year	Ending 31 December each year
Management Fee	Up to 2% of the Net Asset Value accrued daily and calculated as at each Dealing Day, with the current rate being 0.99% of the Net Asset Value accrued daily and calculated as at each Dealing Day. One month's prior notice will be provided to investors if the management fee is increased up to the maximum rate.
Website	www.csopasset.com/etf[1]

1.3 Custodian and PRC Custodian for CSOP A50 ETF

The CSOP A50 ETF invests directly in China A-Shares using RQFII quotas of the Manager, and/or the Stock Connect. The Hongkong and Shanghai Banking Corporation Limited has been appointed by the Trustee and the Manager as custodian ("**Custodian**") to act through its delegate, the PRC Custodian and will be responsible for the safe custody of the CSOP A50 ETF's assets acquired through the RQFII quota of the Manager within the PRC under the RQFII scheme in accordance with the RQFII Custody Agreement (as defined below).

According to the RQFII Custody Agreement, the Custodian is entitled to appoint its subsidiary or associates within the HSBC group of companies as delegate for the performance of its services under the RQFII Custody Agreement. As of the date of this Prospectus, the Custodian has appointed HSBC Bank (China) Company Limited ("**PRC Custodian**") as the PRC Custodian. The PRC Custodian is incorporated in China and is a wholly-owned subsidiary of the Custodian. The PRC Custodian possesses the applicable qualification to provide custody services to RQFIIs.

According to the terms of the RQFII Custody Agreement, the Custodian shall remain responsible for any omission or willful default of the PRC Custodian, as if no such appointment had been made.

The "RQFII Custody Agreement" is the custody agreement entered into between the Custodian, the PRC Custodian, the Manager and the Trustee, as amended from time to time.

Please refer to the section "***2.3 Trustee and Registrar***" in Part 1 of the Prospectus in regard to the extent of the Trustee's responsibility for the acts or omissions of the PRC Custodian.

Neither the Custodian nor its delegate is responsible for the preparation of this Prospectus and they accept no responsibility or liability for the information contained here other than the description under this section "***1.4 The Custodian and PRC Custodian for CSOP A50 ETF***".

1.4 Parent Company – Adviser

Given the cross-border nature of the CSOP A50 ETF, the Manager may substantially tap into, the relevant infrastructure and expertise of its PRC parent company, China Southern Asset Management Co. Limited ("**CSF**") to support its operation of the CSOP A50 ETF in Hong Kong.

CSF will act as adviser to the Manager and provide advice and background operational support to support the operation of the CSOP A50 ETF.

CSF will advise the Manager on major corporate actions relating to the Index Securities. CSF will also advise the Manager on cash management and cross-border money transfer amount. However, CSF will not exercise investment discretion in respect of the investments of the CSOP A50 ETF and the Manager retains discretionary powers in the management of the CSOP A50 ETF.

In addition, CSF will perform the valuation of the assets of the CSOP A50 ETF and provide trade matching services through automated systems.

The Manager will review and closely monitor the services performed by CSF so to ensure that they are carried out properly.

The Manager may perform any or all of the above functions on its own as and when it has determined that it would be appropriate for it to do so.

1.5 Market Maker

The Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Units of the CSOP A50 ETF traded in the RMB counter and at least one market maker for Units of the CSOP A50 ETF traded in the HKD counter, although these market makers may be the same entity. If the SEHK withdraws its permit to the existing market maker(s), the Manager will use its best endeavours to put in place arrangements so that there is at least one other market maker per counter to facilitate the efficient trading of Units of the CSOP A50 ETF. The Manager will use its best endeavours to put in place arrangements so that at least one market maker per counter is required to give not less than 90 days' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of the CSOP A50 ETF is available on www.csopasset.com/etf[1] and from time to time will be displayed on www.hkex.com.hk.

2. DEALING

2.1 Exchange Listing and Trading

Dealings in the RMB traded Units and HKD traded Units of the CSOP A50 ETF on the SEHK have already commenced.

Currently, Units are currently listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. The Manager has however, applied and obtained approval to list Japanese Depository Receipt ("**JDR**") which represents Units of the CSOP A50 ETF on the Tokyo Stock Exchange ("**TSE**"). The JDR was listed on the TSE on 27 February 2013. Application may be made in the future for a listing of Units on other stock exchanges subject to the applicable RQFII Regulations (as defined in section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix.

If trading of the Units of the CSOP A50 ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

2.2 Buying and Selling of Units of CSOP A50 ETF on SEHK

A Secondary Market Investor can buy and sell the Units of the CSOP A50 on the SEHK through his stockbroker at any time the SEHK is open. Units of the CSOP A50 may be bought and sold in the Trading Board Lot Size (or the multiples thereof). The Trading Board Lot Size is currently 200 Units for the RMB counter and 200 Units for the HKD counter.

However, please note that transactions in the secondary market on the SEHK will occur at market prices which may vary throughout the day and may differ from the Net Asset Value per Unit of the CSOP A50 ETF due to market demand and supply, liquidity and scale of trading spread for the Units in the secondary market. As a result, the market price of the Units of the CSOP A50 ETF in the secondary market may be higher or lower than the Net Asset Value per Unit of the CSOP A50 ETF.

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

2.3 Dual Counter Trading

2.3.1 Introduction of Dual Counter Trading (Secondary Market)

The Manager has arranged for the Units of the CSOP A50 ETF to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. The CSOP A50 ETF will offer two trading counters on the SEHK i.e. RMB counter and HKD counter to investors for secondary trading purposes.

Units of the CSOP A50 ETF traded under the two counters can be distinguished by their stock codes, their stock short names and a unique and separate ISIN as follows:–

Counter	**Stock Code**	**Stock Short Name**	**Trading Currency**	**ISIN Number (ISIN; assigned to each counter)**
RMB counter	82822	CSOP A50 ETF-R	RMB	HK0000112307
HKD counter	02822	CSOP A50 ETF	HKD	HK0000127412

Units of the CSOP A50 ETF traded in the RMB counter will be settled in RMB and Units traded in the HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units of the CSOP A50 ETF in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Please note that despite the Dual Counter arrangement, creations and redemptions of new Units for the CSOP A50 ETF in the primary market will continue to be made in RMB only.

Investors can buy and sell Units of the CSOP A50 ETF traded in the same counter. Alternatively, they can buy in one counter and sell in the other counter provided their brokers/intermediaries or CCASS participants provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. However, investors should note that the trading price of Units of the CSOP A50 ETF traded in the RMB counter and the HKD counter may be different and there is a risk that due to different factors such as market liquidity, market demand and supply in the respective counters and the exchange rate between RMB and HKD (in both onshore and offshore markets), the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB.

Inter-counter buy and sell is permissible even if the trades take place within the same trading day. Investors should also note that some brokers/intermediaries may not provide inter-counter day trade services due to various reasons including operations, system limitations, associated settlement risks and other business considerations. Even if a broker/intermediary is able to provide such service, it may impose an earlier cut-off time, other procedures and/ or fees.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on the HKEx's website https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factors under the section headed "***11.5 Dual Counter Trading risks***" in this Appendix.

2.3.2 Transferability

Units of the CSOP A50 ETF traded in both counters are inter-transferable. Units traded in the RMB counter can be transferred to the HKD counter by way of an inter-counter transfer and vice versa on a one to one basis.

Inter-counter transfer of Units of the CSOP A50 ETF will be effected and processed within CCASS only.

Units of the CSOP A50 ETF which are bought using the Renminbi Equity Trading Support Facility (the "**TSF**"), TSF CCASS Participants should, on behalf of their clients, arrange a TSF stock release before proceeding with the inter-counter transfer. Investors are advised to consult their brokers/intermediaries about their service schedule to effect a TSF Unit release.

2.3.3 Unitholders' rights

Units of both the RMB and HKD counters belong to the same class in CSOP A50 ETF and Unitholders of Units traded on both counters are entitled to identical rights and are therefore treated equally.

2.3.4 Fees and Other Transaction Costs

The fees and costs payable by a Secondary Market Investor for buying and selling Units of the CSOP A50 ETF on the SEHK are the same for both the RMB and HKD counters.

HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of the CSOP A50 ETF from one counter to another counter.

2.4 Creation Applications and Redemption Applications by Participating Dealers

The general terms and procedures relating to Creation Applications and Redemption Applications by the Participating Dealers are set out in section "***7.***

Creation and Redemption of Application Units (Primary Market)” of Part 1 of this Prospectus, which should be read in conjunction with the following specific terms and procedures which relate to the CSOP A50 ETF only.

The Manager currently only allows In-Cash Applications and In-Cash Redemptions for Units of the CSOP A50 ETF. Notwithstanding the Dual Counter, any cash payable by Participating Dealers in an In-Cash Application must be in RMB. Units which are created must be deposited in CCASS in the RMB counter initially.

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

The Application Unit size for CSOP A50 ETF is 500,000 Units. Creation Applications submitted in respect of Units other than in Application Unit size will not be accepted. The minimum subscription for the CSOP A50 ETF is one Application Unit.

Both the RMB traded Units and the HKD traded Units can be redeemed by way of a Redemption Application (through a Participating Dealer). The process of redemption of Units deposited under the RMB counter and the HKD counter is the same. Notwithstanding the Dual Counter, any cash proceeds received by Participating Dealers in an In-Cash Redemption shall be paid only in RMB.

2.4.1 Dealing Period

The dealing period on each Dealing Day for a Creation Application or Redemption Application in respect of the CSOP A50 ETF commences at 9:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 11:00 a.m. (Hong Kong time), as may be revised by the Manager from time to time. Any Creation Application or Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the CSOP A50 ETF, exercise its discretion to accept an application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee’s reasonable opinion, the Trustee’s operational requirements cannot support accepting any such application, the Manager shall not exercise its discretion to accept any application.

The cleared funds in respect of Creation Applications must be received by 12.30 p.m. on the relevant Dealing Day or such other time as may be agreed by the Trustee, the Manager and the relevant Participating Dealer.

2.4.2 Issue Price and Redemption Price

The Issue Price of a Unit of any class in the CSOP A50 ETF shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point in respect of the relevant Valuation Day rounded to the nearest fourth (4th) decimal place (with 0.00005 being rounded up).

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

The benefit of any rounding adjustments will be retained by the CSOP A50 ETF.

The "**Valuation Day**" of the CSOP A50 ETF, coincides with, and shall mean, the Dealing Day of the CSOP A50 ETF or such other days as the Manager may determine.

Valuation of the CSOP A50 ETF's investment in other collective investment scheme (as defined below in the section 3 – investment objective and strategy) will be valued at such other collective investment scheme's Net Asset Value. For the avoidance of doubt, in the case of the CSOP A50 ETF investing in the collective investment schemes, the net asset value of the collective investment schemes shall always be a Valuation Point on each Valuation Day other than where there is a suspension of determination of the Net Asset Value of the CSOP A50 ETF.

The latest Net Asset Value of the Units will be available on the Manager's website at www.csopasset.com/etf[1] or published in such other publications as the Manager decides.

2.4.3 Dealing Day

In respect of the CSOP A50 ETF, "Dealing Day" means each Business Day.

2.4.4 Rejection of Creation of Applications relating to CSOP A50 ETF

In addition to the circumstances set out in section "**7.3.5 Rejection of Creation Applications**" in Part 1 of this Prospectus, the Manager, acting reasonably and in good faith, has the absolute discretion to reject a Creation Application in relation to the CSOP A50 ETF, in any of the following circumstances:–

(a) where the acceptance of the Creation Application will have a material adverse impact on the China A-Shares market; or

(b) where the RQFII quotas obtained by the Manager as RQFII relating to the CSOP A50 ETF are reduced or cancelled or are not sufficient to meet the Creation Applications for the CSOP A50 ETF.

3. INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The investment objective of the CSOP A50 ETF is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Underlying Index, namely, FTSE China A50 Index. There is no assurance that the CSOP A50 ETF will achieve its investment objective.

Investment Strategy

In order to achieve the investment objective of the CSOP A50 ETF, the Manager will adopt a full replication strategy by directly investing all, or substantially all, of the assets of CSOP A50 ETF in Index Securities constituting the Underlying Index in substantially the same weightings (i.e. proportions) as these Index Securities have in the Underlying Index, as set out in section "17. The Underlying Index" of this Appendix. When an Index Security ceases to be a constituent of the Underlying Index, rebalancing occurs which involves, inter alia, selling the outgoing Index Security and using the proceeds to invest in the incoming Index Security. The Manager will not use a representative sampling strategy other than in exceptional circumstances.

Under exceptional circumstances (i.e. due to restrictions, suspensions of trading, limited availability of certain Index Securities), where it is not feasible to acquire certain A-Shares which are constituents of the Index due to restrictions or limited availability and/ or it is not cost efficient, by reference to the Sub-Fund's Net Asset Value, to use a full replication strategy, the Manager may also use a representative sampling strategy to invest in:

(i) A representative sample whose performance is closely correlated with the Index, but whose constituents may or may not themselves be constituents of the Index; and/or

(ii) Other collective investment schemes (CIS). "CIS" means an exchange traded fund and/or an unlisted index tracking fund that invests in A shares directly which tracks an index that has a high correlation with the Underlying Index. The Sub-Fund's ability to invest in other CIS may not exceed 10% of the Net Asset Value of the Sub-Fund and the Sub-Fund will not hold more than 10% of any units issued by any single CIS.

If any non-constituent of the Index is held in the portfolio, for reasons other than Index rebalancing and Index related corporate action, to enhance transparency the Manager will disclose the name and weighting of such non-constituent securities and other CIS on the Manager's website immediately after the purchase and it will be reported daily until its disposal. The Sub-Fund may not hold more than 5% of its Net Asset Value in money market funds and in cash deposits subject to applicable law and regulations for cash management purposes.

The Manager reviews the Index Securities held in the CSOP A50 ETF's portfolio each Business Day. In order to minimize tracking error*, it closely monitors factors such as any changes in the weighting of each Index Security in the Underlying Index, suspension, dividend distributions and the liquidity of the CSOP A50 ETF's portfolio. The Manager will also conduct adjustment on the portfolio of the CSOP A50 ETF regularly, taking into account tracking error reports, the index methodology and any rebalance notification of the Underlying Index.

The CSOP A50 ETF will not invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes, or in sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions. Prior approval of the Commission will be sought and not less than one month's prior notice will be given to the Unitholders of CSOP A50 ETF in the event the Manager wishes to invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes or in sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions.

Currently it is intended that the CSOP A50 ETF will directly obtain exposure to securities issued within the PRC through the RQFII investment quota granted to the Manager by the SAFE (as explained in the section "7. Renminbi Qualified Foreign Institutional Investor (RQFII)" in this Appendix) and/or the Stock Connect (as explained in the section "9.5A. The Stock Connect" in this Appendix). The Manager may invest up to 100% of the Sub-Fund's NAV through either RQFII and/or the Stock Connect.

Prior approval of the Commission will be sought and not less than one month's prior notice will be given to the Unitholders in the event the Manager wishes to adopt an investment strategy other than full replication strategy.

* *The Manager intends to limit the annual tracking error to 2% and the daily tracking difference to 0.1% without taking into account the provision of the capital gains tax.*

3A. Securities Lending Transactions

The Manager may, on behalf of the CSOP A50 ETF, enter into securities lending transactions for up to 30% of the CSOP A50 ETF's Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the CSOP A50 ETF and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion.

As part of the securities lending transactions, the CSOP A50 ETF must receive cash collateral of 105% of the value of the securities lent (interests, dividends and other eventual rights included). The Custodian will only take cash as collateral as agreed between the parties. The collateral will be marked-to-market on a daily basis and be safekept by the Custodian. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 105% of the value of the securities lent on any trading day T, the Manager will call for additional collateral on trading day T, and the borrower will have to deliver additional collateral to make up for the difference in securities value by 4p.m. on trading day T+1.

The Manager will not engage in any reinvestment of collateral received. Information as required under the Code will be disclosed in the annual and interim financial reports and on the Manager's website (as the case may be).

To the extent CSOP A50 ETF undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the CSOP A50 ETF. The cost relating to securities lending transactions will be borne by the borrower.

Securities lending transactions nonetheless give rise to certain risks including valuation risks, operational risks, market risks and counterparty risks. Please refer to section "**11.8 Securities Lending Transaction Risk**" for further details.

4. BORROWING RESTRICTIONS

The Manager may borrow up to 10% of the total Net Asset Value of CSOP A50 ETF to acquire investments, to redeem Units or to pay expenses relating to CSOP A50 ETF.

5. DISTRIBUTION POLICY

The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP A50 ETF's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the CSOP A50 ETF.

The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP A50 ETF are charged to/paid out of the capital of the CSOP A50 ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP A50 ETF and therefore, the CSOP A50 ETF may effectively pay dividend out of capital. **Investors should note that payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP A50 ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP A50 ETF and will reduce any capital appreciation for the Unitholders of the CSOP A50 ETF.**

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website www.csopasset.com/etf[1].

The distribution policy may be amended subject to the Commission's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the Base Currency of the CSOP A50 ETF (i.e. RMB). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in RMB only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website www.csopasset.com/etf[1] and on HKEx's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx. There can be no assurance that a distribution will be paid.

Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units). In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions.

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

6. PRC TAX PROVISIONS

For further details relating to PRC taxes and the associated risks, please refer to the risk factor headed "***PRC tax considerations***" under section "***4.1 Risk Factors relating to China***" in Part 1 of this Prospectus.

In light of a recent announcement jointly promulgated by the Ministry of Finance and the State Administration of Taxation under Caishui [2014] No.79 in relation to the taxation rule on QFII and RQFII, the Manager will not make any WIT provision on the gross unrealized and realized capital gains derived from trading of China A-Shares with effect from 17 November 2014.

As for the gross realised capital gains derived from trading of A-Shares via RQFII before 17 November 2014, certain tax relief is applicable to Hong Kong tax residents Under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "Arrangement"). One type of such relief is that capital gains derived by a Hong Kong tax resident from transfer of shares of a PRC tax resident company would be taxed in the PRC only if:

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

Pursuant to the relevant PRC tax regulations, approval by the relevant PRC tax authority should be obtained before a Hong Kong taxpayer can enjoy relief under the Arrangement, and a Hong Kong Tax Resident Certificate ("HKTRC") issued by the Inland Revenue Department of Hong Kong ("IRD") should be submitted to the relevant PRC tax authority for this purpose.

The Manager has applied to the IRD on behalf of the CSOP A50 ETF for the HKTRCs and has obtained HKTRCs for the CSOP A50 ETF for each calendar year since the CSOP A50 ETF's inception date to the calendar year ended 31 December 2014. The HKTRCs have been submitted to the Shanghai tax authority for the purpose of applying tax relief on gross realised capital gains derived from trading of China A-Shares issued by non-immovable properties-rich companies under the Arrangement.

At the request of the Shanghai tax authority, the Manager, as the RQFII, submitted the requested information and documents on behalf of the CSOP A50 ETF to the PRC tax authorities in September 2015 to report the WIT payable on gross realised capital gains derived from trading of China A-Shares issued by immovable properties- rich companies and apply for WIT exemption on gross realised capital gains derived from trading of China A-Shares issued by non-immovable properties-rich companies under the Arrangement. The documents submitted include the HKTRCs for the CSOP A50 ETF as described above, as part of the application for the Shanghai tax authority's approval for the eligibility of the CSOP A50 ETF to benefit from the Arrangement.

The Shanghai tax authority completed the review on the CSOP A50 ETF's aforesaid tax reporting and tax treaty applications and issued a document on its official web-site notifying the CSOP A50 ETF of the tax treaty application result. According to the document, the Shanghai tax authority indicates that it agrees with the CSOP A50 ETF's tax treaty application submitted. As such, gross realised capital gains derived by the CSOP A50 ETF from transfer of China A-Shares prior to 17 November 2014, except for China A-Shares issued by immovable properties-rich companies, are eligible for WIT exemption under the Arrangement. Subsequently the CSOP A50 ETF paid WIT on gross realised capital gains arising from the CSOP A50 ETF's disposal of A-Shares issued by immovable properties-rich companies for the period from the inception of the CSOP A50 ETF up to and including 14 November 2014. As at the date of this Prospectus, no further tax provision is made on capital gains arising from the CSOP A50 ETF's disposal of A-Shares during such period.

Investor should note that the aforesaid tax filing and tax treaty application are made in accordance with the prevailing tax rules and practices of the Shanghai tax authority at the time of submission. The Net Asset Value of the CSOP A50 ETF may require further adjustment to take into account any retrospective application of new tax regulations and development, including change in interpretation of the relevant regulations by the PRC tax authority.

It should also be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively. Consequently, Unitholders may be disadvantaged depending upon the final tax liabilities and when they subscribed and/ or realised their Units. Unitholders should seek their own tax advice on their tax position with regard to their investment in the CSOP A50 ETF.

7. RENMINBI QUALIFIED FOREIGN INSTITUTIONAL INVESTOR (RQFII)

Under current regulations in the PRC, generally foreign investors can invest in the domestic securities market through (i) certain qualified foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota(s) by the SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC's domestic securities markets, or (ii) the Stock Connect Program (as explained in the section "***9.5A The Stock Connect***" in this Appendix).

The RQFII regime was introduced on 16 December 2011 by the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors which are Asset Management Companies or Securities Companies"（基金管

理公司、證券公司人民幣合格境外機構投資者境內證券投資試點辦法）issued by the CSRC, the People's Bank of China ("**PBOC**") and the SAFE, which was repealed effective on 1 March 2013.

The RQFII regime is currently governed by (a) the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC, the PBOC and SAFE and effective from 1 March 2013 (人民幣合格境外機構投資者境內證券投資試點辦法); (b) the "Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC and effective from 1 March 2013 (關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》的規定); (c) the "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" (國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知) issued by SAFE and effective from 11 March 2013; (d) the "Notice of the People's Bank of China on the Relevant Matters concerning the Implementation of the Pilot Scheme for Domestic Securities Investment Made through Renminbi Qualified Foreign Institutional Investors", issued by the PBOC and effective from 2 May 2013 (中國人民銀行關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》有關事項的通知); and (e) any other applicable regulations promulgated by the relevant authorities (collectively, the "**RQFII Regulations**").

The CSOP A50 ETF will directly invest in securities issued within the PRC through the RQFII quotas of the Manager and/or the Stock Connect.

The CSOP A50 ETF will obtain exposure to securities issued within the PRC through the RQFII quotas of the Manager. The Manager has obtained RQFII status in the PRC. The Manager (as RQFII holder) may from time to time make available RQFII quota for the purpose of the CSOP A50 ETF's direct investment into the PRC. Under the SAFE's RQFII quota administration policy, the Manager has the flexibility to allocate its RQFII quota across different open-ended fund products, or, subject to SAFE's approval, to products and/or accounts that are not open-ended funds. The Manager may therefore allocate additional RQFII quota to the CSOP A50 ETF, or allocate RQFII quota which may otherwise be available to the CSOP A50 ETF to other products and/or accounts. The Manager may also apply to SAFE for additional RQFII quota which may be utilised by the CSOP A50 ETF, other clients of the Manager or other products managed by the Manager. However, there is no assurance that the Manager will make available RQFII quota that is sufficient for the CSOP A50 ETF's investment at all times.

The Custodian has been appointed by the Trustee and the Manager to hold (by itself or through its delegate) the assets of the CSOP A50 ETF in the PRC in accordance with the terms of the RQFII Custody Agreement. Securities including China A-Shares will be maintained by the Custodian's delegate, the PRC Custodian pursuant to PRC regulations through securities account(s) with the China Securities Depository and Clearing Corporation Limited ("**CSDCC**") in the joint names of the Manager (as the RQFII holder) and the CSOP A50 ETF. An RMB cash account(s) shall be established and maintained with the PRC Custodian in the joint names of the Manager (as the RQFII holder) and the CSOP A50 ETF. The PRC Custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations.

Repatriations in RMB conducted by the Manager (as RQFII) on behalf of the CSOP A50 ETF are permitted daily and not subject to any repatriation restrictions, lock-up periods or prior approval from the SAFE.

There are specific risks associated with the RQFII regime and investors' attention is drawn to the risk factors headed "**RQFII risk**" and "**PRC brokerage risk**" under section "**11.4 Risk relating to the RQFII regime**" below.

The Manager will assume dual roles as the Manager of the CSOP A50 ETF and the holder of the RQFII quota for the CSOP A50 ETF. The Manager will be responsible for ensuring that all transactions and dealings will be dealt with in compliance with the Trust Deed (where applicable) as well as the relevant laws and regulations applicable to the Manager as a RQFII.

The Manager has obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC laws:

(a) securities account(s) with the CSDCC and maintained by the PRC Custodian and RMB cash account(s) with the PRC Custodian (respectively, the "securities account(s)" and the "cash account(s)") have been opened in the joint names of the Manager (as the RQFII holder) and the CSOP A50 ETF and for the sole benefit and use of the CSOP A50 ETF in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the securities account(s) (i) belong solely to the CSOP A50 ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as the RQFII holder), the Custodian, the PRC Custodian and any qualified broker registered in the PRC ("**PRC Broker**") and from the assets of other clients of the Manager (as the RQFII holder), the Custodian, the PRC Custodian and any PRC Broker(s);

(c) the assets held/credited in the cash account(s) (i) become an unsecured debt owing from the PRC Custodian to the CSOP A50 ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as the RQFII holder) and any PRC Broker(s), and from the assets of other clients of the Manager (as the RQFII holder) and any PRC Broker(s);

(d) the Trustee, for and on behalf of the CSOP A50 ETF is the only entity which has a valid claim of ownership over the assets in the securities account(s) and the debt in the amount deposited in the cash account(s) of the CSOP A50 ETF;

(e) if the Manager or any PRC Broker is liquidated, the assets contained in the securities account(s) and the cash account(s) of the CSOP A50 ETF will not form part of the liquidation assets of the Manager or such PRC Broker(s) in liquidation in the PRC; and

(f) if the PRC Custodian is liquidated, (i) the assets contained in the securities account(s) of the CSOP A50 ETF will not form part of the liquidation assets of the PRC Custodian in liquidation in the PRC, and (ii) the assets contained in the cash account(s) of the CSOP A50 ETF will form part of the liquidation assets of the PRC Custodian in liquidation in the PRC and the CSOP A50 ETF will become an unsecured creditor for the amount deposited in the cash account(s).

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

(a) the Trustee takes into its custody or under its control the assets of the CSOP A50 ETF, including onshore PRC assets of the CSOP A50 ETF acquired by the CSOP A50 ETF through the Manager's RQFII quota and such PRC assets will be maintained by the PRC Custodian in electronic form via a securities account(s) with the CSDCC and cash held in cash account(s) with the PRC Custodian ("**Onshore PRC Assets**"), and holds the same in trust for the Unitholders;

(b) cash and registrable assets of the CSOP A50 ETF, including Onshore PRC Assets are registered or held to the order of the Trustee; and

(c) the Custodian and the PRC Custodian will look to the Trustee for instructions and solely act in accordance with such instructions as provided under the RQFII participation agreement between the Custodian, the PRC Custodian, the Manager and the Trustee, as amended from time to time ("**RQFII Participation Agreement**").

8. OVERVIEW OF THE OFFSHORE RMB

MARKET What Led to RMB Internationalisation?

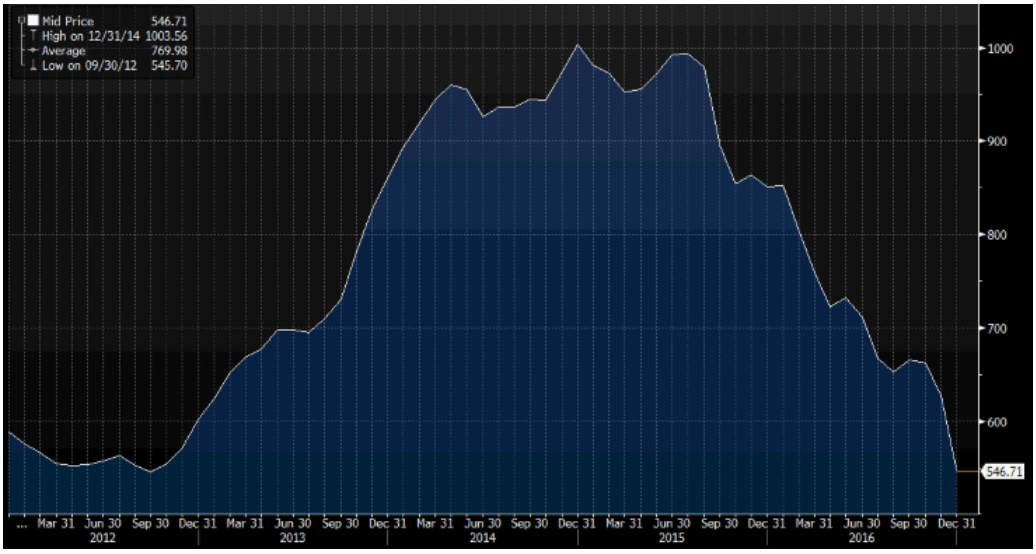
RMB is the lawful currency of the PRC. RMB is not currently a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system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

Over the past two decades, the PRC's economy grew rapidly at an average annual rate of 10.5% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. The International Monetary Fund has projected that the PRC will contribute to more than one-third of global growth by 2015. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

Accelerating the Pace of the RMB Internationalisation

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong, subject to regulatory approval. As of 31 December 2016, RMB deposits amounted to about RMB 546.7 billion, as compared to just about RMB 63 billion in the end of 2009. Up to 28 February 2017, there had been RMB433.5 billion outstanding amount of offshore RMB denominated bonds.

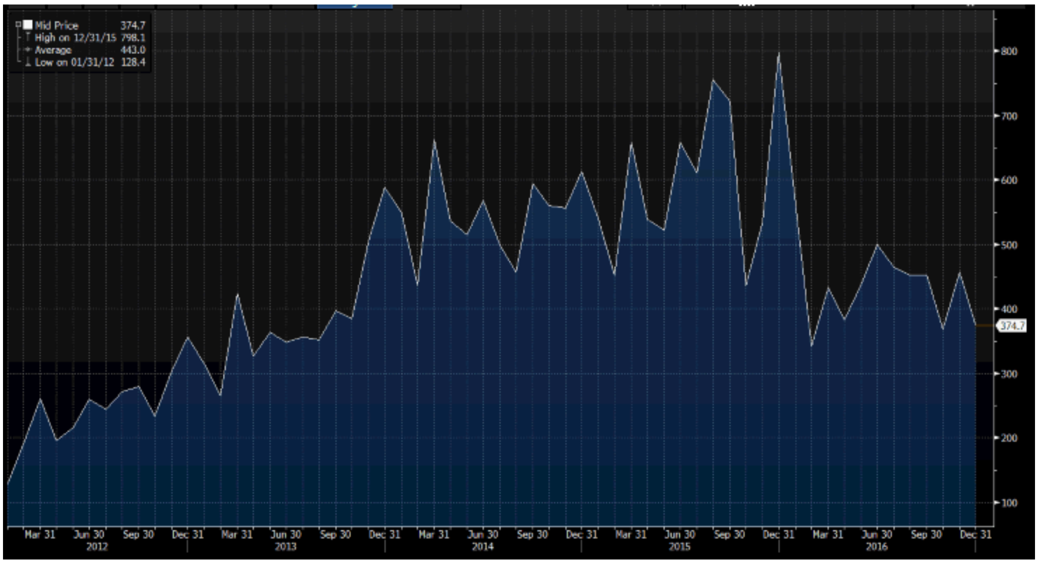
The chart below shows the trend of RMB deposits in Hong Kong.



Data source: Bloomberg as at 31 December 2016

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

The chart below shows the trend of RMB cross-border settlement.



Data source: Bloomberg as at 31 December 2016

Effective from 17 March 2014 onwards, the floating band of RMB against US dollar on the inter-bank spot foreign exchange market is enlarged from 1 percent to 2 percent, i.e., on every trading day on the inter-bank spot market, the trading prices of RMB against US dollar will fluctuate within a band of ±2 percent below and above the central parity as released by the China Foreign Exchange Trade System on that day.

Onshore versus Offshore RMB Market

Following a series of policies introduced by the PRC authorities, a RMB market outside the PRC has gradually developed and started to expand rapidly since 2009. RMB traded outside the PRC is often referred 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 relatively 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 two RMB markets but that is believed to be driven by political decisions rather than just economics. It is widely expected that the onshore and offshore RMB markets would remain two segregated, but highly related, markets for the next few years.

Recent Measures

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

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

RMB Internationalisation is a Long-Term Goal

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

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

9. CHINA A-SHARE MARKET IN THE PRC

9.1 The Stock Exchanges in Mainland China

Mainland China has two stock exchanges, located in Shanghai and Shenzhen respectively. Shanghai Stock Exchange ("**SSE**") was established in November 26, 1990 and started trading in December 19 of the same year.

Shenzhen Stock Exchange ("**SZSE**") was established in December 1, 1990. The two exchanges are under the direct management of the CSRC. Their main functions include: to provide premises and facilities for securities trading; to develop the business rules of the exchanges; to accept listing applications and arrange for the listing of securities; to organize and supervise securities trading; to regulate exchange members and listed companies; to manage and disclose market information.

SSE adopts an electronic trading platform. The trading of all exchange- traded securities are required to be submitted to the exchange's matching engine which automatically matches orders based on price priority and time priority. The SSE's new trading system has a peak order processing capacity of 80,000 transactions per second. It has a bilateral transactions capacity of over 120 million which is equivalent to the size of daily turnover of RMB1.2 trillion by a single market. The system also has parallel scalability.

The SZSE, assuming the mission to build China's multi-level capital market system, has fully supported small and middle size enterprise development, and promoted the implementation of the national strategy of independent innovation. In May 2004, it officially launched the Small and Medium Enterprise ("**SME**") board; in January 2006, it started a pilot program for shares trading of non-listed companies of the Zhongguancun Science Park; it officially launched Growth Enterprises Market ("**GEM**") board in October 2009.

In August 1999, the CPC Central Committee and the State Council proposed the establishment of a hi-tech board. In August 2000, with the approval of the State Council, the CSRC decided that SZSE took on the task of preparing for second board. After ten years of exploration, China's second board market---ChiNext was inaugurated in Shenzhen on 23 October 2009. ChiNext is an important component of China's multi-tier capital market system. As an independent market, ChiNext offers a new capital platform tailor-made for the needs of enterprises engaged in independent innovation and other growing venture enterprises. The difference between ChiNext and the main board lies in their mechanisms of financing, investment and risk management for issuers at various stages of development, rather than simply the sizes. The launch of

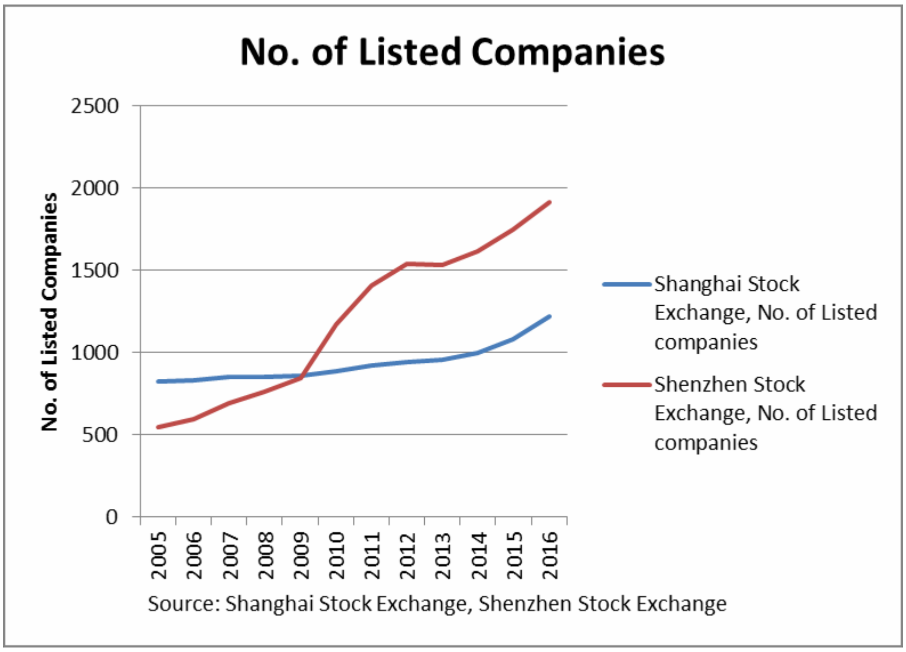
ChiNext marks an important milestone for the nation's independent innovation strategy based on the approach of scientific development. It is also a critical move for improving the level and structure, enhancing the depth and extent of China's capital market. ChiNext is also of remarkable significance for promoting SME and creating sound interactions among independent innovators, venture capital and capital market. ChiNext is favorable for: (i) perfecting the financing chain for SME engaged in independent innovation and facilitating industrial upgrade; (ii) promoting demonstrative and multiplier effects of capital market in driving economic growth, and enhancing development in venture capital investment; (iii) stimulating public enthusiasm for entrepreneurship, innovation, and employment; (iv) enriching capital market products and providing investors with a wider range of financial instruments for wealth management and risk hedges. Fully independent from the main board market, ChiNext takes into consideration the actual situation of China's economy and capital market in its institutional design. A series of targeted institutional innovations have been made in such areas as securities offering, listing, trading and oversight, highlighting the growth potential, capability of innovation and industrial diversity of China's venture enterprises community. Such innovations include: (i) lower market access threshold for growth venture firms, strengthened responsibilities of intermediary institutions and improved market restraint mechanism (ii) investor suitability system for a rational and efficient investment market and protection of investors' interests; (iii) reforms and innovation introduced to continuing compliance of listed enterprises with regard to information disclosure, continuing supervision, trading system, surveillance system, delisting system based on the distinct characteristics of venture enterprises. Please refer to the risk factor headed "**11.2 Risks associated with the ChiNext market**" for further details on the risks associated with investing in the ChiNext market.

After years of development, the SZSE has basically established a multi-level capital market system architecture consisting the above market boards and systems.

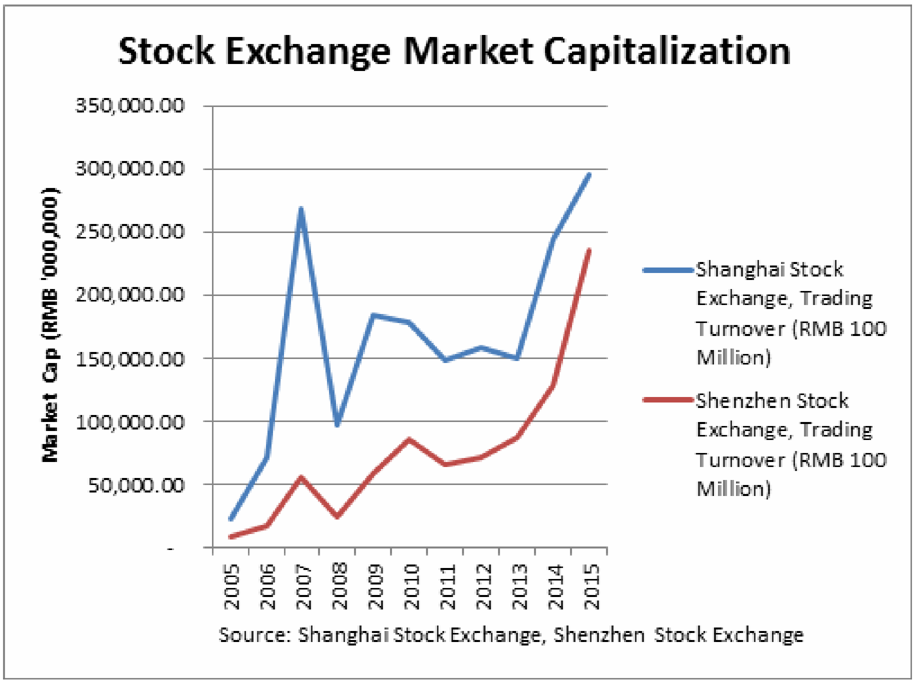
After years of sustained development, the SSE and SZSE have made great achievements in terms of products and quantity listed. Now the listed products include: China A-Shares, China B-Shares, open-ended funds, close- ended funds, exchange traded funds and bonds. As of 07 March 2017, the number of listed companies amounted to 3,145, including 1,227 in Shanghai and 1, 918 in Shenzhen. As of 31 December 2016, the combined market capitalization of the two exchanges amounted to RMB 53.7 trillion of which RMB 41.2 trillion is free float. Currently, there are derivatives such as warrants and index futures and fixed income products listed on the SSE and SZSE. As of 15 September 2017, there were 680 companies listed on the ChiNext and the total market capitalization of ChiNext listed companies amounted to RMB 5.44 trillion.

The chart below shows the annual trading turnover in the SSE and SZSE.

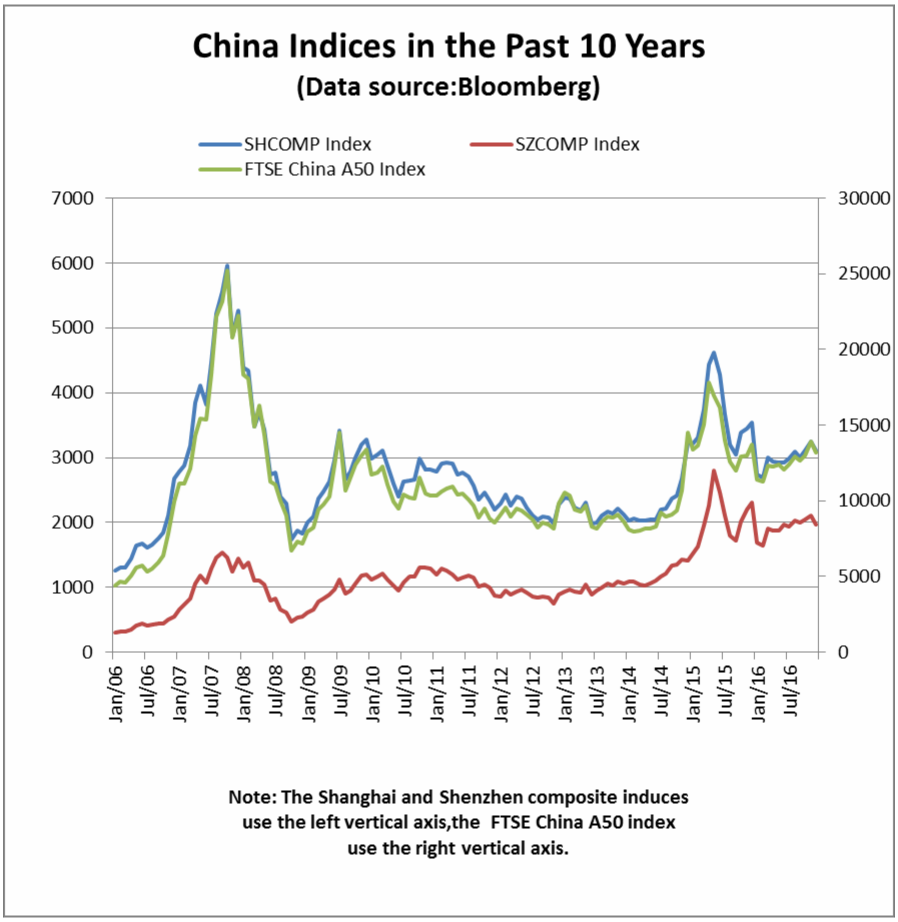
The chart below shows the number of listed company in the SSE and SZSE.



The chart below shows the market capitalisation of the SSE and SZSE.



The chart below shows the Shanghai and Shenzhen Composite Index Price and the Index Price of the Underlying Index in the past 10 years.



The regulatory agency of each stock exchange is its Stock Exchange Council. The Council consists of member directors and non-member directors. The highest decision-making body of an exchange is the General Assembly; however, the Council decides the business agenda of the exchange. The Council reports to the General Assembly, and assumes the following powers:

- To convene the General Assembly, report to the General Assembly, the implementation of the resolutions of the General Assembly;
- To enact, amend the relevant business rules of the Stock Exchange;
- To approve the general work plan submitted by its Chief Executive Officer, budget plan and the draft final financial report;
- To approve the membership admission and approve the sanction of members;
- To decide the stock exchange's internal structure;
- Other powers conferred by the General Assembly.

9.2 Development of the China A-Share market

In the 80s of last century, with huge demand of public capital from the national economic development, the State started a pilot reform program adopting the joint-stock system, commencing first in Shanghai, Shenzhen and several other cities. After the Reform and Opening up China's first stock – "Shanghai Feile Audio-Visual" was born in November 1984.

Then in 1990, the SSE and SZSE officially opened, marking the official start of the rapid development of the Chinese stock market. The China A-Share markets in SSE and SZSE commenced on 19 December 1990 and 1 December 1990 respectively. Initially, trading in China A-Shares are restricted to domestic investors only while China B-Shares are available to both domestic (since 2001) and foreign investors. However, after reforms were implemented in December 2002, foreign investors are now allowed (with limitations) to trade in China A-Shares under the QFII program which was launched in 2003 and the RQFII program which was launched in 2011.

After 20 years of development, the China A-Share market has since grown to become influential on the global market. The participants in the China A- Share market include retail investors, institutional investors and listed companies. The total market capitalization of the two exchanges combined as at 31 December 2016 has reached RMB53.7 trillion, and the floating market capitalization has reached RMB41.2 trillion. As of 7 March 2017, there were 3,145 China A-Share companies listed on the SSE and SZSE.

9.3 The major differences between the China A-Share market and the Hong Kong market

The table below summarises the differences between the China A-Share market and the Hong Kong market:–

	SEHK	SSE	SZSE
(a) Key Market Index	Hang Seng Index ("**HSI**")	SSE Composite Index	SZSE Composite Index
(b) Trading Hours			
• Morning session	• 9:30 a.m. – 12:00 p.m.	• 9:30 a.m. – 11:30 a.m.	• 9:30 a.m. – 11:30 a.m.
• Afternoon session	• 13:00 – 16:00	• 13:00 – 15:00	• 13:00 – 15:00

China A-Share market and Hong Kong market have different schedule of holidays.

	SEHK	SSE	SZSE
(c) Pre-opening session/ pre-oeder input/ order matching times			
• Pre-opening session	• 9:00 a.m. to 9:15 a.m.	• 9:15 a.m. to 9:25 a.m.	• 9:15 a.m. to 9:25 a.m.
• Ordering matching times	• 9:15 a.m. to 9:20 a.m. (pre-order matching period) • 9:20 a.m. to 9:28 a.m. (order matching period) • 9:28 a.m. to 9:30 a.m. (blocking period)	• 9:30 a.m. – 11:30 a.m. and 13:00 – 15:00	• 9:30 a.m. – 11:30 a.m. and 13:00 – 14:57
• Close matching times	• N/A	• N/A	• 14:57 to 15:00

(d)	Trading Brand Limits	No trading band limit	Daily trading band limits of 10%. Where a listed company is under circumstances deemed abnormal by the SSE and SZSE, the short name of the listed company will be prefixed by "ST" and the daily up and down limit will be reduced to 5%.
(e)	Trading Rule	The T+1 trading rule do not apply except that some stocks cannot be sold short in Hong Kong market.	The T+1 trading rule applies which means a stock bought on T day (i.e. trading day) can only be sold on T+1 (i.e. one business day after the relevant trading day), and no short-selling is allowed with a few exception (mostly ETFs) permitted by a pilot program.
(f)	Round Lot	Stocks are generally traded at round lots and odd lots trading have to be facilitated by a broker through a special board.	Stocks can only be bought at the multiples of 100 shares but cannot be bought in odd lots. However, one can sell the shares of any number i.e. even in odd lots.
(g)	Settlement Cycle	The settlement period is 2 business days (i.e. T+2)	The settlement period is 1 business days (i.e. T+1)

(h)	Earnings report disclosure requirement	A listed company has to disclose fiscal information twice a year. The annual financial reports have to be published within four months from the financial year end and the interim financial reports have to be published within three months of the end of the period it covers.	A listed company on the SSE and SZSE is required to prepare and disclose the annual financial report within four months as of the end date of each fiscal year, the semi-annual financial report within two months as of the end date of the first half of each fiscal year, and the quarterly financial report within one month as of the end of the first three months and the end of the first nine months of each fiscal year respectively. The time for disclosing the first-quarter financial report shall not be earlier than the time for disclosing the annual financial report of the previous year. H-S Share listed companies also disclose fiscal information quarterly for consistency with the corresponding A -Share schedules.
(i)	Suspension	There is no requirement to suspend stocks for general assembly or important information disclosure.	Stocks in the China A-Share market will be suspended for general assembly or important information disclosure.

Investors should inform themselves of the risks associated with the differences between the China A-Share market and the Hong Kong market, as set out in the risk factor headed "***Risks relating to the differences between the Hong Kong and China stock markets" in section "11.1 China market/China A-Share market risks***" in this Appendix.

9.4 Overview of the SZSE and the ChiNext market

Major Statistics. The SZSE comprises the main board, small and medium enterprise ("SME") board and the ChiNext. The table below summarises the market data of each board as of 15 September 2017:

	Main Board	**SME Board**	**ChiNext**
No. of stocks	476	881	680
Market capitalisation (RMB million)	8,036,461	1,060,028	5,442,434
Average daily turnover for 2017 till 15 September 2017 (RMB million)	78,701.52	231,729	116,552
Average price-earnings ratio	27.00	43.74	53.25
Average intra-day volatility / average turnover ratio	3.02%	3.20%	3.59%

Listing requirements. Generally, the requirements for companies seeking to list on the ChiNext are less stringent than the requirements for companies seeking to list on the main board and SME board.

The requirements for listing on the main board and SME board are set out under the Measures on the Administration of Initial Public Offerings and Listings of Shares, effective as of 18 May 2006. The listing requirements for listing on the ChiNext are set out under the Interim Measures on the Administration of Initial Public Offerings and Listings of Shares on the ChiNest, effective as of 1 May 2009. The key differences in the respective listing requirements are summarized below.

	Main Board / SME Board	ChiNext
Profitability	(a) Profitable in the last 3 consecutive financial years, with aggregate net profits more than RMB 30 million; (b) The aggregate operating cash flow for the last 3 consecutive financial years exceeds RMB50 million; or the aggregate operating income over the last 3 financial years exceeds RMB300 million.	Profitable in the last 2 consecutive years, with aggregate net profits no less than RMB 10 million and in continued growth; Or Profitable in the latest year with net profits no less than RMB 5 million. The revenue for the latest year is not less than RMB 50 million, with the income growth rate no less than 30% for 2 years.
Share capital	The pre-initial offer period ("IPO") share capital is not less than RMB30 million and the post-IPO share capital is not less than RMB50 million.	The post-IPO share capital is not less than RMB30 million.
Years for review of operation	In the last 3 years, there has been no significant change in the principal business, directors and senior management, nor any change of the de facto controller. In the last 2 years, there has been no significant change in the principal business, directors and senior management, nor any change of the de facto controller.	
Intangible assets as at the end of the last reporting period (after deducting land use rights, aquaculture rights, mining rights, etc.) as a percentage to the net assets	No more than 20%	No specific requirement

Index compilation. Major index compliers, such as MSCI and HSI, when compiling their A-Share indices, usually exclude the stocks listed on the ChiNext market. As such, the performance of such other A-Shares indices may not reflect the performance of stocks listed on ChiNext.

Price fluctuations. As set out in section "***9.3 The major differences between the China A-Share market and the Hong Kong market***" in this Appendix, a trading band limit is imposed by the stock exchanges in China on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has hit the trading band limit. Since the companies listed on the ChiNext market usually have a smaller scale and shorter operating history, the stock prices of the ChiNext-listed companies generally experience a higher fluctuation than that of the companies listed on the main board and SME board. The trading price of the ChiNext-listed companies may therefore by more prone to hitting the trading band limit compared with the companies listed on the main board and SME board.

IPO underperformance. Compared to the main board and SME board, the IPO long-run performance of the ChiNext market is generally lower. This underperformance is more significant during the first year of listing of the relevant stock on the ChiNext. This may be due to factors such as a decrease in the operating performance in the year following its listing. In this circumstance, the price of the stock listed on the ChiNext on year after its listing will generally be lower than the price at the IPO.

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

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

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

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

If the Hong Kong market is open while the China A-Share market is closed, Units of the CSOP A50 ETF will be traded in the Hong Kong market and the Manager will continue to publish information including prices in the manner set out in section "***14.14 Publication of Information Relating to the Sub-Funds***" in Part 1 of the Prospectus. If the China A-Share market is open while Hong Kong market is closed, the Manager will trade the Index Security when it is necessary, in order to limit the risk to investors. These trades will be properly settled even when the Hong Kong market is closed for holiday by the Trustee's arrangements in place.

(c) Trading band limits: The Manager will be prevented from trading certain Index Securities when they hit the "trading band limit". If this happens on a particular trading day, the Manager will continue to trade that stock on the subsequent two trading days if necessary. However if the Manager is still unable to trade that Index Security on the second trading day after the original trading day due to the trading band limit, the Manager will settle the Index Security on the latest closing price and the CSOP A50 ETF will make up the trade whenever that Index Security resumes trading again. The Manager believes that the average impact to the CSOP A50 ETF in such situations is immaterial.

9.5A The Stock Connect

The Stock Connect is a securities trading and clearing linked program developed by the HKEx, the SSE, the SZSE and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"), with an aim to achieve mutual stock market access between mainland China and Hong Kong. It comprises of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. The Manager intends to utilise such channels to invest in A Shares.

Through the Stock Connect, the SSE, the SZSE and the SEHK enable investors to trade eligible shares listed on the other's market through local securities firms or brokers. Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link (for investment in PRC shares) and a Southbound Trading Link (for investment in Hong Kong shares). Under the Northbound Trading Link, investors, through their Hong Kong brokers and securities trading service companies (in Shanghai and in Qianhai Shenzhen respectively) establish by the SEHK and the HKSCC, are able to place orders to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through PRC securities firms and securities trading service companies established by the SSE and the SZSE, are able to place orders to trade eligible shares listed on the SEHK by routing orders to SEHK.

All Hong Kong and overseas investors (including the CSOP A50 ETF) are allowed to trade SSE Securities and SZSE Securities (as described below) through the Stock Connect (through the Northbound Trading Link), subject to rules and regulations issued from time to time.

The following summary presents some key points about the Northbound Trading Link (which may be utilized by the CSOP A50 ETF to invest in the PRC):

Eligible securities

Among the different types of SSE-or SZSE-listed securities, only China A-Shares will be included in the Stock Connect. Other product types such as China B-Shares, Exchange Traded Funds (ETFs), bonds, and other securities are not included.

At the initial stage, Hong Kong and overseas investors will be able to trade certain stocks listed on the SSE market (i.e. "**SSE Securities**") and the SZSE market (i.e. "**SZSE Securities**"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except the following:

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

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

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

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

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

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

The list of eligible stocks is subject to review from time to time.

Trading day

Due to differences in public holidays between Hong Kong and mainland China, there may be differences in the trading days in the two markets. Even if the mainland China markets are open on a certain day, the CSOP A50 ETF may not necessarily be able to invest in China A-Shares through Northbound trading. For example, the Hong Kong market closes on Easter and Christmas every year, but those are trading days in mainland China.

Likewise, during Lunar New Year and the National Day golden week periods, mainland China will usually arrange for seven-day consecutive holidays by reshuffling workdays and weekends. Even for days both markets are open for business, there could be differences because of other reasons such as bad weather conditions. Investors (including the CSOP A50 ETF) are only allowed to trade on the other market on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect is subject to a daily quota ("**Daily Quota**") presently set at RMB13 billion for each of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, which is separate for Northbound and Southbound trading. The Daily Quota limits the maximum bet buy value of cross-boundary trades under the Stock Connect each day.

The quotas do not belong to the CSOP A50 ETF and are utilized on a first-come-first-serve basis. The SEHK publishes the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website. Should there be any change in the Daily Quota, the Manager will not inform the Unitholders.

Settlement and Custody

The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), also a wholly-owned subsidiary of HKEx, is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A-Shares traded through the Stock Connect are issued in scripless form, so investors will not hold any physical China A-Shares. In the operation of the Stock Connect, Hong Kong and overseas investors who have acquired SSE Securities and SZSE Securities through Northbound trading should maintain the SSE Securities and SZSE Securities with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities or SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE or SZSE listed companies still treats HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities.

HKSCC monitors the corporate actions affecting SSE Securities or SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("CCASS participants") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE- or SZSE-listed companies usually announce their annual general meeting/ extraordinary general meeting information about one month before the meeting date. A poll is called on all resolutions for all votes. HKSCC advises CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Foreign shareholding restrictions

The CSRC stipulates that, when holding China A-Shares through the Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restrictions:

- Single foreign investors' shareholding by any Hong Kong or overseas investor in a China A-Share must not exceed 10% of the total issued shares; and
- Aggregate foreign investors' shareholding by all Hong Kong and overseas investors in a China A-Share must not exceed 30% of the total issue shares.
- When Hong Kong and overseas investors carry out strategic investments in listed companies in accordance with the rules, the shareholding of the strategic investments is not capped by the above-mentioned percentages.

Should the shareholding of a single investor in a China A-Share listed company exceed the above restriction, the investor may be required to unwind his position on the excessive shareholding according to a last-in- first-out basis within a specific period. The SSE, the SZSE and the SEHK will issue warnings or restrict the buy orders for the related China A- Shares if the percentage of total shareholding is approaching the upper limit.

Currency

Hong Kong and overseas investors will trade and settle SSE Securities and SZSE Securities in RMB only. Hence, the CSOP A50 ETF needs to use its RMB funds to trade and settle SSE Securities and SZSE Securities.

Trading fees

In addition to paying trading fees and stamp duties in connection with China A-Share trading, the CSOP A50 ETF may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

Coverage of Investor Compensation Fund

The CSOP A50 ETF's investments through Northbound trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund.

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

As for Northbound trading, according to the Securities and Futures Ordinance, the Investor Compensation Fund will only cover products traded in Hong Kong's recognised securities market (i.e. SEHK) and recognised futures market (i.e. Hong Kong Futures Exchange Limited or "**HKFE**"). Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or HKFE, so similar to the case of investors trading overseas securities, they will not be covered by the Investor Compensation Fund.

On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund《證券投資者保護基金管理辦法》, the functions of China Securities Investor Protection Fund ("**CSIPF**", 中國投資者保護基金) include "indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by the CSRC and custodian operation" or "other functions approved by the State Council". As far as the CSOP A50 ETF is concerned, since it is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, therefore they are not protected by CSIPF in the PRC.

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

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

10. RMB PAYMENT AND ACCOUNT PROCEDURES

Investors may unless otherwise agreed by relevant Participating Dealer, apply for Units through Participating Dealers only if they have sufficient RMB to pay the application monies and the related fees. Investors should note that RMB is the only official currency of the PRC. While both onshore RMB ("**CNY**") and offshore RMB ("**CNH**") are the same currency, they are traded in different and separated markets. Since the two RMB markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there is a significant amount of RMB held offshore (i.e. outside the PRC), CNH cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. As such whilst CNH and CNY are both the same currency, certain special restrictions do apply to RMB outside the PRC. The liquidity and trading price of the CSOP A50 ETF may be adversely affected by the limited availability of, and restrictions applicable to, RMB outside the PRC.

Application monies from Participating Dealers to the CSOP A50 ETF will be paid in RMB only. Accordingly a Participating Dealer may require an investor (as its client) to pay CNH to it. (Payment details will be set out in the relevant Participating Dealer's documentation such as the application form for its clients.) As such, an investor may need to have opened a bank account (for settlement) and a securities dealing account if a

Participating Dealer is to subscribe for Units on his behalf as such investor will need to have accumulated sufficient CNH to pay at least the aggregate Issue Price and related costs, to the Participating Dealer or if an application to the Participating Dealer is not successful or is successful only in part, the whole or appropriate portion of the monies paid will need to be returned to such investor by the Participating Dealer by crediting such amount into such investor's CNH bank account. Similarly, if investors wish to buy and sell Units in the secondary market on the SEHK, they may need to open a securities dealing account with their broker. Investors will need to check with the relevant Participating Dealer and/or their broker for payment details and account procedures.

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

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

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

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

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

Where payment in RMB is to be made by cheque, investors are advised to consult the bank at which their respective RMB bank accounts are opened in advance whether there are any specific requirements in relation to the issue of RMB cheques. In particular, investors should note that some banks have imposed an internal limit (usually RMB80,000) on the balance of RMB cheque account of their clients or the amount of cheques that their clients can issue in a day and such limit may affect an investor's arrangement of funding for an application (through a Participating Dealer) for creation of Units.

When an individual investor who is a Hong Kong resident opens an RMB bank account or settle RMB payments, he or she will be subject to the daily maximum remittance amount to the PRC is RMB80,000 and a remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

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

Please refer to section "***11.3 Renminbi related risks***" of this Appendix on risks associated with Renminbi.

10A RENMINBI EQUITY TRADING SUPPORT FACILITY ("TSF")

The TSF was launched on 24 October 2011 by the HKEx to provide a facility to enable investors who wish to buy RMB-traded shares (RMB shares) in the secondary market with Hong Kong dollars if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. The coverage of TSF has been extended to equity-related exchange traded funds and real estate investment trusts traded in RMB with effect from 6 August 2012. As such, the TSF is currently available to investors who wish to invest in the CSOP A50 ETF and trading in RMB on the SEHK. For further details on the TSF, please refer to the website of HKEx at https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/RMB-Equity-Trading-Support-Facility?sc_lang=en. Investors should consult their advisers if they have any query on the TSF.

11. RISK FACTORS RELATING TO THE CSOP A50 ETF

In addition to the general risk factors common to all Sub-Funds set out in section "***4. General Risk Factors***" in Part 1 of this Prospectus, investors should also consider the specific risks associated with investing in the CSOP A50 ETF including those set out below. The following statements are intended to be summaries of some of those risks. They do not offer advice on the suitability of investing in the CSOP A50 ETF. Investors should carefully consider the risk factors described below together with the other relevant information included in this Prospectus before deciding whether to invest in Units of the CSOP A50 ETF. The Commission's authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

11.1 China market/China A-Share market risks

China market/Single country investment. Insofar as the CSOP A50 ETF invests substantially in securities issued in mainland China, it will be subject to risks inherent in the China market and additional concentration risks. Please refer to the risk factors under section "***4.1 Risk Factors relating to China***" and section "***4.2 Investment risks***" under headings "***Restricted markets risk***", "***Emerging Market Risk***" and "*Single country risk*" in Part 1 of this Prospectus.

Risks relating to dependence upon trading on China A-Share market. The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. The price at which the Index Securities may be purchased or sold by the CSOP A50 ETF and the Net Asset Value of the CSOP A50 ETF may be adversely affected if trading markets for China A-Shares are limited or absent. Investors should note that the SZSE and the SSE on which China A-Shares are traded are undergoing development and the market capitalisation of, and trading volumes on, those stock exchanges are lower than those in more developed markets. The China A-Share market may be more volatile and unstable (for examples due to the risk of suspension of a particular stock or government intervention) than those in more developed markets. A Participating Dealer may not be able to create and redeem Units if any Index Securities are not available. Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the Index Securities traded on such markets and thereby may affect the value of the CSOP A50 ETF.

Risks relating to suspension of the China A-Share market. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible for the Manager to liquidate positions and can thereby expose the CSOP A50 ETF to losses. Under such circumstances, while creation/ redemption of the CSOP A50 ETF's Units may be suspended, subject to the Manager's discretion, the trading of the CSOP A50 ETF on the SEHK may or may not be suspended. If some of the China A-Shares comprising the Underlying Index are suspended, it may be difficult for the Manager to determine the Net Asset Value of the CSOP A50 ETF. Where a significant number of the China A-Shares comprising the Underlying Index are suspended, the Manager may determine to suspend the creation and redemption of Units of the CSOP A50 ETF, and/or delay the payment of any monies in respect of any Redemption Application. If the trading of the CSOP A50 ETF on the SEHK continues when the China A-Share market is suspended, the trading price of the CSOP A50 ETF may deviate away from the Net Asset Value.

As a result of the trading band limits imposed by the stock exchanges in China on China A-Shares, it may not be possible for Participating Dealers to create and/or redeem Units on a Business Day, because Index Securities may not be available if the trading band limit has been exceeded for such Index Securities or it is impossible to liquidate positions. This may lead to higher tracking error and may expose the CSOP A50 ETF to losses. Further, the price of the Units of the CSOP A50 ETF may be traded at a premium or discount to its Net Asset Value. The Manager has put in place measures to tackle the trading band limit as disclosed under section "***9.5 Measures Adopted by the Manager to Address the Differences between the China A-Share Market and the Hong Kong Market***" in this Appendix.

Risks relating to the differences between the Hong Kong and China stock markets. As the SZSE and the SSE may be open when Units in the CSOP A50 ETF are not priced, the value of the Index Securities in the CSOP A50 ETF's portfolio may change on days when investors will not be able to purchase or sell the CSOP A50 ETF's Units. Furthermore, the market prices of Index Securities listed on the above stock exchanges may not be available during part of or all of the SEHK trading sessions due to trading hour differences which may result in Units of the CSOP A50 ETF being traded at a premium or discount to its Net Asset Value.

In addition, differences in trading hours between the SSE and SZSE and the SEHK may increase the level of premium/discount of the price of Units of the CSOP A50 ETF to its Net Asset Value because if the SSE and/or SZSE is closed while the SEHK is open, the Underlying Index level may not be available. The prices quoted by the market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Underlying Index level and as a result, the level of premium or discount of the Unit price of the CSOP A50 ETF to its Net Asset Value may be higher.

There are no trading band limits in Hong Kong. However, trading band limits are imposed by the stock exchanges in China on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit during the day. Any dealing suspension of a China A-Share security will render it impossible for the CSOP A50 ETF to acquire the Index Security or liquidate positions to reflect creation/redemption of the Units. This may result in higher tracking error and may expose the CSOP A50 ETF to losses. Units of the CSOP A50 ETF may also be traded at a significant premium or discount to its Net Asset Value.

11.2 Risks associated with the ChiNext market

Since the CSOP A50 ETF invests in securities in the ChiNext market, it will be subject to the following risks associated with the ChiNext market:

Risk relating to overvaluation of stocks. Currently, stocks listed on ChiNext are generally considered overvalued. The ChiNext market has a price-earnings ratio of 53.25 (compared to the price-earnings ratio of 27 in the main board of SZSE and 43.74 in the SME board of SZSE) as at 15 September 2017. Such exceptionally high valuation may not be sustainable.

Risk relating to the differences in regulations. The rules and regulations in relation to the issuance and listing of the securities in the ChiNext market are less stringent in terms of profitability and share capital than those in the main board market and SME board market of SZSE. For example, a company seeking listing on the main board or the SME board market of SZSE must have been profitable in the last three consecutive years with net profits no less than RMB 30 million in aggregate whereas for a company seeking listing on the ChiNext market, it is only required to be profitable in the most recent two consecutive years, with accumulated profits no less than RMB 10 million and in continued growth; or the issuer must have been profitable in the most recent year with net profits of no less than RMB 5 million and revenues of no less than RMB 50 million, and its revenue growth rate for either of the most recent two years must have been no less than 30%. Companies listed on the ChiNext market thus, have less track record of profitability than companies listed on the main board and SME board of SZSE. At present, major index compilers such as MSCI, FTSE and HSI exclude ChiNext stocks from their index universe of A-Share indices. Please refer to the section "***9.4 Overview of the SZSE and the ChiNext market***" in this Appendix for more details on the differences in the listing requirements between the ChiNext market and the main board and SME board. Given the emerging nature of companies listed on the ChiNext market, there is a risk that the securities traded on ChiNext market may be susceptible to higher market volatility compared to securities traded on the main board market and SME board market of SZSE.

Risk of delisting. On 20 April 2012, the SZSE introduced new delisting rules governing ChiNext-listed companies which came into effect on 1 May 2012. Under the new rules, companies will be delisted from the ChiNext market if (i) their stock trade below their original offer price for 20 consecutive days, (ii) if they receive 3 warnings from the SZSE within the most recent 3 years, or (iii) if after correcting any material errors or false representations the adjusted net asset value is negative for the most recent 2 years. For reasons disclosed below, the companies listed in the ChiNext market are generally less resistant to market risks and may experience more fluctuations in their performance. Hence, in more extreme circumstances, they are more susceptible to falling within one of the above scenarios for delisting and consequently being de-listed by the SZSE.

Operational risk. Listed companies in the ChiNext market (e.g. innovative or SME) are usually in their preliminary stage of development with smaller operating scale and shorter operating history, less mature business model and weaker risk management capacity, and their businesses are usually subject to higher uncertainty and more fluctuations in their performance. Therefore its stability and resistance to market risks may be lower. These instability and uncertainties may have an adverse impact on the Sub-Fund which invests into companies that are listed on the ChiNext market.

Risk associated with the fluctuation in stock prices. Since the companies listed on the ChiNext market usually have a smaller scale and shorter operating history, their ability to resist market risks is lower, and hence their stock prices may experience a higher fluctuation as the performance of these companies changes. In extreme circumstances where the trading price of the stock has hit the trading band limit, trading of the stock will be suspended. A suspension will render it impossible for the CSOP A50 ETF to liquidate positions and will therefore expose the CSOP A50 ETF to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the CSOP A50 ETF to liquidate positions at a favourable price. Conventional valuation methods may not be entirely applicable to companies listed on the ChiNext market due to the risky nature of the industries that these companies operate in. There are fewer circulating shares on the ChiNext market, hence stock prices may be relatively more easily manipulated and may experience higher fluctuation upon market speculation.

Risk associated with the technical failures. The companies listed on the ChiNext market have an industries focus on scientific development, innovation and media industries. Since this is an area with rapid development, if there are failures in the process of the scientific development which such companies are involved in and/or any major adverse events happening in the industries or their development, this may result in losses in such companies and hence may have an adverse impact on the Sub-Fund if the Sub-Fund invests in those companies.

Concentration risk. Investment of the CSOP A50 ETF is concentrated on securities listed on the ChiNext market (which mainly comprises of companies engaged in independent innovation and other growing venture enterprises such as high technology companies). Companies listed on the ChiNext market are usually in their preliminary stage of development with smaller operating scale and shorter operating history (e.g. innovative or SME), therefore its stability and resistance to market risks may be lower. As such, it may be subject to greater volatility than broad-based funds.

11.3 Renminbi related risks

Renminbi currency risk. RMB is currently not a freely convertible currency as it is subject to foreign exchange control and fiscal policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the CSOP A50 ETF's or the investors' position may be adversely affected. Please refer to the risk factor headed "***Renminbi Exchange Risk***" under section "***4.1 Risk Factors relating to China***" in Part 1 of the Prospectus.

Primary market investors must subscribe for Units of the CSOP A50 ETF and will receive redemption proceeds in RMB. Since the CSOP A50 ETF is denominated in RMB, non-RMB based investors are exposed to fluctuations in the RMB exchange rate against their base currencies and may incur substantial capital loss due to foreign exchange risk. There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors wish or intend to convert the redemption proceeds or dividends (in RMB on both HKD traded Units and RMB traded Units) paid by the Sub-Fund or sale proceeds (in RMB on RMB traded units) into a different currency, they are subject to the relevant foreign exchange risk and may suffer losses from such conversion as well as associated fees and charges.

Offshore RMB Market risk. The onshore RMB ("**CNY**") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC ("**Onshore RMB Market**"). Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC ("**Offshore RMB Market**"). Since June 2010, the offshore RMB ("**CNH**") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. As a result of the controls on cross-border transfers of Renminbi between Hong Kong and China, the Onshore RMB Market and the Offshore RMB Market are, to an extent, segregated, and each market may be subject to different regulatory requirements that are applicable to the Renminbi. The CNY may therefore trade at a different foreign exchange rate compared to the CNH. 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 CSOP A50 ETF's investments may potentially be exposed to both the CNY and the CNH, and the CSOP A50 ETF may consequently be exposed to greater foreign exchange risks and/or higher costs of investment (for example, when converting other currencies to the Renminbi at the CNH rate of exchange).

However, the current size of RMB-denominated financial assets outside the PRC is limited. At the end of 31 October 2014, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB943.6 billion. In addition, participating authorised institutions are required by the Hong Kong Monetary Authority to maintain a total amount of RMB assets (in the form of, inter alia, cash and the institution's settlement account balance with the Renminbi clearing bank, holding of RMB sovereign bonds issued in Hong Kong by the PRC Ministry of Finance and bond investment through the PRC interbank bond market) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi clearing bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The Renminbi clearing bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the Offshore RMB Market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC laws and regulations will not be promulgated, terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the liquidity of the CSOP A50 ETF. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

*Offshore RMB (“**CNH**”) Remittance Risk.* RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover 20 provinces and municipalities in the PRC and to make RMB trade and other current account item settlement available in all countries worldwide. On 25 February 2011, the Ministry of Commence (“**MOFCOM**”) promulgated the Circular on Issues concerning Foreign Investment Management（商務部關於外商投資管理工 作有關問題的通知） (the “**MOFCOM Circular**”). The MOFCOM Circular states that if a foreign investor intends to make investments in the PRC (whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities) with RMB that it has generated from cross-border trade settlement or that is lawfully obtained by it outside the PRC, MOFCOM’s prior written consent is required. While the MOFCOM Circular expressly sets out the requirement of obtaining MOFCOM’s prior written consent for remittance of RMB back in the PRC by a foreign investor, the foreign investor may also be required to obtain approvals from other PRC regulatory authorities, such as the PBOC and SAFE, for transactions under capital account items. As the PBOC and SAFE have not promulgated any specific PRC regulation on the remittance of RMB into the PRC for settlement of capital account items, foreign investors may only remit offshore RMB into the PRC for capital account purposes such as shareholders’ loan or capital contribution upon obtaining specific approvals from the relevant authorities on a case-by-case basis. There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that the pilot scheme introduced in July 2009 (as extended in June 2010) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. Such an event could have a severe adverse effect on the operations of the CSOP A50 ETF, including limiting the ability of the CSOP

A50 ETF to redeem and pay the redemption proceeds in RMB and the ability of Participating Dealers to create or redeem in cash and so to settle in RMB to their underlying clients. In addition, such restrictions could cause Units to trade on the SEHK at a significant discount to the Net Asset Value per Unit.

Currently the Bank of China (Hong Kong) Limited is the only clearing bank for offshore RMB in Hong Kong. A clearing bank is an offshore bank that can obtain RMB funding from the PBOC to square the net RMB positions of other participating banks. In February 2004, Bank of China (Hong Kong) Limited launched its RMB clearing services following its appointment by the PBOC. Remittance of RMB funds into China may be dependent on the operational systems developed by the Bank of China (Hong Kong) Limited for such purposes, and there is no assurance that there will not be delays in remittance.

11.4 Risks relating to the RQFII regime

RQFII risk. The CSOP A50 ETF is not a RQFII but may obtain access to China A-Shares, or other permissible investments directly using RQFII quotas of a RQFII. The CSOP A50 ETF may invest directly in RQFII eligible securities investment via the RQFII status of the Manager.

Investors should note that RQFII status could be suspended or revoked, which may have an adverse effect on the CSOP A50 ETF's performance as the CSOP A50 ETF may be required to dispose of its securities holdings. In addition, certain restrictions imposed by the Chinese government on RQFIIs may have an adverse effect on the CSOP A50 ETF's liquidity and performance.

SAFE regulates and monitors the repatriation of funds out of the PRC by the RQFII pursuant to its "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" （國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知）(the "**RQFII Measures**"). Repatriations by RQFIIs in respect of an open-ended RQFII fund (such as the CSOP A50 ETF) conducted in RMB are currently permitted daily and are not subject to repatriation restrictions or prior approval from the SAFE, although authenticity and compliance reviews will be conducted by the PRC Custodian, and monthly reports on remittances and repatriations will be submitted to SAFE by the PRC Custodian. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Further, such changes to the PRC rules and regulations may take effect retrospectively. Any restrictions on repatriation of the invested capital and net profits may impact on the CSOP A50 ETF's ability to meet redemption requests from the Unitholders. Furthermore, as the Custodian's or the PRC Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the Custodian or the PRC Custodian in case of non-compliance with the RQFII Regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Unitholder as soon as practicable, and within 3 Business Days, and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

SAFE is vested with the power to impose regulatory sanctions if the RQFII or the PRC Custodian violates any provision of the RQFII Measures. Any violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact on the portion of the RQFII's quota made available for investment by the CSOP A50 ETF.

Investors should note that there can be no assurance that a RQFII will continue to maintain its RQFII status or to make available its RQFII quota, or the CSOP A50 ETF will be allocated a sufficient portion of RQFII quotas from a RQFII to meet all applications for subscription to the CSOP A50 ETF, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. The CSOP A50 ETF may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII (i.e. the Manager), as the RQFII may in its discretion allocate RQFII quota which may otherwise be available to the CSOP A50 ETF to other products. Such restrictions may respectively result in a rejection of applications and a suspension of dealings of the CSOP A50 ETF. In extreme circumstances, the CSOP A50 ETF may incur significant losses due to insufficiency of RQFII quota, limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the RQFII laws, rules and regulations will not be abolished. The CSOP A50 ETF, which invests in the PRC markets through a RQFII, may be adversely affected as a result of such changes.

Application of RQFII rules. The RQFII Regulations described under section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix is in the early stages of its operation and there may be uncertainties as to its operation and development. The application of the rules may depend on the interpretation given by the relevant Chinese authorities. The Chinese authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

Any changes to the relevant rules may have an adverse impact on investors' investment in the CSOP A50 ETF. In the worst scenario, the Manager may determine that the CSOP A50 ETF shall be terminated if it is not legal or viable to operate the CSOP A50 ETF because of changes to the application of the relevant rules.

RQFII systems risk. The current RQFII Regulations include rules on investment restrictions applicable to the CSOP A50 ETF.

In the event of any default of the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the CSOP A50 ETF may encounter delays in recovering its assets which may in turn impact the Net Asset Value of the CSOP A50 ETF.

Risks relating to liquidity of Index Securities. Due to the potential liquidity constraint of the underlying Index Securities, the Manager may not be able to efficiently process the transactions for the Creation and Redemption Applications without adverse impact on the fund value of the CSOP A50 ETF, therefore the existing investors' interest. Accordingly, the Manager may impose a limit on the total number of Units to be created or redeemed each day.

PRC Custodian risk. The Trustee shall take into its custody or under its control property of the CSOP A50 ETF and hold it on trust for Unitholders. The assets held/credited in the securities account(s) are segregated and independent from the proprietary assets of the PRC Custodian. However, investors should note that, under PRC law, cash deposited in the cash account(s) of the CSOP A50 ETF with the PRC Custodian (which is/are maintained in the joint names of the Manager (as the RQFII holder) and the CSOP A50 ETF) will not be segregated but will be a debt owing from the PRC Custodian to the CSOP A50 ETF as a depositor. Such cash will be co- mingled with cash that belongs to other clients or creditors of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the CSOP A50 ETF will not have any proprietary rights to the cash deposited in such cash account(s), and the CSOP A50 ETF will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the PRC Custodian. Please refer to the disclosure on the opinion from PRC legal counsel in section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix. Whilst the opinion from PRC legal counsel indicates the legal position based on understanding of current PRC laws, such opinion may not be conclusive; and ultimately the interpretation and operation of the relevant PRC laws and regulations depend on the judicial and/or regulatory authorities of the PRC.

The CSOP A50 ETF may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the CSOP A50 ETF will suffer.

PRC brokerage risk. The execution of transactions may be conducted by PRC Broker(s) appointed by the RQFII. As a matter of practice, only one PRC Broker can be appointed in respect of each stock exchange in the PRC. Thus, the CSOP A50 ETF will rely on only one PRC Broker for each stock exchange in the PRC, which may be the same PRC Broker. If the Manager is unable to use its designated PRC Broker in the PRC, the operation of the CSOP A50 ETF will be adversely affected and may cause Units of the CSOP A50 ETF to trade at a premium or discount to its NAV or the CSOP A50 ETF may not be able to track the Underlying Index. Further, the operation of the CSOP A50 ETF may be adversely affected in case of any acts or omissions of the PRC Broker, which may result in a higher tracking error or the CSOP A50 ETF being traded at a significant premium or discount to its NAV.

If a single PRC Broker is appointed, the CSOP A50 ETF may not necessarily pay the lowest commission available in the market. The RQFII Holder however, in the selection of PRC Brokers will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards.

There is a risk that the CSOP A50 ETF may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the CSOP A50 ETF may be adversely affected in the execution of any transaction. As a result, the net asset value of the CSOP A50 ETF may also be adversely affected.

Subject to the applicable laws and regulations, the Manager will make arrangements to satisfy itself that the PRC Brokers have appropriate procedures to properly segregate the CSOP A50 ETF's securities from those of the relevant PRC Brokers.

Risks relating to premium arising from insufficient RQFII quota. There can be no assurance that additional RQFII quota can be obtained to fully satisfy Creation Application requests, which will lead to such requests of Participating Dealers being rejected by the Manager. This may result in a need for the Manager to close the CSOP A50 ETF to further subscriptions which may lead to a significant premium in the trading price of the CSOP A50 ETF against its Net Asset Value.

11.4A Risks associated with Stock Connect

The CSOP A50 ETF may invest through the Stock Connect and is subject to the following additional risks:

Quota limitations risk. The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the CSOP A50 ETF's ability to invest in China A-Shares through the Stock Connect on a timely basis, and the CSOP A50 ETF may not be able to effectively pursue its investment strategies.

Suspension risk. It is contemplated that each of the SEHK, the SSE and the SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Stock Connect is effected, the CSOP A50 ETF's ability to access the PRC market will be adversely affected.

Differences in trading day. The Stock Connect only operates on days when both the PRC (SSE and SZSE) and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as CSOP A50 ETF) cannot carry out any China A-Shares trading. The CSOP A50 ETF may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connect is not trading as a result.

Operational risk. The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly.

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("**China Stock Connect System**") was set up by the SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The CSOP A50 ETF's ability to access the China A-Share market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring risk. PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or the SZSE will reject the sell order concerned. The SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If the CSOP A50 ETF desires to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("**trading day**"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the CSOP A50 ETF may not be able to dispose of holdings of China A-Shares in a timely manner.

Recalling of eligible stocks risk. When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the CSOP A50 ETF, for example, when the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

Clearing and settlement risk. The HKSCC and ChinaClear have established the clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross- boundary trades initiated in a market, the clearing house of that market would on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the CSOP A50 ETF may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

Nominee arrangements in holding China A-Shares risk. HKSCC is the "nominee holder" of the SSE Securities and the SZSE Securities acquired by Hong Kong and overseas investors through the Stock Connect.

The CSRC Stock Connect Rules expressly provide that investors enjoy the rights and benefits of the SSE Securities and the SZSE Securities acquired through the Stock Connect in accordance with applicable laws.

The CSRC Stock Connect Rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies.

It should be noted that, under the CCASS Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE Securities and the SZSE Securities in the PRC or elsewhere. Therefore, although the CSOP A50 ETF's ownership may be ultimately recognised, the CSOP A50 ETF may suffer difficulties or delays in enforcing its rights in China A-Shares.

Participation in corporate actions and shareholders' meetings risk. HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Hong Kong and overseas investors (including the CSOP A50 ETF) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be as short as one business day only. Therefore, the CSOP A50 ETF may not be able to participate in some corporate actions in a timely manner.
Hong Kong and overseas investors (including the CSOP A50 ETF) are holding SSE Securities and SZSE Securities traded via the Stock Connect program through their brokers or custodians. According to existing mainland practice, multiple proxies are not available. Therefore, the CSOP A50 ETF may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the SSE Securities and the SZSE Securities.

No Protection by Investor Compensation Fund. Investment through the Stock Connect program is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. As disclosed under section "***9.5A The Stock Connect***", the CSOP A50 ETF's investments through Northbound trading under the Stock Connect is not covered by the Hong Kong's Investor Compensation Fund. Therefore the CSOP A50 ETF is exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the program. Since CSOP A50 ETF is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, they are not protected by the CSIPF in the PRC.

Regulatory risk. The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The CSOP A50 ETF, which may invest in the PRC markets through the Stock Connect, may be adversely affected as a result of such changes.

Taxation risk. On 14 November 2014, the Ministry of Finance and the State of Administration of Taxation have jointly promulgated Caishui [2014] No.81 ("**Notice No.81**") in relation to the taxation rule on the Stock Connect. Under Notice No.81, with effect from 17 November 2014, corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the CSOP A50 ETF) on the trading of China A-Shares through the Stock Connect. However, dividends will be subject to 10% withholding tax and the company distributing the dividend has the withholding obligation. If the recipient of the dividend is entitled to a lower treaty rate, it can apply to the in-charge tax bureau of the payor for a refund. Investments in the CSOP A50 ETF may be subject to the risks associated with changes in the PRC tax laws and such changes may have retrospective effect and may adversely affect the CSOP A50 ETF.

Shenzhen-Hong Kong Stock Connect specific risks. The Shenzhen-Hong Kong Stock Connect is newly launched and does not have an operating history and the risks identified above are particularly relevant to the Shenzhen-Hong Kong Stock Connect due to the lack of an operating history. Investors should note that the performance of the Shenzhen-Hong Kong Stock Connect may not be the same as the performance of the Shanghai-Hong Kong Stock Connect to date.

11.5 Dual Counter Trading risks

Dual Counter risk. The SEHK's Dual Counter model is relatively new for exchange traded funds. The Dual Counter arrangement adopted by CSOP A50 ETF may bring additional risks for investment in the CSOP A50 ETF and may make such investment riskier than investment in single counter exchange traded funds. For example where for some reason there is a settlement failure on an inter-counter day trade if the Units of one counter are delivered to CCASS at the last settlement on a trading day, there may not be enough time to transfer the Units to the other counter for settlement on the same day.

Moreover, where there is a suspension of the inter-counter transfer of Units between the HKD counter and the RMB counter for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant Dual Counter. Accordingly it should be noted that inter-counter transfers may not always be available. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Dual Counter trading and inter-counter transfer.

Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in RMB only. As such investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

Inter-counter trading risk. Although an investor may buy from one counter and sell the same on the other counter in the same day, it is possible that some brokers/intermediaries and CCASS Participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade units in both RMB counter and HKD counter at the same time. In such case (i) to (iii), another broker, intermediary or CCASS Participant may need to be used. This may inhibit or delay dealing in both RMB traded Units and HKD traded Units and may mean investors may only be able to trade their Units in one currency. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Dual Counter trading and inter-counter transfers.

Investors should therefore consult their brokers/intermediaries on the services that the brokers/intermediaries may provide in this regard along with the associated risks and fees. In particular, some brokers/intermediaries may not have in place systems and controls to facilitate inter-counter trading and/or inter-counter day trades.

Difference in trading prices risk. There is a risk that due to different factors such as market liquidity, market supply and demand in the respective counters and the exchange rate between RMB and HKD (in both onshore and offshore markets), the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB. The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

Currency exchange risk. Investors who bought Units on the HKD counter may be subject to currency exchange risk as the assets of the CSOP A50 ETF are denominated in RMB and the Net Asset Value of the CSOP A50 ETF will be calculated in RMB.

RMB distributions risk. Investors should note that where a Unitholder holds Units traded under the HKD counter, the relevant Unitholder will only receive distributions in RMB and not HKD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

11.6 Risks relating to RMB dealing, trading and settlement

Primary market:

Non-RMB or Late Settlement Redemption Risk. Currently, RMB cannot be freely remitted into the PRC and such remittance is subject to certain restrictions. In the event that the remittance of RMB from Hong Kong to the PRC is disrupted, this may impact on the ability of the CSOP A50 ETF to acquire the Index Securities. This in turn may result in tracking error and the CSOP A50 ETF may not be able to fully replicate the Underlying Index in such circumstance.

On the other hand, where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, redemption proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or Hong Kong dollars instead of in RMB (at an exchange rate determined by the Manager after consultation with the Trustee). As such, there is a risk that investors receive settlement in RMB on a delayed basis or may not be able to receive redemption proceeds in RMB (i.e.

such proceeds may be paid in US dollars or Hong Kong dollars).

Secondary market:

RMB Trading and Settlement of Units Risk. RMB denominated securities are listed and traded on the SEHK relatively recently. Therefore, trading and settlement of RMB traded Units are recent developments in Hong Kong and there is no assurance that there will not be any problem with the systems or that other logistical problems will not arise. The trading and settlement of the RMB traded Units, may not be capable of being implemented as envisaged.

Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in 2011, some stockbrokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, there is no assurance of their readiness for dealing in RMB denominated securities. Investors should note that not all stockbrokers may be ready and able to carry out trading and settlement of RMB traded Units of the CSOP A50 ETF and thus they may not be able to deal in the Units through some stockbrokers. Investors should check with their brokers/intermediaries in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker/ intermediary is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

In addition, the liquidity and trading price of the RMB traded Units of the CSOP A50 ETF may be adversely affected by the limited availability of RMB outside the PRC and the restrictions on the conversion between foreign currency and the RMB. This may result in the CSOP A50 ETF trading at a significant premium/discount to its Net Asset Value.

11.7 Risks relating to the nature of product

Risks in light of the cross-border nature of the CSOP A50 ETF. CSOP A50 ETF being an RMB-denominated physical exchange traded fund that directly invests in China A-Share market (which is inherently a market with restricted access) is a relatively new type of product, i.e. exchange traded fund denominated in RMB and invests in the PRC market under the RQFII regime. In light of the cross-border nature of the CSOP A50 ETF, it is more risky than traditional exchange traded funds which invest directly in markets other than the China A-Share market and therefore, is subject to operational and settlement risks. Operational risks may arise from technical failures of communication and trading systems, and any breaches of the relevant operational policies or guidelines by the relevant staff of the Manager. 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 that events beyond the control of the Manager (e.g. trading errors or system errors) will not occur. The occurrence of such events may adversely affect the value of the CSOP A50 ETF.

To the extent that the CSOP A50 ETF transacts in the China A-Share market, the CSOP A50 ETF may also be exposed to risks associated with settlement procedures. Any significant delays in the settlement of transactions or the registration of a transfer may affect the ability to ascertain the value of the CSOP A50 ETF's portfolio and adversely affect the CSOP A50 ETF.

Reliance on parent company. The Manager may substantially tap into its PRC parent company's relevant infrastructure and expertise to support its operation of the CSOP A50 ETF in Hong Kong. While the PRC parent company of the Manager has sufficient experience and expertise in managing and operating physical China A-Share exchange traded funds listed and traded in China, there is no assurance that the CSOP A50 ETF will be operated as envisaged. Any disruption in the assistance from the Manager's parent company may adversely affect the operations of the CSOP A50 ETF.

11.8 Risks relating to the Underlying Index of CSOP A50 ETF

Risks relating to the Underlying Index. The CSOP A50 ETF may be subject to the following risks in relation to the Underlying Index:

(i) If the Underlying Index is discontinued or the Manager's license from the Index Provider under the relevant licence agreement is terminated, the Manager may, in consultation with the Trustee, seek the Commission's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the Underlying Index. Please refer to section "***16. Replacement of Underlying Index***" below on the circumstances in which the Underlying Index may be replaced by the Manager. Such change shall be made in accordance with the provisions of the Trust Deed and with the prior approval of the Commission. For the avoidance of doubt, index- tracking will remain the CSOP A50 ETF's investment objective.

The Manager has been granted a licence by FTSE International Limited ("**FTSE**") to use the Underlying Index as a basis for determining the composition of the CSOP A50 ETF and to use certain trade marks in the Index. The licence granted is for an initial term of two years commencing from the date of the agreement (i.e. 15 February 2012), and thereafter automatically renewed for successive one year periods unless terminated pursuant to the agreement. There is no guarantee that the licence agreement will be perpetually renewed.

In addition, the compilation of the Underlying Index is based on the data license agreement between FTSE and SSE and SZSE respectively. The respective data license agreement is automatically renewed for successive one year periods unless terminated pursuant to such agreement. There is no guarantee that the data licence agreement will be perpetually renewed. If such data license agreement is not renewed, the Underlying Index may be discontinued.

The CSOP A50 ETF may be terminated if the Underlying Index is discontinued and/or the 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 Underlying Index and which meets the acceptability criteria under Chapter 8.6(e) of the Code. Any such replacement index will be subject to the prior approval of the Commission under the Code and Unitholders will be duly notified of the same. Accordingly, investors should note that the ability of the CSOP A50 ETF to track the Underlying Index depends on the continuation in force of the index licence agreement in respect of the Underlying Index or a suitable replacement. The CSOP A50 ETF may also be terminated if the Underlying Index ceases to be compiled or published and there is no replacement index, using, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index.

The Manager and the Index Provider may by mutual agreement terminate or postpone the parties' obligations under the Index licence agreement upon the occurrence of a force majeure event such that the terms of the Index licence agreement can no longer be performed. There is no guarantee or assurance of exact or identical replication at any time of the performance of the relevant Underlying Index.

For further information on the grounds for terminating the license agreement in respect of the Underlying Index, please refer to section "***14. Index Licence Agreement***" in this Appendix 1.

(ii) There may be changes in the constituent securities of the Underlying Index from time to time. For example, a constituent security may be delisted or a new eligible security may be added to the Underlying Index. In such circumstances, in order to achieve the investment objective of the CSOP A50 ETF, the Manager may rebalance the composition of a Basket. The price of the Units may rise or fall as a result of these changes. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units. Please refer to the section "***17. The Underlying Index***" of this Appendix below for more information on how the Underlying Index is compiled.

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

11.9 Securities Lending Transactions Risks

Counterparty risk. The borrower may fail to return the securities in a timely manner or at all. The CSOP A50 ETF may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the CSOP A50 ETF's ability in meeting delivery or payment obligations from redemption requests.

Collateral risk. As part of the securities lending transactions, the CSOP A50 ETF must receive at least 105% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the CSOP A50 ETF if the borrower fails to return the securities lent out. The CSOP A50 ETF may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

Operational risk. By undertaking securities lending transactions, the CSOP A50 ETF is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the CSOP A50 ETF's ability in meeting delivery or payment obligations from redemption requests**.**

11.10 Other risks

Operating risk. There is no assurance that the performance of the CSOP A50 ETF will be identical to the performance of the Underlying Index. The level of fees, taxes and expenses payable by the CSOP A50 ETF will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the CSOP A50 ETF can be estimated, the growth rate of the CSOP A50 ETF, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the CSOP A50 ETF or the actual level of its expenses. Under the terms of the Trust Deed and as summarised under the section headed "***14.5 Termination of the Trust or a Sub-Fund***" in Part 1 of this Prospectus, the Manager may terminate the CSOP A50 ETF. On the termination of the CSOP A50 ETF, the CSOP A50 ETF will be liquidated and investors will receive distributions of cash although the Manager has the power to decide to make distributions in specie.

Reliance on RMB Market Makers. Investors should note that Units of the CSOP A50 ETF on the RMB counter are traded and settled in RMB. There may be less interest by potential market makers making a market in Units denominated and traded in RMB. Furthermore, any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the Units.

No Market in the Units Risk. Although the Units are to be listed on the SEHK and the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Units traded in the RMB counter and one market maker for Units traded in the HKD counter, investors should be aware that there may be no liquid trading market for the Units or that such market maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of other exchange traded fund which are traded on the SEHK and which are based upon indices.

Termination of Market Maker Risk. A market maker may cease to act as a market maker for any counter of the CSOP A50 ETF in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one market maker for Units of the CSOP A50 ETF for each counter will be ninety (90) days. The liquidity for the RMB traded Units and HKD traded Units of the CSOP A50 ETF may be affected if there is no market maker for the RMB traded Units and the HKD traded Units respectively. The Manager will use its best endeavours to put in place arrangements so that that there is at least one market maker for the CSOP A50 ETF for each counter (although these market makers may be the same entity) to facilitate efficient trading of Units of the relevant trading currency (i.e. RMB and HKD). It is possible that there is only one SEHK market maker for each counter of the CSOP A50 ETF or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

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

Investment in other CISs risk. The CSOP A50 ETF may invest up to 10% of its Net Asset Value in other CISs in exceptional circumstances. The fees and costs charged in respect of such CISs will be borne by the CSOP A50 ETF. Although the Manager will only invest in these CISs if it considers that doing so is in the best interest of the CSOP A50 ETF and its Unitholders, there is no guarantee that these CISs will achieve their respective investment objectives and any tracking error of these CISs will also contribute to the tracking error of the CSOP A50 ETF. Further, although the Manager will only invest in other CISs that track indices that have a high correlation with the Underlying Index of the CSOP A50 ETF, the difference of the underlying constituents between the indices tracked by the relevant CISs and the Underlying Index may also contribute to tracking error. In addition, the tax provision made by the other CISs may be more or less than the their actual Mainland China tax liabilities. Any shortfall of such tax provision may adversely affect the performance of the other CISs.

Tracking error risk. Although the Manager will adopt a full replication strategy to reduce tracking error, the Manager may also use representative sampling in exceptional circumstances, such as where it may not be able to acquire certain Index Securities which are constituents of the Index due to restrictions or limited availability. As such there can be no assurance of exact or identical replication at any time of the performance of the Index. Factors such as the fees and expenses of the CSOP A50 ETF, imperfect correlation between the CSOP A50 ETF's assets and the Index Securities, inability to rebalance the CSOP ETF's holdings of Index Securities in response to changes in the constituents of the Index, rounding of the Index Securities' prices, and changes to the regulatory policies may affect the Manager's ability to achieve close correlation with the Index. These factors may cause the CSOP A50 ETF's returns to deviate from the Index.

Risk relating to distributions paid out of capital. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP A50 ETF are charged to/paid out of the capital of the CSOP A50 ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP A50 ETF and therefore, the CSOP A50 ETF may effectively pay dividend out of the capital. **Investors should note that the payment of distributions out of or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any such distributions may result in an immediate reduction in the Net Asset Value per Unit of the CSOP A50 ETF.**

12. FEES AND CHARGES

12.1 Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate of 0.99% per annum of the Net Asset Value of the CSOP A50 ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

12.2 Trustee's and Registrar's Fee

The Trustee is entitled to receive a fee of up to 1% per annum of the Net Asset Value of the CSOP A50 ETF. The current Trustee's fee is calculated at a rate up to 0.08% per annum of the Net Asset Value of the CSOP A50 ETF, accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

The Trustee's fee is inclusive of fees payable to the Custodian and the PRC Custodian.

The Trustee (acting as the Registrar) is also entitled to a fee of RMB 100 per Participating Dealer per transaction.

The Trustee shall also be entitled to be reimbursed out of the assets of the CSOP A50 ETF all out-of-pocket expenses incurred.

12.3 Service Agent's Fee

The Service Agent is entitled to receive a monthly reconciliation fee of HK$5,000 from the Manager. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.

12.4 Other Changes and Expenses of CSOP A50 ETF

Please refer to section "12.4 Other Charges and Expenses" in Part 1 of this Prospectus on other charges and expenses payable by the CSOP A50 ETF.

12.5 Establishment costs of CSOP A50 ETF

Please refer to section "12.5 Establishment Costs" in Part 1 of this Prospectus on the establishment costs of the CSOP A50 ETF.

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

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

12.6.1 Participating Dealers

Creation of Units by a Participating Dealer

Application Cancellation Fee	RMB8,500 per cancellation *(See Note 1)*
Extension Fee	RMB8,500 per extension *(See Note 1)*
Transaction Fee	Up to RMB12,000 per Application *(See Note 2)*
Service Agent's Fee	See Note 3
Stamp duty	Nil

Redemption of Units by a Participating Dealer

Application Cancellation Fee	RMB8,500 per cancellation *(See Note 1)*

Extension Fee	RMB8,500 per extension *(See Note 1)*
Transaction Fee	Up to RMB12,000 per Application *(See Note 2)*
Service Agent's Fee	See Note 3
Stamp duty	Nil

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

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

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

12.6.3 Secondary Market Investors Dealing in Units on the SEHK

Brokerage	Market rates (in currency determined by the intermediaries used by the investors)
Transaction levy	0.0027% *(see Note 4 and Note 8)*
Trading fee	0.005% *(see Note 5 and Note 8)*
Stamp duty	Nil *(see Note 6)*
Investor compensation levy	0.002% (currently suspended) *(see Note 7)*
Inter-counter transfers	HKD5 *(see Note 9)*

Note:

1. The Application Cancellation Fee of RMB8,500 and the Extension Fee of RMB8,500 are payable by the Participating Dealer, and are payable to the Trustee for its own account, on each occasion the Manager grants the request of such Participating Dealer for cancellation or extended settlement in respect of such Application as provided in this Prospectus.

2. A Transaction Fee of up to RMB12,000 per Application is payable by each Participating Dealer for the account and benefit of the Trustee.

3. 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.

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

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

6. For a transfer effected on or after 13 February 2015 executed for a transaction by which a Unit of the CSOP A50 ETF is transferred, stamp duty is waived pursuant to the Stamp Duty (Amendment) Ordinance 2015.

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

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

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

9. HKSCC will charge each CCASS participant a fee of HKD5 per instruction for affecting an inter-counter transfer of Units of the CSOP A50 ETF from one counter to another counter. Investors should check with their brokers regarding any additional fees.

13. ADDITIONAL DOCUMENTS AVAILABLE FOR INSPECTION

The material contracts in respect of the CSOP A50 ETF are set out below:

(a) RQFII Custody Agreement; and

(b) RQFII Participation Agreement.

The above material contracts are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager. Please refer to section "***14.17 Complaints and Enquiries***" in Part 1 of this Prospectus for the address of the Manager.

Please refer to section "***14.11 Documents Available for Inspection***" in Part 1 of this Prospectus for the list of the other documents that are available for inspection.

13A. PUBLICATION OF INFORMATION RELATING TO CSOP A50 ETF

The following information relating to CSOP A50 ETF will be published on the Manager's website www.csopasset.com/etf[1]:–

- the near real-time indicative Net Asset Value per Unit of the CSOP A50 ETF during normal trading hours on the SEHK in RMB and HKD; and
- the last Net Asset Value of the CSOP A50 ETF in RMB only and, the last Net Asset Value per Unit of the CSOP A50 ETF in RMB and HKD.

The near real-time indicative Net Asset Value per Unit of CSOP A50 ETF in HKD denomination is indicative and for reference purposes only. This is updated during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in HKD uses a real-time HKD:CNH foreign exchange rate – it is calculated using the near real-time indicative Net Asset Value per Unit in RMB multiplied by a real-time HKD:CNH foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. The near real-time indicative Net Asset Value per Unit in HKD is updated every 15 seconds throughout the SEHK trading hours. Since the indicative NAV per Unit in RMB will not be updated when the underlying China A-Shares market is closed, any change in the indicative NAV per Unit in HKD during such period is solely due to the change in the foreign exchange rate.

The last Net Asset Value per Unit of CSOP A50 ETF in HKD is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate using the CNH exchange rate quoted by ICE Data Indices at 3:00 p.m. (Hong Kong time) as of the same Dealing Day. The official last Net Asset Value per Unit in RMB and the indicative last Net Asset Value per unit in HKD will not be updated when the underlying China A-Shares market is closed.

Please refer to the section headed "***14.14 Publication of Information Relating to the Sub-Funds***" in Part 1 of this Prospectus for other information that will be published on the Manager's website www.csopasset.com/etf[1].

14. INDEX LICENCE AGREEMENT

The Manager has been granted a non-exclusive, non transferable licence pursuant to index licence agreement dated 15 February 2012 (the "**Licence Agreement**") entered into between the Manager and FTSE, to use the Underlying Index (i.e. FTSE China A50 Index) in connection with the issue, operation, marketing, promotion and distribution of the CSOP A50 ETF.

The Licence Agreement has an initial term of two years and thereafter additional one year periods until terminated by either party under the circumstances listed below:

(a) FTSE may terminate the Licence Agreement forthwith if:

(i) the Manager breaches its obligation to comply with the terms of the United Kingdom Bribery Act 2010;

(ii) the Manger breaches its warranty under the Licence Agreement;

(iii) the Manager is convicted of any offence relating to the CSOP A50 ETF or to the trading of the Units of CSOP A50 ETF;

(iv) the Manager is found to be in material breach of any applicable laws, regulations or rules; or

(v) there is a change of control impacting on or in relation to the Manager.

(b) The Manager may terminate the Licence Agreement if a notice to increase charges is received from FTSE and the increase is greater than 15% of the total amount of charges subject to increase as they applied prior to the increase taking effect.

(c) Either party may terminate the Licence Agreement if:

(i) the other party breaches any term of the Licence Agreement and it is not possible to remedy the breach;

(ii) the other party commits any material breach of its obligations and fails to remedy the breach within 15 days of receipt of written notice requiring the same;

(iii) the other party suffers from an "insolvency event" (as defined in the Licence Agreement);

(iv) at least 3 months' prior written notice is given to the other party.

15. MATERIAL CHANGES TO THE INDEX

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

16. REPLACEMENT OF UNDERLYING INDEX

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

(a) the Underlying Index ceasing to exist;

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

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

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

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

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

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

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

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

The Manager may change the name of CSOP A50 ETF if the Underlying Index changes or for any other reasons including if licence to use the Underlying Index is terminated. Any change to (i) the use by CSOP A50 ETF of the Underlying Index and/or (ii) the name of CSOP A50 ETF will be notified to investors.

17. THE UNDERLYING INDEX

Investors should note that the information set out below is based on publicly available documents that have not been prepared or independently verified by the Manager, the Trustee or any advisers in connection with the offering and listing of the CSOP A50 ETF, and none of them makes any representation as to or takes any responsibility for the accuracy or completeness of such information.

The Underlying Index of the CSOP A50 ETF is the FTSE China A50 Index. The FTSE China A50 Index is a free float-adjusted market capitalisation-weighted index compiled and published by FTSE. The Manager (or its connected persons) is independent of the Index Provider. FTSE China A50 Index is a real-time, tradable index comprising the largest 50 China A-Share companies by full market capitalisation of the mainland Chinese market that is available to domestic, and international investors via the Qualified Foreign Institutional Investor (QFII), Renminbi Qualified Foreign Institutional Investor (RQFII) scheme and Stock Connect programs. The FTSE China A50 Index is a subset of the FTSE China A All Cap Free Index. The Underlying Index offers the optimal balance between representativeness and tradability for China's A Share market and includes stocks listed on the Shanghai and Shenzhen stock exchanges.

The Underlying Index is a net total return index which means that its performance reflects the reinvestment of dividends, net of withholding taxes, from the Index Securities. The Underlying Index is denominated and quoted in RMB.

The Underlying Index was launched on 13 December 2003.

FTSE or its affiliates are the proprietors and absolute owners of the Underlying Index and the designations FTSE(r). FTSE has granted to the Manager, by way of a licence, subject to the terms of an index licence agreement between them, among other things the non-transferable and non-exclusive right to use the Underlying Index as the basis for determining the composition of the Underlying Index in respect of the CSOP A50 ETF and to sponsor, issue, establish, market, list and distribute the CSOP A50 ETF.

Index Methodology

All China A-Share classes of equity in issue are eligible for inclusion in the FTSE China A All Cap Free Index. The eligibility for securities to be included in the Underlying Index is based on: (i) liquidity screens; (ii) free float, and (iii) size.

(i) **Liquidity screens** – are based on the security's median daily trading per month*. The median trade is calculated by ranking each daily trade total and selecting the middle ranking day. Daily totals with zero trades are included in the ranking; therefore a security that fails to trade for more than half of the days in a month will have a zero median trade. Any period of suspension will not be included in the test. The liquidity test will be applied on a pro-rata basis where the testing period is less than 12 months.

*When calculating the median of daily trades per month of any security, a minimum of 5 trading days in each month must exist, otherwise the month will be excluded from the test.

Security eligible for inclusion must have a minimum turnover percentage of the shares in issue, based on the median daily trade per month. The security must have such turnover percentage for a certain number of months prior to the full market review in March and September. The minimum turnover percentage and the number of months meeting such percentage are different for non-constituent securities, existing constituents and new issues.

(ii) **Free float** – Constituents are adjusted for free float and weighted according to how much share capital is available for public investment. Free float adjustments seek to overcome the supply and demand imbalance by reducing a company's weight in an index to take account of restricted holdings of the company's shares that are not freely available for purchase by outside investors (for example strategic investments by governments and other companies, directors and holdings of other major investors).This achieves the most accurate and neutral market representation and takes into account the true opportunity set available to an investor. FTSE adopts the actual free float (rounded to 12 decimal places). Companies with a free float of 5% or below are not eligible for inclusion in the Index, unless their investable market capitalisations are larger than a minimum threshold. With this methodology, the free float of a constituent is estimated more accurately using the information available on major shareholders in the market. Besides, constituent's investibility weight will be further adjusted when there is a limited foreign room available.

(iii) **Size** – The 50 largest companies by full market capitalisation of the FTSE China A All Cap Free Index are selected to form the FTSE China 50 Index.

Selection criteria

The 50 largest companies by full market capitalisation of the FTSE China A All Cap Free Index are selected to form the Underlying Index.

Investors should refer to Schedule A of this Appendix for further information regarding the Underlying Index including the selection criteria.

Index Maintenance

The Underlying Index is reviewed quarterly in March, June, September and December, with advance notification given of any changes to constituents on www.ftse.com to ensure that the index continues to reflect market reality. A schedule of periodic reviews is provided on http://www.ftse.com/sites/indices/china-a50.

Schedule A of this Appendix also sets out some of the key ground rules applicable to the Underlying Index as at the date of this Prospectus. A full set of the ground rules for the management of the Underlying Index is also available on http://www.ftse.com/sites/indices/china-a50. The index methodology is subject to change from time to time and investors should refer to this website for up-to-date information about the index methodology.

The Underlying Index is calculated and is updated continuously on an intra-second streaming basis until the market closes.

FTSE publishes the real time index level (Ticker: XIN9I:IND) on Bloomberg, updated throughout the day. The Underlying Index may also be viewed on Reuters (Ticker: FTXIN9).

Index Securities of the Underlying Index

The constituents of the Underlying Index together with their respective weightings can be accessed on http://www.ftse.com/sites/indices/china-a50.

Index Provider Disclaimer

The CSOP A50 ETF is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("**FTSE**") or the London Stock Exchange Group companies ("**LSEG**") (together the "**Licensor Parties**") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE China A50 Index (the "**Index**") (upon which the CSOP A50 ETF is based), (ii) the figure at which the Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Index for the purpose to which it is being put in connection with the CSOP A50 ETF. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Index to CSOP Asset Management Limited or to its clients. The Index is calculated by FTSE or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Index or (b) under any obligation to advise any person of any error therein.

All rights in the Index vest in FTSE. "FTSE(r)" is a trade mark of LSEG and is used by FTSE under licence.

SCHEDULE A – FTSE CHINA A ALL CAP INDEX SERIES

General

The FTSE China A All Cap Index Series ("**Series**") is designed to represent the performance of the China A Shares that are available to international and domestic Chinese investors e. The Series comprises a number of A Share indices including the FTSE China A50 Index ("**Underlying Index**").

The Series is calculated in real time. The Underlying Index is published on an intra-second streaming basis. The description set out below in respect of the Series applies to the Underlying Index.

The Underlying Index opens at 9:30 a.m. and closes at 3:00 p.m. each day on which the SSE and the SZSE are open.

Ground Rules

FTSE is responsible for the operation of the Series. FTSE will maintain records of the market capitalisation of all constituents, and will make changes to the constituents and their weightings in accordance with specified rules ("**Ground Rules**"). The Ground Rules and news concerning the Index may be viewed on FTSE's website at:

http://www.ftse.com/sites/indices/china-a50

FTSE will carry out a quarterly review of the Underlying Index and implement the resulting constituent changes as required by the Ground Rules. Changes to constituent weightings are made by FTSE in accordance with the Ground Rules. FTSE is responsible for publicising changes to constituent weightings.

The Underlying Index may exist in the following states: firm, closed, held, indicative and part.

For the purposes of the above: "firm" means the Underlying Index is being calculated using the trade prices from the relevant stock exchanges for all constituents during the hours the Underlying Index is open; "closed" means that the Underlying Index has ceased all calculations for the day (the message "CLOSED" will be displayed against the index value); "held" means, during a firm period, the Underlying Index has exceeded pre-set operating parameters and calculation has been suspended pending resolution of the problem (the message "HELD" will be displayed against the index value); "indicative" means that there is a system problem or a situation in the market judged to be affecting the quality of the constituent prices at any time when the Underlying Index is being calculated (the message "IND" will be displayed against the index value); and "part" means the Underlying Index is being calculated during the normal Underlying Index open hours but there are less than 75% of the constituents by capitalisation available with firm prices (the message "PART" will be displayed against the Underlying Index to indicate only a portion of the prices are included. With the exception of this message, the Underlying Index will continue to be displayed and calculated as if it were firm).

Eligible Securities

All A Share classes of equity in issue are eligible for inclusion in the Series subject to conforming to the Ground Rules as described below. The entire quoted equity capital of a constituent company is included in the calculation of its market capitalisation, subject to the following free float restrictions:

(A) Free float restrictions include:

(1) Shares directly owned by State, Regional, Municipal and Local governments (excluding shares held by independently managed pension schemes for governments).

(2) Shares held by Sovereign Wealth Funds where each holding is 10% or greater. The shares will remain restricted until the holding falls below 10%.

(3) Shares held by directors, senior executives and managers of the company, and by their family and direct relations, and by companies with which they are affiliated.

(4) Shares held within employee share plans.

(5) Shares held by public companies or by non-listed subsidiaries of public companies.

(6) Shares held by founders, promoters, former directors, founding venture capital and private equity firms, private companies and individuals (including employees) where the holding is 10% or greater. The shares will remain restricted until the holding falls below 10%.

(7) All shares where the holder is subject to a lock-in clause (for the duration of that clause)*.

(8) Shares held for publicly announced strategic reasons, including shares held by several holders acting in concert.

(9) Shares that are subject to on-going contractual agreements (such as swaps) where they would ordinarily be treated as restricted.

(10) Shares that are non-negotiable which are held by companies who have not converted following the A Share reform.

(11) Non-tradable A Shares subject to a lock-in (until the lock-in expires and the shares are freely tradable on the exchange).

* Free Float changes resulting from the expiry of a lock-in will be implemented at the next quarterly review subsequent to there being a minimum of 20 business days between the lock-in expiry date and the index review date.

(B) The following are not considered as restricted free float:

(1) Portfolio holdings (such as pension and insurance funds)*.

(2) Nominee holdings (unless they represent restricted free float as defined by Rule 4.4.1)

(3) Holdings by investment companies*

(4) ETFs

* Where any single portfolio holding is 30% or greater it will be regarded as strategic and therefore restricted. The shares will remain restricted until the holding falls below 30%.

(C) Initial Weighting

Free float restrictions will be calculated using available published information rounded to 12 decimal places. Companies with a free float of 5% or below are not eligible for inclusion in the Underlying Index, unless they exceed 10 times the China region inclusion percentage level by investable market capitalization.

Please refer to the FTSE Russell ground rules for details of free float restriction periodic updates and updates arising from corporate events.

(D) Treatment of companies with foreign headroom less than 10%

- FTSE defines "foreign headroom" as the percentage of shares available to foreign investors as a proportion of the underlying investability weight to foreign investors.

- Where the headroom of an existing constituent falls below 10%, its investability weight will be equal to the lesser of the foreign ownership limit and the free float. The adjustment will be carried out in four steps, i.e. the next four consecutive quarterly reviews, in equal proportion. The reduction will not be reversed in the case that the foreign headroom rises above 10% eventually.

  If the free float decreases to a level lower than the investability weight during the transition period, the free float change will be reflected in the next review. If the free float increases during the transition period, the investability weight will be kept at its existing level.

- Where the foreign headroom of an existing constituent falls below 10% at or after the fourth review, its investability weight will be reduced by 10% at the same quarterly review. The investability weight will continue to be reduced at subsequent quarterly reviews in increments of 10% until the headroom level increases above 10%.

- The investability weight of an existing constituent which has been subject to headroom adjustments will have its most recent 10% adjustment reversed at quarterly reviews subject to the condition that either the company's foreign ownership is no longer flagged by the stock exchanges or when the remaining headroom rises to above 20.00%. The adjustment will continue until its investability weight reaches the investability weight for foreign investors.

- Foreign headroom will be reviewed on a quarterly basis coinciding with the regular index reviews.

(E) Where a company's shares are issued partly, or nil, paid and the call dates are already determined and known, the market price will, for the purposes of calculating its market capitalisation, be adjusted so as to include all such calls (i.e. the fully paid price).

(F) Convertible preference shares and loan stocks are excluded until converted.

(G) Companies whose business is that of holding equity and other investments (i.e. Investment Trusts) which are assumed by the Industry Classification Benchmark as Subsector equity investment instruments (8985) and Non-equity investment instruments which are assumed by the Industry Classification Benchmark as Subsector non-equity investment instruments (8995) will not be eligible for inclusion.

(H) Securities designated "Special Treatment" (i.e. stocks that demonstrate an abnormal financial situation) are not eligible for inclusion in the Underlying Index.

An updated version of the FTSE China A50 Index Ground Rules is available at http://www.ftse.com/products/indices/china.

Liquidity criteria

Securities must be sufficiently liquid to be traded. The following criteria are used to ensure that illiquid securities are excluded:

(A) Price – There must be an accurate and reliable price for the purposes of determining the market value of a company.

(B) Size –The 50 largest companies of the FTSE China A All Cap Free Index will be included in the FTSE China A50 Index. FTSE Russell will determine which companies are included in the FTSE China A All Cap Free Index on a semi-annual basis in March and September.

(C) Liquidity – Each security is tested for liquidity on a semi-annual basis in March and September as part of the FTSE China A All Cap Free Index Review.

Liquidity will be calculated for the March review from the first business day of January to the last business day of December of the previous year and for the September review from the first business day of July of the previous year to the last business day of June. When calculating the median of daily trading volume of any security for a particular month, a minimum of 5 trading days in the month must exist, otherwise the month will be excluded from the test.

For each month, the daily trading volume for each security is calculated as a percentage of the shares in issue for that day adjusted by the free float at the review cut off date. These daily values are then ranked in descending order and the median is taken by selecting the value for the middle ranking day if there is an odd number of days and the mean of the middle two if there is an even number of days.

Daily totals with zero trades are included in the ranking; therefore a security that fails to trade for more than half of the days in a month will have a zero median trading volume for that month.

Any period of suspension will not be included in the test.

The liquidity test will be applied on a pro-rata basis for newly eligible securities where the testing period is less than 12 months.

Liquidity Thresholds:

a. An existing constituent which, based on its median daily trading volume per month does not turnover at least 0.04% of its shares in issue (after the application of any free float weightings*) for at least eight of the twelve months prior to a full market review will be removed from the Index Series

b. A non-constituent which, based on its median daily trading volume per month, does not turnover at least 0.05% of its shares in issue (after the application of any free float weightings*) for at least ten of the twelve months prior to a full market review will continue to be excluded from the Index Series.

c. New issues which do not have a twelve month trading record must have a minimum three month trading record when reviewed. They must turnover at least 0.05% of their shares in issue (after the application of any free float weightings)* based on their median daily trading volume each month, on a pro-rata basis since listing. This rule will not apply to new issues added under the Fast Entry Rule.

d. The above percentage figures may be adjusted by up to 0.01% at a market review so that, in FTSE's opinion, the index better reflects the liquid investable market of the region. This discretion may only be exercised across the whole of a region and may not be applied to individual securities or countries.

*When testing liquidity the free float weight as at the last date in the testing period will be used for the calculation for the whole of that period.

Review Dates

The quarterly review of the Underlying Index constituents takes place in March, June, September and December. The constituents will be reviewed using data from the close of business on the Monday following the third Friday in February, May, August and November. Where there is a market holiday in either China or Hong Kong on the Monday following the third Friday, the close of business on the last trading day prior to the Monday after the third Friday, where both markets are open, will be used. Any constituent changes will be implemented after the close of business on the third Friday of March, June, September and December.Index changes resulting from index reviews, will be published after the close of business on the Wednesday before the first Friday of March, June, September and December.

Rules for Addition and Deletion at the Quarterly and Annual Review

The rules for inserting and deleting companies at the quarterly and annual reviews are designed to provide stability in the selection of constituents of the Series while ensuring that the Index continues to be representative of the market by including or excluding those companies which have risen or fallen significantly. A security will be inserted in the Underlying Index at the periodic review if it rises to 40th or above ranked by market capitalisation. A security will be deleted from the Underlying Index at the periodic review if it falls to 61st or below ranked by market capitalisation.

A constant number of constituents will be maintained for the Underlying Index. Where a greater number of companies qualify to be inserted in the Underlying Index than those qualifying to be deleted, the lowest ranking constituents presently included in the Underlying Index will be deleted to ensure that an equal number of companies are inserted and deleted at the periodic review. Likewise, where a greater number of companies qualify to be deleted than those qualifying to be inserted, the securities of the highest ranking companies which are presently not included in the Underlying Index will be inserted to match the number of companies being deleted at the periodic review.

Where a company is deleted after the FTSE Asia Pacific Committee has met and approved periodic changes to the Underlying Index but before the periodic changes have been implemented, the highest ranking company from the new reserve list, excluding current index constituents, will replace the deleted company.

Removal and Replacement

If a constituent ceases to be an eligible constituent of the Underlying Index, is delisted, or ceases to have a firm quotation, or is subject to a takeover or has ceased to be a viable constituent as defined by the Ground Rules, it will be removed from the list of constituents and be replaced by the highest ranking company by full market capitalisation eligible in the appropriate reserve list as at the close of the index calculation two days prior to the deletion.

The removal and replacement are effected simultaneously, before the start of the index calculation on the day following the day on which the event justifying removal was announced. Announcements made after the close of the index calculation are normally deemed to be made on the following business day.

A company deleted following a takeover, with a remaining free float of 15% or less will not be re-considered for index inclusion until completion of a 6 months trading record.

Mergers, Restructuring and Complex Takeovers

If the effect of a merger or takeover is that one constituent in the Underlying Index is absorbed by another constituent, the resulting company will remain a constituent of the Underlying Index, and a vacancy will be created. This vacancy will be filled by selecting the highest ranking security in the appropriate reserve list as at the close of the index calculation two days prior to the deletion.

If a constituent company in the Underlying Index is taken over by a non-constituent company, the original constituent will be removed and replaced by the company resulting from the takeover if eligible. If not eligible, the vacancy will be filled by selecting the highest ranking security in the appropriate reserve list as at the close of the index calculation two days prior to the deletion.

If a constituent company is split so as to form two or more companies, then the resulting companies will be eligible for inclusion as index constituents in the Underlying Index based on their respective full market capitalisations i.e. before the application of any investability weightings and if they qualify in all other respects, e.g. an index constituent split into two companies may result in one or both of these companies remaining in the Underlying Index. The smallest constituent will be removed from the Underlying Index.
Index constituent changes resulting from the split will be determined based on market values at close on day one of trading and applied using market values at close on day two of trading, following the split becoming effective. Consequently the Underlying Index may have more than

50 companies for 2 days.

New Issues

Where a company, whether an existing constituent or not, undertakes an Initial Public Offering of a new equity security, that security will be eligible for fast entry inclusion in the FTSE China A50 Index if its full market capitalisation amounts to 0.5% or more of the full capitalisation of the FTSE China A All Cap Free Index, before the application of individual constituent investability weightings. The addition of a new security to the index will be implemented after the close of business on the fifth day of trading. In the event of the fifth day of trading being in close proximity to an index review, FTSE Russell may use its discretion to include a fast entrant at the index review date following advance notice. The security which is the lowest ranking constituent in the FTSE China A50 Index will be selected for removal.

New issues of companies which do not qualify for early entry but which meet the criteria for eligible securities will be eligible for inclusion in the next quarterly review if large enough to become constituents of the Underlying Index.

A China "B" share company that for the first time issues A Shares onto the SSE or SSZE will, for the Series, be considered a new issue and will be eligible for entry into the Series. If the FTSE decides to include a new issue as a constituent security other than as part of the normal periodic review procedure, this decision must be publicly announced at the earliest practicable time.

Suspension of Dealing

If a constituent is suspended it may remain in the Underlying Index at its suspension price for up to 20 business days. During this time, FTSE may delete the constituent immediately at zero value in cases where it is expected that the constituent will not recommence trading.

Where a suspension of a constituent of the Underlying Index lasts beyond noon on the twentieth business day (and the option to remove the constituent has not been exercised), it will normally be deleted from the Underlying Index on the twenty-first trading day at zero. Where suspension is for a reason not to the detriment of the constituent and its suspension is expected to be short-term, it may be retained at its suspension price.

Where the company to be removed is a constituent of the Underlying Index, the replacement company will be the highest ranking company on the reserve list.

Relisting of Suspended Constituents

Where a suspended constituent which has been removed from the indices is subsequently relisted, the following rules shall apply:

(1) Securities which on relisting after a period of suspension of less than 3 months are larger than the smallest constituent of the index shall be reinstated at the price at which they were removed and the lowest ranking constituent will be selected for removal;

(2) Securities which on relisting after a period of suspension of less than 3 months are smaller than the smallest constituent of the index from which they were removed shall be initially reinstated in the index from where they were delisted at the price at

which they were removed and then included in the index, if any, for which they then meet the size criteria.

If a company relists after a continuous period of suspension lasting more than 3 months, the company will be treated as a new issue for the purposes of index eligibility.

Changes to Constituent Weighting

For the purposes of computing the Series and to prevent a large number of insignificant weighting changes, the number of shares in issue for each constituent security is amended only when the total shares in issue held within the index system changes by more than 1 % on a cumulative basis. If a corporate action is applied to a constituent of the Underlying Index which involves a change in the number of shares in issue, the change in shares will be applied simultaneously with the corporate action.

Changes of shares in issue not arising from corporate actions, amounting to less than 10% of the number of shares in issue but more than 1% will be made quarterly after the close of trading on the third Friday of March, June, September and December. The cut-off for these changes will be the close of business on the third Wednesday of the month prior to the review month. If the cumulative unapplied changes in the number of shares in issue is 10% or greater of the total index shares in issue or it represents at least USD 2 billion of a company's total market capitalisation, the change is implemented between quarters. A minimum of 4 days notice will be given to users of the Underlying Index. WM/Reuters Spot Rates are used to convert the market capitalisation into USD. The USD 2 billion threshold may be adjusted annually in December. All adjustments are made before the start of the index calculations on the day concerned, unless market conditions prevent this.

APPENDIX 2

CSOP SZSE ChiNext ETF

(a sub-fund of the CSOP ETF Series, a Hong Kong umbrella unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

STOCK CODES: 83147 (RMB counter) and 03147 (HKD counter)

MANAGER

CSOP Asset Management Limited

5 September 2019

CSOP SZSE CHINEXT ETF

Stock Codes: 83147 (RMB counter) and 03147 (HKD counter)

1. KEY INFORMATION

1.1 General

This Appendix sets out information specific to CSOP SZSE ChiNext ETF ("**CSOP ChiNext ETF**"). For general information about the Trust and its Sub-Funds, please refer to Part 1 of this Prospectus. Investors should read both Parts of the Prospectus before investing in CSOP ChiNext ETF. In particular, investors should consider the general risk factors set out in section "***4. General Risk Factors***" of Part 1 of this Prospectus and any specific risk factors set out in section "***11. Risk Factors relating to the CSOP ChiNext ETF***" of this Appendix, before investing in the CSOP ChiNext ETF.

Application has been made to the SEHK for the listing of, and permission to deal in, the Units of the CSOP ChiNext ETF. Subject to the approval granting of listing of, and permission to deal in the Units on the SEHK and compliance with the relevant admission requirements of the HKSCC, Units in the CSOP ChiNext 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 Units on the SEHK or such other date as may be determined by HKSCC. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

1.2 Summary of Information

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

Investment Type	Exchange Traded Fund ("**ETF**") authorized as a collective investment scheme by the Commission under Chapter 8.6 of the Code
Underlying Index	ChiNext Index Inception Date: 1 June 2010 Number of constituents: 100 Base Currency of Underlying Index: RMB (CNY)
Type of Underlying Index	A price return index which means that it does not include the reinvestment of dividends from the constituents, such dividends being net of any withholding tax.
Index Provider	Shenzhen Securities Information Co., Ltd. ("**SSICL**" or "**Index Provider**), a subsidiary of Shenzhen Stock Exchange ("**SZSE**")
Investment Strategy	Primarily full replication. The CSOP ChiNext ETF may also invest not more than 5% of its Net Asset Value in securities other than Index Securities but which have investment profile that aims to reflect the profile of the Underlying Index. Please refer to section ***"3. Investment***

	Objective and Strategy" of this Appendix for further details.
Initial Issue Date	14 May 2015
Listing Date	15 May 2015
Dealing on SEHK Commencement Date	RMB counter: 15 May 2015 HKD counter: 15 May 2015
Exchange Listing	SEHK - Main Board
Stock Codes	RMB counter: 83147 HKD counter: 03147
Stock Short Name	RMB counter: CSOP ChiNext - R HKD counter: CSOP ChiNext
Trading Board Lot Size	RMB counter: 200 Units HKD counter: 200 Units
Base Currency	Renminbi (CNH)
Trading Currency	RMB counter: RMB (CNH) HKD counter: Hong Kong dollars (HKD)
Dividend Policy	The Manager intends to distribute income to Unitholders annually (in October) having regard to the CSOP ChiNext ETF's net income after fees and costs. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP ChiNext ETF are charged to/paid out of the capital of the CSOP ChiNext ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP ChiNext ETF and therefore, the CSOP ChiNext ETF may effectively pay dividend out of capital. Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP ChiNext ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP ChiNext ETF. Please refer to section "***5. Distribution Policy***" in this Appendix for further information on the distribution policy of the CSOP ChiNext ETF and the risk factor headed "***Risk relating to distributions paid out of capital***" under sub-section "***11.10 Other risks***" in this Appendix for the risk associated with distributions paid out of capital.

<table>
<tr><td colspan="2"></td><td>Distributions for all units (whether traded in HKD or RMB counter) will be in RMB only.*</td></tr>
<tr><td colspan="2">Application Unit size for Creation/Redemption (only by or through Participating Dealers)</td><td>Minimum 300,000 Units (or multiples thereof)</td></tr>
<tr><td colspan="2">Method of Creation/ Redemption</td><td>Cash (RMB) only</td></tr>
<tr><td rowspan="7">Parties</td><td>Manager / RQFII Holder</td><td>CSOP Asset Management Limited</td></tr>
<tr><td>Trustee and Registrar</td><td>HSBC Institutional Trust Services (Asia) Limited</td></tr>
<tr><td>Custodian</td><td>The Hongkong and Shanghai Banking Corporation Limited</td></tr>
<tr><td>PRC Custodian</td><td>HSBC Bank (China) Company Limited</td></tr>
<tr><td>Participating Dealer</td><td>ABN AMRO Clearing Hong Kong Limited
BNP Paribas Securities Services
China International Capital Corporation Hong Kong Securities Limited
China Merchants Securities (HK) Co., Limited
CITIC Securities Brokerage (HK) Limited
CLSA Limited
Goldman Sachs (Asia) Securities Limited
Guotai Junan Securities (Hong Kong) Limited
Haitong International Securities Company Limited
Merrill Lynch Far East Limited
Morgan Stanley Hong Kong Securities Limited
Nomura International (Hong Kong) Limited
*please refer to the Manager's website set out below for the latest list</td></tr>
<tr><td>Market Makers</td><td><u>RMB counter:</u>
AP Capital Management (Hong Kong) Limited
CLSA Limited
Guotai Junan Securities (Hong Kong) Limited
KGI Asia Limited
Optiver Trading Hong Kong Limited

<u>HKD counter:</u>
CLSA Limited
Guotai Junan Securities (Hong Kong) Limited</td></tr>
</table>

* Both HKD traded Units and RMB traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions. Please refer to the section headed "***5. Distribution Policy***" and section headed "***RMB distributions risk***" under "***11.5 Dual Counter Trading risks***" in this Appendix for further details.

		KGI Asia Limited Optiver Trading Hong Kong Limited **please refer to the Manager's website set out below for the latest list*
	Service Agent	HK Conversion Agency Services Limited
Financial Year		Ending 31 December each year
Management Fee		Up to 2% per annum of the Net Asset Value accrued daily and calculated as at each Dealing Day, with the current rate being 0.99% per annum of the Net Asset Value accrued daily and calculated as at each Dealing Day. One month's prior notice will be provided to investors if the management fee is increased up to the maximum rate.
Website		http://www.csopasset.com/en/products/chinext-etf

1.3 <u>Custodian and PRC Custodian for CSOP ChiNext ETF</u>

The CSOP ChiNext ETF invests directly in China A-Shares primarily by using Shenzhen-Hong Kong Stock Connect and/or RQFII quotas of the Manager. The Hongkong and Shanghai Banking Corporation Limited has been appointed by the Trustee and the Manager as custodian ("**Custodian**") to act through its delegate, the PRC Custodian and will be responsible for the safe custody of the CSOP ChiNext ETF's assets acquired through the RQFII quota of the Manager within the PRC under the RQFII scheme in accordance with the RQFII Custody Agreement (as defined below).

According to the RQFII Custody Agreement, the Custodian is entitled to appoint its subsidiary or associates within the HSBC group of companies as delegate for the performance of its services under the RQFII Custody Agreement. As of the date of this Prospectus, the Custodian has appointed HSBC Bank (China) Company Limited ("**PRC Custodian**") as the PRC Custodian. The PRC Custodian is incorporated in China and is a wholly-owned subsidiary of the Custodian. The PRC Custodian possesses the applicable qualification to provide custody services to RQFIIs.

According to the terms of the RQFII Custody Agreement, the Custodian shall remain responsible for any omission or wilful default of the PRC Custodian, as if no such appointment had been made.

The "**RQFII Custody Agreement**" is the custody agreement entered into between the Custodian, the PRC Custodian, the Manager and the Trustee, as amended from time to time.

Please refer to the section "***2.3 Trustee and Registrar***" in Part 1 of the Prospectus in regard to the extent of the Trustee's responsibility for the acts or omissions of the PRC Custodian.

Neither the Custodian nor its delegate is responsible for the preparation of this Prospectus and they accept no responsibility or liability for the information contained here other than the description under this section "***1.4 Custodian and PRC Custodian for CSOP ChiNext ETF***".

1.4 Market Maker

The Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Units of the CSOP ChiNext ETF traded in the RMB counter and at least one market maker for Units of the CSOP ChiNext ETF traded in the HKD counter although these market makers may be the same entity. If the SEHK withdraws its permit to the existing market maker(s), the Manager will use its best endeavours to put in place arrangements so that there is at least one other market maker per counter to facilitate the efficient trading of Units of the CSOP ChiNext ETF. The Manager will use its best endeavours to put in place arrangements so that at least one market maker per counter is required to give not less than 90 days' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of the CSOP ChiNext ETF is available on http://www.csopasset.com/en/products/chinext-etf and from time to time will be displayed on www.hkex.com.hk.

2. DEALING

2.1 Exchange Listing and Trading

Dealings in Units in the CSOP ChiNext ETF in both RMB and HKD have commenced.

Currently, Units are expected to be listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges subject to the applicable RQFII Regulations (as defined in section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix).

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

2.2 Buying and Selling of Units of CSOP ChiNext ETF on SEHK

A Secondary Market Investor can buy and sell the Units of the CSOP ChiNext ETF on the SEHK through his stockbroker at any time the SEHK is open. Units of the CSOP ChiNext ETF may be bought and sold in the Trading Board Lot Size (or the multiples thereof). The Trading Board Lot Size is currently 200 Units for the RMB counter and 200 Units for the HKD counter.

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

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

2.3 Dual Counter Trading

2.3.1 Introduction of Dual Counter Trading (Secondary Market)

The Manager has arranged for the Units of the CSOP ChiNext ETF to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement.

Units are denominated in RMB. The CSOP ChiNext ETF will offer two trading counters on the SEHK i.e. RMB counter and HKD counter to investors for secondary trading purposes.

Units of the CSOP ChiNext ETF traded under the two counters can be distinguished by their stock codes, their stock short names and a unique and separate ISIN as follows:-

Counter	Stock Code	Stock Short Name	Trading Currency	ISIN Number (ISIN; assigned to each counter)
RMB counter	83147	CSOP ChiNext - R	RMB	HK0000248226
HKD counter	03147	CSOP ChiNext	HKD	HK0000248234

Units of the CSOP ChiNext ETF traded in the RMB counter will be settled in RMB and Units traded in the HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units of the CSOP ChiNext ETF in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Please note that despite the Dual Counter arrangement, creations and redemptions of new Units for the CSOP ChiNext ETF in the primary market will continue to be made in RMB only.

Investors can buy and sell Units of the CSOP ChiNext ETF traded in the same counter. Alternatively, they can buy in one counter and sell in the other counter provided their brokers/intermediaries or CCASS participants provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. However, investors should note that the trading price of Units of the CSOP ChiNext ETF traded in the RMB counter and the HKD counter may be different and there is a risk that due to different factors such as market liquidity, market demand and supply in the respective counters and the exchange rate between RMB and HKD (in both onshore and offshore markets), the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB.

Inter-counter buy and sell is permissible even if the trades take place within the same trading day. Investors should also note that some brokers / intermediaries may not provide inter-counter day trade services due to various reasons including operations, system limitations, associated settlement risks and other business considerations. Even if a broker / intermediary is able to provide such service, it may impose an earlier cut-off time, other procedures and/or fees.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on the HKEx's website https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factors under the section headed "***11.5 Dual Counter Trading risks***" in this Appendix.

2.3.2 Transferability

Units of the CSOP ChiNext ETF traded in both counters are inter-transferable. Units traded in the RMB counter can be transferred to the HKD counter by way of an inter-counter transfer and vice versa on a one to one basis.

Inter-counter transfer of Units of the CSOP ChiNext ETF will be effected and processed within CCASS only.

Units of the CSOP ChiNext ETF which are bought using the Renminbi Equity Trading Support Facility (the "**TSF**"), TSF CCASS Participants should, on behalf of their clients, arrange a TSF stock release before proceeding with the inter-counter transfer. Investors are advised to consult their brokers / intermediaries about their service schedule to affect a TSF Unit release.

2.3.3 Unitholders' rights

Units of both the RMB and HKD counters belong to the same class in CSOP ChiNext ETF and Unitholders of Units traded on both counters are entitled to identical rights and are therefore treated equally.

2.3.4 Fees and Other Transaction Costs

The fees and costs payable by a Secondary Market Investor for buying and selling Units of the CSOP ChiNext ETF on the SEHK are the same for both the RMB and HKD counters.

HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of the CSOP ChiNext ETF from one counter to another counter.

2.4 Creation Applications and Redemption Applications by Participating Dealers

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

The Manager currently only allows In-Cash Applications and In-Cash Redemptions for Units of the CSOP ChiNext ETF. Notwithstanding the Dual Counter, any cash payable by Participating Dealers in an In-Cash Application must be in RMB. Units which are created must be deposited in CCASS in the RMB counter initially.

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

The Application Unit size for CSOP ChiNext ETF is 300,000 Units. Creation Applications submitted in respect of Units other than in Application Unit size will not be accepted. The minimum subscription for the CSOP ChiNext ETF is one Application Unit.

Both RMB traded Units and HKD traded Units can be redeemed by way of a Redemption Application (through a Participating Dealer). The process of redemption of Units deposited under the RMB counter and the HKD counter is the same. Notwithstanding the Dual Counter, any cash proceeds received by Participating Dealers in an In-Cash Redemption shall be paid only in RMB.

2.4.1 Dealing Period

The dealing period on each Dealing Day for a Creation Application or Redemption Application in respect of the CSOP ChiNext ETF commences at 9:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 11:00 a.m. (Hong Kong time), as may be revised by the Manager from time to time. Any Creation Application or Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the CSOP ChiNext ETF, exercise its discretion to accept an application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not exercise its discretion to accept any application.

The cleared funds in respect of Creation Applications must be received by 12.30 p.m. on the relevant Dealing Day or such other time as may be agreed by the Trustee, the Manager and the relevant Participating Dealer.

2.4.2 *Issue Price and Redemption Price*

The Issue Price of a Unit of any class in the CSOP ChiNext ETF shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point in respect of the relevant Valuation Day rounded to the nearest fourth (4^{th}) decimal place (with 0.00005 being rounded up).

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

The benefit of any rounding adjustments will be retained by the CSOP ChiNext ETF.

The "**Valuation Day**" of the CSOP ChiNext ETF, coincides with, and shall mean, the Dealing Day of the CSOP ChiNext ETF or such other days as the Manager may determine.

The latest Net Asset Value of the Units will be available on the Manager's website at http://www.csopasset.com/en/products/chinext-etf or published in such other publications as the Manager decides.

2.4.3 *Dealing Day*

In respect of the CSOP ChiNext ETF, "**Dealing Day**" means each Business Day.

2.4.4 *Rejection of Creation of Applications relating to CSOP ChiNext ETF*

In addition to the circumstances set out in section "***7.3.5 Rejection of Creation Applications***" in Part 1 of this Prospectus, the Manager, acting reasonably and in good faith, has the absolute discretion to reject a Creation Application in relation to the CSOP ChiNext ETF, in any of the following circumstances:-

(a) where the acceptance of the Creation Application will have a material adverse impact on the China A-Shares market; or

(b) where the RQFII quotas obtained by the Manager as RQFII relating to the CSOP ChiNext ETF are reduced or cancelled or are not sufficient to meet the Creation Applications for the CSOP ChiNext ETF.

3. INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The investment objective of the CSOP ChiNext ETF is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Underlying Index, namely, the ChiNext Index.

Investment Strategy

In order to achieve the investment objective of the CSOP ChiNext ETF, the Manager will primarily use a full replication strategy by directly investing all, or substantially all, of the assets of CSOP ChiNext ETF in Index Securities constituting the Underlying Index in substantially the same weightings (i.e. proportions) as these Index Securities have in the Underlying Index, as set out in section "***17. The Underlying Index***" of this Appendix.

The CSOP ChiNext ETF may also invest not more than 5% of its Net Asset Value in Non-Index Securities which have investment profile that aims to reflect the profile of the Underlying Index.

The CSOP ChiNext ETF may also invest not more than 5% of its Net Asset Value in cash and money market funds for cash management purpose.

The CSOP ChiNext ETF will not invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes, or in securities financing transactions. Prior approval of the Commission will be sought and not less than one month's prior notice will be given to the Unitholders of CSOP ChiNext ETF in the event the Manager wishes to invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes, or in securities financing transactions.

Currently it is intended that the CSOP ChiNext ETF will directly invest in securities issued within the PRC primarily through Shenzhen-Hong Kong Stock Connect (as explained in section"9.6 Shenzhen-Hong Kong Stock Connect" in this Appendix) and/or the Manager's RQFII quotas granted by SAFE, as the Manager has obtained RQFII status in the PRC (as explained in section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix). The Manager may invest up to 100% of the CSOP SZSE ChiNext ETF's Net Asset Value through either RQFII and/or Shenzhen-Hong Kong Stock Connect.

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

The investment strategy of the CSOP ChiNext ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

4. BORROWING RESTRICTIONS

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

5. DISTRIBUTION POLICY

Net income earned by the CSOP ChiNext ETF will not be re-invested. The Manager intends to distribute income to Unitholders annually (in October) having regard to the CSOP ChiNext ETF's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the CSOP ChiNext ETF.

The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP ChiNext ETF are charged to/paid out of the capital of the CSOP ChiNext ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP ChiNext ETF and therefore, the CSOP ChiNext ETF may effectively pay dividend out of capital. **Investors should note that payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP ChiNext ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP ChiNext ETF and will reduce any capital appreciation for the Unitholders of the CSOP ChiNext ETF.**

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/en/products/chinext-etf.

The distribution policy may be amended subject to the Commission's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the Base Currency of the CSOP ChiNext ETF (i.e. RMB). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in RMB only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/en/products/chinext-etf and on HKEx's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx.

There can be no assurance that a distribution will be paid.

Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units). In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions.

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

6. PRC TAX PROVISIONS

In light of a recent announcement jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC under Caishu [2014] No.79 which stipulates that QFIIs and RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) and Shenzhen-Hong Kong Stock Connect will be temporarily exempted from corporate income tax on gains derived from the transfer of PRC equity investment assets (including PRC A-Shares) effective from 17 November 2014, the Manager does not intend to make any WIT provision on the gross unrealised and realised capital gains derived from trading of China A-Shares.

Please refer to the risk factor headed "***PRC tax considerations***" under section "***4.1 Risk Factors relating to China***" in Part 1 of the Prospectus for further information on PRC taxation.

7. RENMINBI QUALIFIED FOREIGN INSTITUTIONAL INVESTOR (RQFII)

Under current regulations in the PRC, generally foreign investors can invest only in the domestic securities market through (i) certain qualified foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota(s) by the SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC's domestic securities markets , or (ii) the Stock Connect Program (as explained in the section "9.6 Shenzhen-Hong Kong Stock Connect" in this Appendix).

The RQFII regime was introduced on 16 December 2011 by the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors which are Asset Management Companies or Securities Companies" (基金管理公司、證券公司人民幣合格境外機構投資者境內證券投資試點辦法) issued by the CSRC, the People's Bank of China ("**PBOC**") and the SAFE, which was repealed effective on 1 March 2013.

The RQFII regime is currently governed by (a) the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC, the PBOC and the SAFE and effective from 1 March 2013 (人民幣合格境外機構投資者境內證券投資試點辦法); (b) the "Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC and effective from 1 March 2013 (關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》的規定); (c) the "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" (國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知) issued by SAFE and effective from 11 March 2013; (d) the "Notice of the People's Bank of China on the Relevant Matters concerning the Implementation of the Pilot Scheme for Domestic Securities Investment Made through Renminbi Qualified Foreign Institutional Investors", issued by the PBOC and effective from 2 May 2013 (中國人民銀行關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》有關事項的通知); and (e) any other applicable regulations promulgated by the relevant authorities (collectively, the "**RQFII Regulations**").

The CSOP ChiNext ETF will directly invest in securities issued within the PRC primarily through the RQFII quotas of the Manager and/or the Shenzhen-Hong Kong Stock Connect.

The Manager has obtained RQFII status in the PRC. The Manager (as RQFII Holder) may from time to time make available RQFII quota for the purpose of the CSOP ChiNext ETF's direct investment into the PRC. Under the SAFE's RQFII quota administration policy, the Manager has the flexibility to allocate their respective RQFII quota across different open-ended fund products, or, subject to SAFE's approval, to products and/or accounts that are not open-ended funds. The Manager may therefore allocate additional RQFII quota to the CSOP ChiNext ETF or allocate RQFII quota which may otherwise be available to the CSOP ChiNext ETF to other products and/or accounts. The Manager may also apply to SAFE for additional RQFII quota which may be utilised by the CSOP ChiNext ETF, other clients of the Manager or other products managed by the Manager. However, there is no assurance that the Manager will make available RQFII quota that is sufficient for the CSOP ChiNext ETF's investment at all times. The CSOP ChiNext ETF may not have exclusive use of the Manager's RQFII quota.

The Custodian has been appointed by the Trustee and the Manager to hold (by itself or through its delegate) the assets of the CSOP ChiNext ETF in the PRC invested using the RQFII quota of the Manager in accordance with the terms of the RQFII Custody Agreement.

Securities including China A-Shares invested through the RQFII quota of the Manager will be maintained by the Custodian's delegate, the PRC Custodian pursuant to PRC regulations through securities account(s) with the China Securities Depository and Clearing Corporation Limited ("**CSDCC**") in the joint names of the Manager (as the RQFII Holder) and the CSOP ChiNext ETF. An RMB cash account(s) shall be established and maintained with the PRC Custodian in the joint names of the Manager (as the RQFII Holder) and the CSOP ChiNext ETF. The PRC Custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations.

Repatriations in RMB conducted by the Manager (as RQFII) on behalf of the CSOP ChiNext ETF are permitted daily and not subject to any repatriation restrictions, lock-up periods or prior approval from the SAFE.

There are specific risks associated with the RQFII regime and investors' attention is drawn to the risk factors headed "***RQFII risk***" and "***PRC brokerage risk***" under section "***11.4 Risks relating to the RQFII regime***" below.

In the context of investment in securities issued within the PRC using the Manager's RQFII quota, the Manager will assume dual roles as the Manager of the CSOP ChiNext ETF and the holder of the RQFII quota for the CSOP ChiNext ETF. The Manager will be responsible for ensuring that all transactions and dealings will be dealt with in compliance with the Trust Deed (where applicable) as well as the relevant laws and regulations applicable to the Manager as a RQFII.

In connection with the investment in securities issued within the PRC using the Manager's RQFII quota, the Manager has obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC laws:

(a) securities account(s) with the CSDCC and maintained by the PRC Custodian and RMB special deposit account(s) with the PRC Custodian (respectively, the "**securities account(s)**" and the " **cash account(s)**") have been opened in the joint names of the Manager (as the RQFII holder) and the CSOP ChiNext ETF and for the sole benefit and use of the CSOP ChiNext ETF in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the securities account(s) (i) belong solely to the CSOP ChiNext ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as the RQFII holder), the Custodian, the PRC Custodian and any qualified broker registered in the PRC ("**PRC Broker**") and from the assets of other clients of the Manager (as the RQFII holder), the Custodian, the PRC Custodian and any PRC Broker(s);

(c) the assets held/credited in the cash account(s) (i) become an unsecured debt owing from the PRC Custodian to the CSOP ChiNext ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as the RQFII holder) and any PRC Broker(s), and from the assets of other clients of the Manager (as the RQFII holder) and any PRC Broker(s);

(d) the Trustee, for and on behalf of the CSOP ChiNext ETF is the only entity which has a valid claim of ownership over the assets in the securities account(s) and the debt in the amount deposited in the cash account(s) of the CSOP ChiNext ETF;

(e) if the Manager or any PRC Broker is liquidated, the assets contained in the securities account(s) and the cash account(s) of the CSOP ChiNext ETF will not form part of the liquidation assets of the Manager or such PRC Broker(s) in liquidation in the PRC; and

(f) if the PRC Custodian is liquidated, (i) the assets contained in the securities account(s) of the CSOP ChiNext ETF will not form part of the liquidation assets of the PRC Custodian in liquidation in the PRC, and (ii) the assets contained in the cash account(s) of the CSOP ChiNext ETF will form part of the liquidation assets of the PRC Custodian in liquidation in the PRC and the CSOP ChiNext ETF will become an unsecured creditor for the amount deposited in the cash account(s).

Further, in connection with the investment in securities issued within the PRC using the Manager's RQFII quota, the Trustee has put in place proper arrangements to ensure that:

(a) the Trustee takes into its custody or under its control the assets of the CSOP ChiNext ETF, including onshore PRC assets of the CSOP ChiNext ETF acquired by the CSOP

ChiNext ETF through the Manager's RQFII quota and such PRC assets will be maintained by the PRC Custodian in electronic form via the securities account(s) with the CSDCC and cash held in the cash account(s) with the PRC Custodian ("**Onshore PRC Assets**"), and holds the same in trust for the Unitholders;

(b) cash and registrable assets of the CSOP ChiNext ETF, including the Onshore PRC Assets are registered or held to the order of the Trustee; and

(c) the Custodian and the PRC Custodian will look to the Trustee for instructions and solely act in accordance with such instructions as provided under the RQFII participation agreement between the Custodian, the PRC Custodian, the Manager and the Trustee, as amended from time to time ("**RQFII Participation Agreement**").

8. OVERVIEW OF THE OFFSHORE RMB MARKET

What Led to RMB Internationalisation?

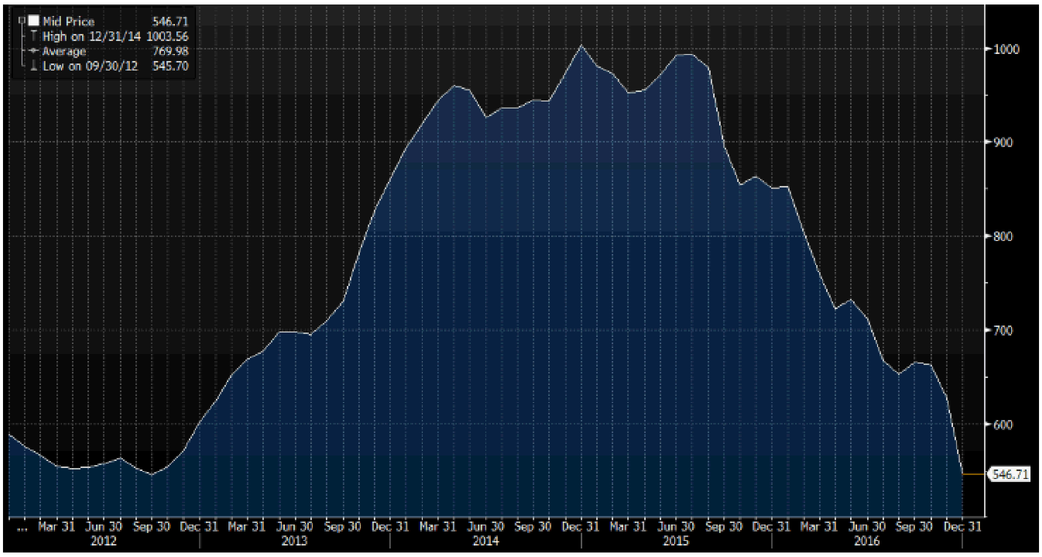
RMB is the lawful currency of the PRC. RMB is not currently a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system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

Over the past two decades, the PRC's economy grew rapidly at an average annual rate of 10.5% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. The International Monetary Fund has projected that the PRC will contribute to more than one-third of global growth by 2015. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

Accelerating the Pace of the RMB Internationalisation

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong, subject to regulatory approval. As of 31 December 2016, RMB deposits amounted to about RMB 546.7 billion, as compared to just about RMB 63 billion in the end of 2009. Up to 28 February 2017, there had been RMB 433.5 billion outstanding amount of offshore RMB denominated bonds.

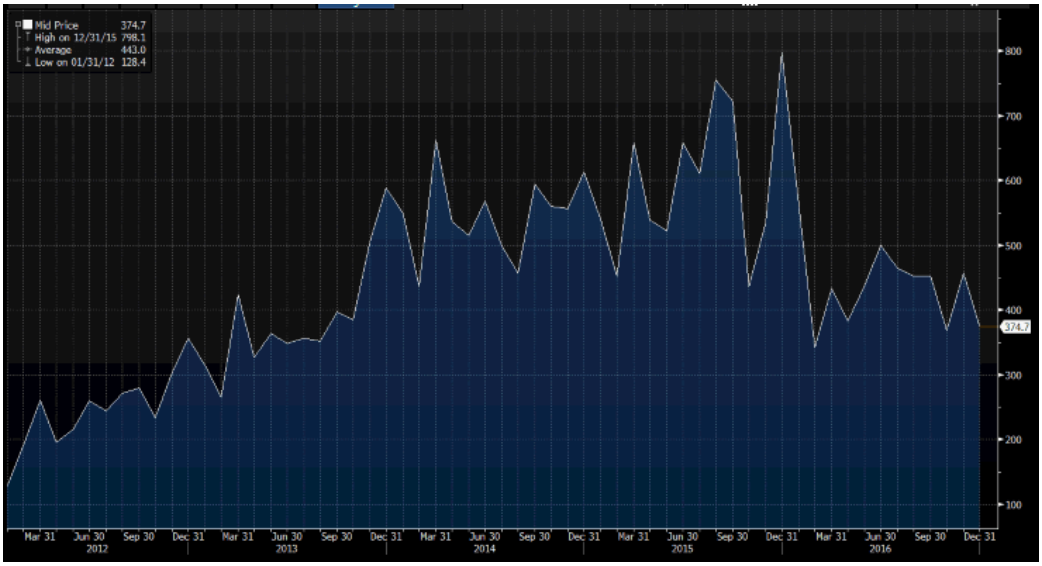
The chart below shows the trend of RMB deposits in Hong Kong.



Data source: Bloomberg as at 31 December 2016

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

The chart below shows the trend of RMB cross-border settlement.



Data source: Bloomberg as at 31 December 2016

Effective from 17 March 2014 onwards, the floating band of RMB against US dollar on the inter-bank spot foreign exchange market is enlarged from 1 percent to 2 percent, i.e., on every trading day on the inter-bank spot market, the trading prices of RMB against US dollar will fluctuate within a band of ±2 percent below and above the central parity as released by the China Foreign Exchange Trade System on that day.

Onshore versus Offshore RMB Market

Following a series of policies introduced by the PRC authorities, a RMB market outside the

PRC has gradually developed and started to expand rapidly since 2009. RMB traded outside the PRC is often referred 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 relatively 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 two RMB markets but that is believed to be driven by political decisions rather than just economics. It is widely expected that the onshore and offshore RMB markets would remain two segregated, but highly related, markets for the next few years.

Recent Measures

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

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

RMB Internationalisation is a Long-Term Goal

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

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

9. CHINA A-SHARE MARKET IN THE PRC

9.1 The Stock Exchanges in Mainland China

Mainland China has two stock exchanges, located in Shanghai and Shenzhen respectively. Shanghai Stock Exchange (“**SSE**”) was established in November 26, 1990 and started trading in December 19 of the same year. SZSE was established in December 1, 1990. The two exchanges are under the direct management of the CSRC. Their main functions include: to provide premises and facilities for securities trading; to develop the business rules of the exchanges; to accept listing applications and arrange for the listing of securities; to organize and supervise securities trading; to regulate exchange members and listed companies; to manage and disclose market information.

SSE adopts an electronic trading platform. The trading of all exchange-traded securities are required to be submitted to the exchange’s matching engine which automatically matches orders based on price priority and time priority. The SSE's new trading system has a peak order processing capacity of 80,000 transactions per second. It has a bilateral transactions capacity of over 120 million which is equivalent to the size of daily turnover of RMB1.2 trillion by a single market. The system also has parallel scalability.

The SZSE, assuming the mission to build China’s multi-level capital market system, has fully supported small and middle size enterprise development, and promoted the implementation of the national strategy of independent innovation. In May 2004, it officially launched the Small and Medium Enterprise (“**SME**”) board; in January 2006, it started a pilot program for shares trading of non-listed companies of the Zhongguancun Science Park; it officially launched Growth Enterprises Market (“**GEM**”) board in October 2009.

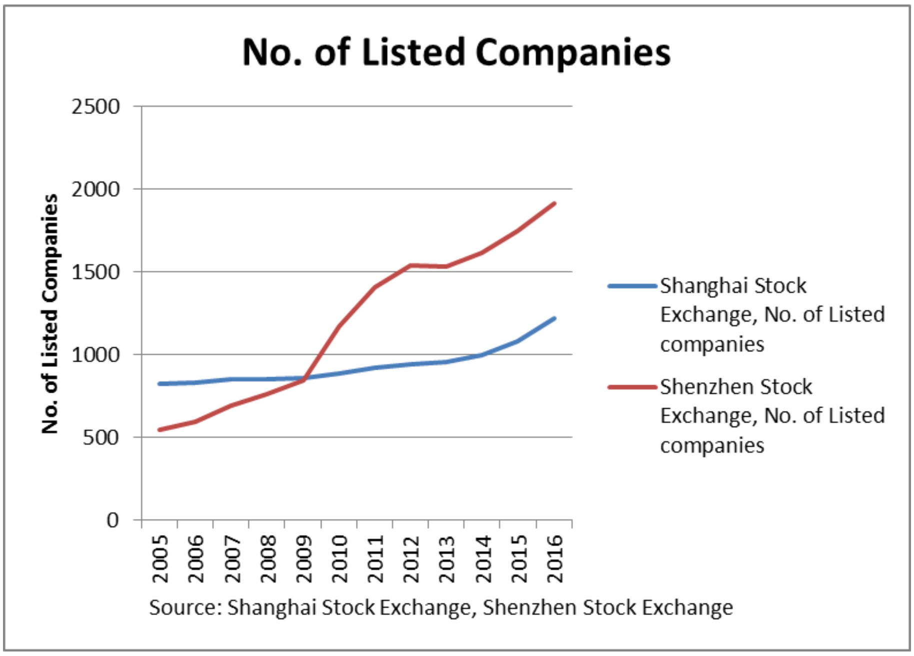
In August 1999, the CPC Central Committee and the State Council proposed the establishment of a hi-tech board. In August 2000, with the approval of the State Council, the CSRC decided that SZSE took on the task of preparing for second board. After ten years of exploration, China’s second board market---ChiNext was inaugurated in Shenzhen on 23 October 2009. ChiNext is an important component of China’s multi-tier capital market system. As an independent market, ChiNext offers a new capital platform tailor-made for the needs of enterprises engaged in independent innovation and other growing venture enterprises. The difference between ChiNext and the main board lies in their mechanisms of financing, investment and risk management for issuers at various stages of development, rather than simply the sizes. The launch of ChiNext marks an important milestone for the nation’s independent innovation strategy based on the approach of scientific development. It is also a critical move for improving the level and structure, enhancing the depth and extent of China’s capital market. ChiNext is also of remarkable significance for promoting SME and creating sound interactions among independent innovators, venture capital and capital market. ChiNext is favorable for: (i) perfecting the financing chain for SME engaged in independent innovation and facilitating industrial upgrade; (ii) promoting demonstrative and multiplier effects of capital market in driving economic growth, and enhancing development in venture capital investment; (iii) stimulating public enthusiasm for entrepreneurship, innovation, and employment; (iv) enriching capital market products and providing investors with a wider range of financial instruments for wealth management and risk hedges. Fully independent from the main board market, ChiNext takes into consideration the actual situation of China’s economy and capital market in its institutional design. A series of targeted institutional innovations have been made in such areas as securities offering, listing, trading and oversight, highlighting the growth potential, capability of innovation and industrial diversity of China’s venture enterprises community. Such innovations include: (i) lower market access threshold for growth venture firms, strengthened responsibilities of intermediary institutions and improved market restraint mechanism (ii) investor suitability system for a rational and efficient investment market and protection of investors’ interests; (iii) reforms and innovation introduced to continuing compliance of listed enterprises with regard to information disclosure, continuing supervision, trading system, surveillance system, delisting system based on the distinct characteristics of venture enterprises. Please refer to the risk factor headed "***11.1 Risks associated with the ChiNext market***" for further details on the risks associated with investing in the ChiNext market.

After years of development, the SZSE has basically established a multi-level capital market system architecture consisting the above market boards and systems.

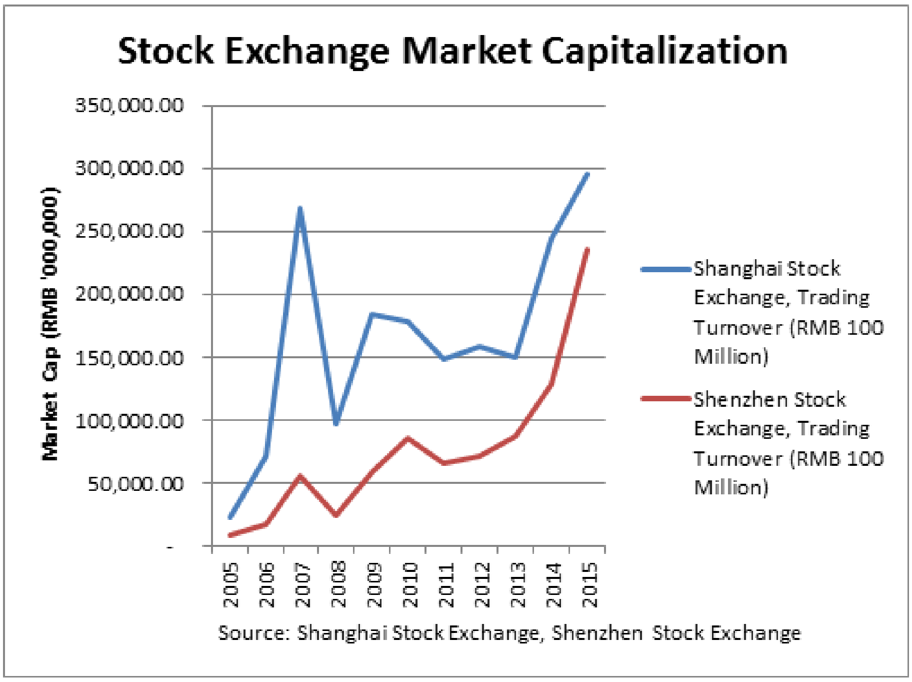
After years of sustained development, the SSE and SZSE have made great achievements in terms of products and quantity listed. Now the listed products include: China A-Shares, China B-Shares, open-ended funds, close-ended funds, exchange traded funds and bonds. As of 07 March 2017, the number of listed companies amounted to 3,145, including 1,227 in Shanghai and 1,918 in Shenzhen. The combined market capitalization of the two exchanges amounted to RMB 53.7 trillion of which RMB 41.2 trillion is free float. Currently, there are derivatives such as warrants and index futures and fixed income products listed on the SSE and SZSE. As of 7 March 2017, there were 605 companies listed on the ChiNext and the total market capitalization of ChiNext listed companies amounted to RMB5.46 trillion.

The chart below shows the annual trading turnover in the SSE and SZSE.

The chart below shows the number of listed company in the SSE and SZSE.



The chart below shows the market capitalisation of the SSE and SZSE.



The chart below shows the Shanghai and Shenzhen Composite Index Price and the Index Price of the Underlying Index in the past 10 years.

The regulatory agency of each stock exchange is its Stock Exchange Council. The Council consists of member directors and non-member directors. The highest decision-making body of an exchange is the General Assembly; however, the Council decides the business agenda of the exchange. The Council reports to the General Assembly, and assumes the following powers:

- To convene the General Assembly, report to the General Assembly, the implementation of the resolutions of the General Assembly;
- To enact, amend the relevant business rules of the Stock Exchange;
- To approve the general work plan submitted by its Chief Executive Officer, budget plan and the draft final financial report;
- To approve the membership admission and approve the sanction of members;
- To decide the stock exchange's internal structure;
- Other powers conferred by the General Assembly.

9.2 Development of the China A-Share market

In the 80s of last century, with huge demand of public capital from the national economic development, the State started a pilot reform program adopting the joint-stock system, commencing first in Shanghai, Shenzhen and several other cities. After the Reform and Opening up China's first stock - "Shanghai Feile Audio-Visual" was born in November 1984.

Then in 1990, the SSE and SZSE officially opened, marking the official start of the rapid development of the Chinese stock market. The China A-Share markets in SSE and SZSE commenced on 19 December 1990 and 1 December 1990 respectively. Initially, trading in China A-Shares are restricted to domestic investors only while China B-Shares are available to both domestic (since 2001) and foreign investors. However, after reforms were implemented in December 2002, foreign investors are now allowed (with limitations) to trade in China A-Shares under the QFII program which was launched in 2003 and the RQFII program which was launched in 2011.

After 20 years of development, the China A-Share market has since grown to become influential on the global market. The participants in the China A-Share market include retail investors, institutional investors and listed companies. The total market capitalization of the two exchanges combined as at 11 December 2014 has reached RMB 35.2 trillion, and the floating market capitalization has reached RMB 29.4 trillion. As of 11 December 2014, there were 2,603 China A-Share companies listed on the SSE and SZSE.

9.3 The major differences between the China A-Share market and the Hong Kong market

The table below summarises the differences between the China A-Share market and the Hong Kong market:-

<table>
<tr><th></th><th></th><th>SEHK</th><th>SSE</th><th>SZSE</th></tr>
<tr><td>(a)</td><td>Key Market Index</td><td>Hang Seng Index ("HSI")</td><td>SSE Composite Index</td><td>SZSE Composite Index</td></tr>
<tr><td rowspan="2">(b)</td><td>Trading Hours
• Morning session
• Afternoon session</td><td>
• 9:30 a.m. – 12:00 p.m.
• 13:00 – 16:00</td><td>
• 9:30 a.m. – 11:30 a.m.
• 13:00 – 15:00</td><td>
• 9:30 a.m. – 11:30 a.m.
• 13:00 – 15:00</td></tr>
<tr><td colspan="4">China A-Share market and Hong Kong market have different schedule of holidays.</td></tr>
<tr><td>(c)</td><td>Pre-opening session / pre-order input /order matching times
• Pre-opening session
• Order matching times
• Close matching times</td><td>
• 9:00 a.m. to 9:15 a.m.
• 9:15 a.m. to 9:20 a.m. (pre-order matching period)
• 9:20 a.m. to 9:28 a.m. (order matching period)
• 9:28 a.m. to 9:30 a.m. (blocking period)
• N/A</td><td>
• 9:15 a.m. to 9:25 a.m.
• 9:30 a.m. to 11:30 a.m. and 13:00 to 15:00
• N/A</td><td>
• 9:15 a.m. to 9:25 a.m.
• 9:30 a.m. to 11:30 a.m. and 13:00 to 14:57
• 14:57 to 15:00</td></tr>
<tr><td>(d)</td><td>Trading Band Limits</td><td>No trading band limit</td><td colspan="2">Daily trading band limits of 10%.

Where a listed company is under circumstances deemed abnormal by the SSE and SZSE, the short name of the listed company will be prefixed by "ST" and the daily up and down limit will be reduced to 5%.</td></tr>
<tr><td>(e)</td><td>Trading Rule</td><td>The T+1 trading rule</td><td colspan="2">The T+1 trading rule applies which means a</td></tr>
</table>

		do not apply except that some stocks cannot be sold short in Hong Kong market.	stock bought on T day (i.e. trading day) can only be sold on T+1 (i.e. one business day after the relevant trading day), and no short-selling is allowed with a few exception (mostly ETFs) permitted by a pilot program.
(f)	Round Lot	Stocks are generally traded at round lots and odd lots trading have to be facilitated by a broker through a special board.	Stocks can only be bought at the multiples of 100 shares but cannot be bought in odd lots. However, one can sell the shares of any number i.e. even in odd lots.
(g)	Settlement cycle	The settlement period is 2 business days (i.e. T+2)	The settlement period is one business day (i.e. T+1)
(h)	Earnings report disclosure requirement	A listed company has to disclose fiscal information twice a year. The annual financial reports have to be published within four months from the financial year end and the interim financial reports have to be published within three months of the end of the period it covers.	A listed company on the SSE and SZSE is required to prepare and disclose the annual financial report within four months as of the end date of each fiscal year, the semi-annual financial report within two months as of the end date of the first half of each fiscal year, and the quarterly financial report within one month as of the end of the first three months and the end of the first nine months of each fiscal year respectively. The time for disclosing the first-quarter financial report shall not be earlier than the time for disclosing the annual financial report of the previous year. H-Share listed companies also disclose fiscal information quarterly for consistency with the corresponding A -Share schedules.
(i)	Suspension	There is no requirement to suspend stocks for general assembly or important information disclosure.	Stocks in the China A-Share market will be suspended for general assembly or important information disclosure.

Investors should inform themselves of the risks associated with the differences between the China A-Share market and the Hong Kong market, as set out in the risk factor headed "***Risks relating to the differences between the Hong Kong and China stock markets***" in section *"**11.2 China market / China A-Share market risks**"* in this Appendix.

9.4 Overview of the SZSE and the ChiNext market

<u>*Major statistics.*</u> The SZSE comprises the main board, small and medium enterprise ("**SME**") board and the ChiNext. The table below summarises the market data of each board as of 30 April 2015:

	Main Board	SME Board	ChiNext
No. of stocks	480	746	446
Market capitalisation (RMB million)	8,228,442	8,807,800	4,471,003

Average daily turnover for April 2015 (RMB million)	251,011	231,729	116,552
Average price-earnings ratio	33.99	59.20	98.94
Average intra-day volatility / average turnover ratio	3.05%	2.63%	2.61%

Listing requirements. Generally, the requirements for companies seeking to list on the ChiNext are less stringent than the requirements for companies seeking to list on the main board and SME board.

The requirements for listing on the main board and SME board are set out under the Measures on the Administration of Initial Public Offerings and Listings of Shares, effective as of 18 May 2006. The listing requirements for listing on the ChiNext are set out under the Interim Measures on the Administration of Initial Public Offerings and Listings of Shares on the ChiNext, effective as of 1 May 2009. The key differences in the respective listing requirements are summarised below:

	Main Board / SME Board	**ChiNext**
Profitability	(a) Profitable in the last 3 consecutive financial years, with aggregate net profits more than RMB 30 million; (b) The aggregate operating cash flow for the last 3 consecutive financial years exceeds RMB 50 million; or the aggregate operating income over the last 3 financial years exceeds RMB 300 million.	Profitable in the last 2 consecutive years, with aggregate net profits no less than RMB 10 million and in continued growth; Or Profitable in the latest year with net profits no less than RMB 5 million. The revenue for the latest year is not less than RMB 50 million, with the income growth rate no less than 30% for 2 years.
Share capital	The pre-initial offer period ("**IPO**") share capital is not less than RMB 30 million and the post-IPO share capital is not less than RMB 50 million.	The post-IPO share capital is not less than RMB 30 million.
Years for review of operation	In the last 3 years, there has been no significant change in the principal business, directors and senior management, nor any change of the de facto controller.	In the last 2 years, there has been no significant change in the principal business, directors and senior management, nor any change of the de facto controller.
Intangible assets as at the end of the last reporting period (after deducting land use rights, aquaculture rights, mining rights, etc.) as a percentage to the net assets	No more than 20%	No specific requirement

Index compilation. Major index compilers, such as MSCI, FTSE and HSI, when compiling their A-Share indices, usually exclude the stocks listed on the ChiNext market. As such, the performance of such other A-Shares indices may not reflect the performance of stocks listed on ChiNext.

Price fluctuations. As set out in section "***9.3 The major differences between the China A-Share market and the Hong Kong market***" in this Appendix, a trading band limit is imposed by the stock exchanges in China on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has hit the trading band limit. Since the companies listed on the ChiNext market usually have a smaller scale and shorter operating history, the stock prices of the ChiNext-listed companies generally experience a higher fluctuation than that of the companies listed on the main board and SME board. The trading price of the ChiNext-listed companies may therefore be more prone to hitting the trading band limit compared with the companies listed on the main board and SME board.

IPO underperformance. Compared to the main board and SME board, the IPO long-run performance of the ChiNext market is generally lower. This underperformance is more significant during the first year of listing of the relevant stock on the ChiNext. This may be due to factors such as a decrease in the operating performance in the year following its listing. In this circumstance, the price of the stock listed on the ChinNext one year after its listing will generally be lower than the price at the IPO.

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

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

(a) Trading hours: As regards the difference in trading hours, the shorter trading hours in the China A-Share market is not considered to present a major risk, as it is expected that there is a sufficient level of liquidity for the China A-Shares constituting the CSOP ChiNext ETF's portfolio.

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

If the Hong Kong market is open while the China A-Share market is closed, Units of the CSOP ChiNext ETF will be traded in the Hong Kong market and the Manager will continue to publish information including prices in the manner set out in section "***14.14 Publication of Information Relating to the Sub-Funds***" in Part 1 of the Prospectus. If the China A-Share market is open while Hong Kong market is closed, the Manager will trade the China A-Shares when it is necessary, in order to limit the risk to investors. These trades will be properly settled even when the Hong Kong market is closed for holiday by the Trustee's arrangements in place.

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

9.6 Shenzhen-Hong Kong Stock Connect

The Shenzhen-Hong Kong Stock Connect is a securities trading and clearing linked program developed by the HKEx, the SZSE and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"), with an aim to achieve mutual stock market access between mainland China and Hong Kong. The Manager intends to utilise such channels to invest in A Shares.

Through Shenzhen-Hong Kong Stock Connect, the SZSE and the SEHK enable investors to trade eligible shares listed on the other's market through local securities firms or brokers. Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link (for investment in PRC shares) and a Southbound Trading Link (for investment in Hong Kong shares). Under the Northbound Trading Link, investors, through their Hong Kong brokers and a securities trading service company established by the SEHK and the HKSCC, will be able to place orders to trade eligible shares listed on the SZSE by routing orders to the SZSE. Under the Southbound Trading Link, eligible investors, through PRC securities firms and a securities trading service company established by the SZSE, will be able to place orders to trade eligible shares listed on the SEHK by routing orders to the SEHK.

All Hong Kong and overseas investors (including the CSOP SZSE ChiNext ETF) are allowed to trade SZSE Securities (as described below) through the Shenzhen-Hong Kong Stock Connect (through the Northbound Trading Link), subject to rules and regulations issued from time to time.

The following summary presents some key points about the Northbound Trading Link (which may be utilized by the CSOP SZSE ChiNext ETF to invest in the PRC):

<u>Eligible securities</u>

Among the different types of SZSE-listed securities, only China A-Shares are included in Shenzhen-Hong Kong Stock Connect. Other product types such as China B-Shares, Exchange Traded Funds (ETFs), bonds, and other securities are not included.

At the initial stage, Hong Kong and overseas investors are able to trade certain stocks listed on the SZSE market (i.e. "**SZSE Securities**"). SZSE Securities will include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed China A-Shares which have corresponding H-Shares listed on the SEHK, except the following:

(a) SZSE-listed shares which are not traded in RMB; and
(b) SZSE-listed shares which are included in the "risk alert board"

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

The list of eligible stocks is subject to review from time to time.

<u>Trading day</u>

Due to differences in public holidays between Hong Kong and mainland China, there may be differences in the trading days in the two markets. Even if the mainland China markets are open on a certain day, the CSOP SZSE ChiNext ETF may not necessarily be able to invest in China A-Shares through Northbound trading. For example, the Hong Kong market closes on Easter and Christmas every year, but those are trading days in mainland China.

Likewise, during Lunar New Year and the National Day golden week periods, mainland China usually arranges for seven-day consecutive holidays by reshuffling workdays and weekends. Even for days on which both markets are open for business, there could be differences because of other reasons such as bad weather conditions. In the initial stage of operation of Shenzhen-Hong Kong Stock Connect, investors (including the CSOP SZSE ChiNext ETF) are only allowed to trade on the other market on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under Shenzhen-Hong Kong Stock Connect is subject to a daily quota ("**Daily Quota**") presently set at RMB13 billion for Shenzhen-Hong Kong Stock Connect. , which is separate for Northbound and Southbound trading. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connect each day.

The quotas do not belong to the CSOP SZSE ChiNext ETF and are utilised on a first-come-first-serve basis. The SEHK publishes the remaining balance of the Southbound Daily Quota at scheduled times on the HKEx's website. Should there be any change in the Daily Quota, the Manager will not inform the Unitholders.

Settlement and Custody

The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), also a wholly-owned subsidiary of HKEx, is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A-Shares traded through Shenzhen-Hong Kong Stock Connect are issued in scripless form, so investors do not hold any physical China A-Shares. In the initial stage of the operation of Shenzhen-Hong Kong the Stock Connect, Hong Kong and overseas investors who have acquired SZSE Securities through Northbound trading should maintain the SZSE Securities with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on the SEHK).

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SZSE listed companies still treats HKSCC as one of the shareholders when it handles corporate actions in respect of such SZSE Securities.

HKSCC monitors the corporate actions affecting SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("**CCASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SZSE-listed companies usually announce their annual general meeting/extraordinary general meeting information about one month before the meeting date. A poll is called on all resolutions for all votes. HKSCC advises CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Foreign shareholding restrictions

The CSRC stipulates that, when holding China A-Shares through Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restrictions:

- Single foreign investors' shareholding by any Hong Kong or overseas investor in a China A-Share must not exceed 10% of the total issued shares; and
- Aggregate foreign investors' shareholding by all Hong Kong and overseas investors in a China A-Share must not exceed 30% of the total issue shares.

When Hong Kong and overseas investors carry out strategic investments in listed companies in accordance with the rules, the shareholding of the strategic investments is not capped by the above-mentioned percentages.

Should the shareholding of a single investor in a China A-Share listed company exceed the above restriction, the investor may be required to unwind his position on the excessive shareholding according to a last-in-first-out basis within a specific period. The SZSE and the SEHK will issue warnings or restrict the buy orders for the related China A-Shares if the percentage of total shareholding is approaching the upper limit.

<u>Currency</u>

Hong Kong and overseas investors trade and settle SZSE Securities in RMB only. Hence, the CSOP SZSE ChiNext ETF needs to use its RMB funds to trade and settle SZSE Securities.

<u>Trading fees</u>

In addition to paying trading fees and stamp duties in connection with China A-Share trading, the CSOP SZSE ChiNext ETF may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

<u>Coverage of Investor Compensation Fund</u>

The CSOP SZSE ChiNext ETF's investments through Northbound trading under Shenzhen-Hong Kong Stock Connect will not be covered by Hong Kong's Investor Compensation Fund.

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

As for Northbound trading, according to the Securities and Futures Ordinance, the Investor Compensation Fund only covers products traded in Hong Kong's recognised securities market (i.e. the SEHK) and recognised futures market (i.e. Hong Kong Futures Exchange Limited or "**HKFE**"). Since default matters in Northbound trading via Shenzhen-Hong Kong Stock Connect do not involve products listed or traded in the SEHK or HKFE, so similar to the case of investors trading overseas securities, they are not covered by the Investor Compensation Fund.

On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund 《證券投資者保護基金管理辦法》, the functions of China Securities Investor Protection Fund ("CSIPF", 中國投資者保護基金) include "indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by the CSRC and custodian operation" or "other functions approved by the State Council". As far as the CSOP SZSE ChiNext

ETF is concerned, since it is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, therefore they are not protected by CSIPF in the PRC.

Further information about Shenzhen-Hong Kong Stock Connect is available online at the website:

https://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en.

10. RMB PAYMENT AND ACCOUNT PROCEDURES

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

Application monies from Participating Dealers to the CSOP ChiNext ETF will be paid in RMB only. Accordingly a Participating Dealer may require an investor (as its client) to pay CNH to it. (Payment details will be set out in the relevant Participating Dealer's documentation such as the application form for its clients.) As such, an investor may need to have opened a bank account (for settlement) and a securities dealing account if a Participating Dealer is to subscribe for Units on his behalf as such investor will need to have accumulated sufficient CNH to pay at least the aggregate Issue Price and related costs, to the Participating Dealer or if an application to the Participating Dealer is not successful or is successful only in part, the whole or appropriate portion of the monies paid will need to be returned to such investor by the Participating Dealer by crediting such amount into such investor's CNH bank account. Similarly, if investors wish to buy and sell Units in the secondary market on the SEHK, they may need to open a securities dealing account with their broker. Investors will need to check with the relevant Participating Dealer and/or their broker for payment details and account procedures.

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

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

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

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

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

Where payment in RMB is to be made by cheque, investors are advised to consult the bank at which their respective RMB bank accounts are opened in advance whether there are any specific requirements in relation to the issue of RMB cheques. In particular, investors should note that some banks have imposed an internal limit (usually RMB80,000) on the balance of RMB cheque account of their clients or the amount of cheques that their clients can issue in a day and such limit may affect an investor's arrangement of funding for an application (through a Participating Dealer) for creation of Units.

When an individual investor who is a Hong Kong resident opens an RMB bank account or settle RMB payments, he or she will be subject to the daily maximum remittance amount to the PRC which is RMB80,000. A remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

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

Please refer to section "***11.3 Renminbi related risks***" of this Appendix on risks associated with Renminbi.

10A RENMINBI EQUITY TRADING SUPPORT FACILITY ("TSF")

The TSF was launched on 24 October 2011 by the HKEx to provide a facility to enable investors who wish to buy RMB-traded shares (RMB shares) in the secondary market with Hong Kong dollars if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. The coverage of TSF has been extended to equity-related exchange traded funds and real estate investment trusts traded in RMB with effect from 6 August 2012. As such, the TSF is currently available to investors who wish to invest in the CSOP ChiNext ETF and trading in RMB on the SEHK. For further details on the TSF, please refer to the website of HKEx at https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/RMB-Equity-Trading-Support-Facility?sc_lang=en. Investors should consult their advisers if they have any query on the TSF.

11. RISK FACTORS RELATING TO THE CSOP CHINEXT ETF

In addition to the general risk factors common to all Sub-Funds set out in section "***4. General Risk Factors***" in Part 1 of this Prospectus, investors should also consider the specific risks associated with investing in the CSOP ChiNext ETF including those set out below. The following statements are intended to be summaries of some of those risks. They do not offer advice on the suitability of investing in the CSOP ChiNext ETF. Investors should carefully consider the risk factors described below together with the other relevant information included in this Prospectus before deciding whether to invest in Units of the CSOP ChiNext ETF. The Commission's authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

11.1 Risks associated with the ChiNext market

Since the CSOP ChiNext ETF invests in securities in the ChiNext market, it will be subject to the following risks associated with the ChiNext market:

Risk relating to overvaluation of stocks. Currently, stocks listed on ChiNext are generally considered overvalued. The ChiNext market has a price-earnings ratio of 98.94 (compared to the price-earnings ratio of 33.99 in the main board of SZSE and 59.20 in the SME board of SZSE) as at 30 April 2015. Such exceptionally high valuation may not be sustainable.

Risk relating to the differences in regulations. The rules and regulations in relation to the issuance and listing of the securities in the ChiNext market are less stringent in terms of profitability and share capital than those in the main board market and SME board market of SZSE. For example, a company seeking listing on the main board or the SME board market of SZSE must have been profitable in the last three consecutive years with net profits no less than RMB 30 million in aggregate whereas for a company seeking listing on the ChiNext market, it is only required to be profitable in the most recent two consecutive years, with accumulated profits no less than RMB 10 million and in continued growth; or the issuer must have been profitable in the most recent year with net profits of no less than RMB 5 million and revenues of no less than RMB 50 million, and its revenue growth rate for either of the most recent two years must have been no less than 30%. Companies listed on the ChiNext market thus, have less track record of profitability than companies listed on the main board and SME board of SZSE. At present, major index compilers such as MSCI, FTSE and HSI exclude ChiNext stocks from their index universe of A-Share indices. Please refer to the section "***9.4 Overview of the SZSE and the ChiNext market***" in this Appendix for more details on the differences in the listing requirements between the ChiNext market and the main board and SME board. Given the emerging nature of companies listed on the ChiNext market, there is a risk that the securities traded on ChiNext market may be susceptible to higher market volatility compared to securities traded on the main board market and SME board market of SZSE.

Risk of delisting. On 20 April 2012, the SZSE introduced new delisting rules governing ChiNext-listed companies which came into effect on 1 May 2012. Under the new rules, companies will be delisted from the ChiNext market if (i) their stock trade below their original offer price for 20 consecutive days, (ii) if they receive 3 warnings from the SZSE within the most recent 3 years, or (iii) if after correcting any material errors or false representations the adjusted net asset value is negative for the most recent 2 years. For reasons disclosed below, the companies listed in the ChiNext market are generally less resistant to market risks and may experience more fluctuations in their performance. Hence, in more extreme circumstances, they are more susceptible to falling within one of the above scenarios for delisting and consequently being de-listed by the SZSE.

Operational risk. Listed companies in the ChiNext market (e.g. innovative or SME) are usually in their preliminary stage of development with smaller operating scale and shorter operating history, less mature business model and weaker risk management capacity, and their businesses are usually subject to higher uncertainty and more fluctuations in their performance. Therefore its stability and resistance to market risks may be lower. These instability and uncertainties may have an adverse impact on the Sub-Fund which invests into companies that are listed on the ChiNext market.

Risk associated with the fluctuation in stock prices. Since the companies listed on the ChiNext market usually have a smaller scale and shorter operating history, their ability to resist market risks is lower, and hence their stock prices may experience a higher fluctuation as the performance of these companies changes. In extreme circumstances where the trading price of the stock has hit the trading band limit, trading of the stock will be suspended. A suspension will render it impossible for the CSOP ChiNext ETF to liquidate positions and will therefore expose the CSOP ChiNext ETF to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the CSOP ChiNext ETF to liquidate positions at a favourable price. Conventional valuation methods may not be entirely applicable to companies listed on the ChiNext market due to the risky nature of the industries that these companies operate in. There are fewer circulating shares on the ChiNext market, hence stock prices may be relatively more easily manipulated and may experience higher fluctuation upon market speculation.

Risk associated with the technical failures. The companies listed on the ChiNext market have an industries focus on scientific development, innovation and media industries. Since this is an area with rapid development, if there are failures in the process of the scientific development which such companies are involved in and/or any major adverse events happening in the industries or their development, this may result in losses in such companies and hence may have an adverse impact on the Sub-Fund if the Sub-Fund invests in those companies.

Concentration risk. Investment of the CSOP ChiNext ETF is concentrated on securities listed on the ChiNext market (which mainly comprises of companies engaged in independent innovation and other growing venture enterprises such as high technology companies). Companies listed on the ChiNext market are usually in their preliminary stage of development with smaller operating scale and shorter operating history (e.g. innovative or SME), therefore its stability and resistance to market risks may be lower. As such, it may be subject to greater volatility than broad-based funds.

11.2 China market / China A-Share market risks

China market / Single country investment. Insofar as the CSOP ChiNext ETF invests substantially in securities issued in mainland China, it will be subject to risks inherent in the China market and additional concentration risks. Please refer to the risk factors under section "***4.1 Risk Factors relating to China***" and section "***4.2 Investment risks***" under headings "***Restricted markets risk***", "***Emerging Market Risk***" and "***Single country risk***" in Part 1 of this Prospectus.

Risks relating to dependence upon trading on China A-Share market. The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. The price at which the China A-Shares may be purchased or sold by the CSOP ChiNext ETF and the Net Asset Value of the CSOP ChiNext ETF may be adversely affected if trading markets for China A-Shares are limited or absent. Investors should note that the SZSE and the SSE on which China A-Shares are traded are undergoing development and the market capitalisation of those stock exchanges are lower than those in more developed markets. The China A-Share market may be more volatile and unstable (for examples due to the risk of suspension of a particular stock or government intervention) than those in more developed markets. A Participating Dealer may not be able to create and redeem Units if any China A-Shares constituting the portfolio of the CSOP ChiNext ETF are not available. Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the China A-Shares traded on such markets and thereby may affect the value of the CSOP ChiNext ETF.

Risks relating to suspension of the China A-Share market. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible for the Manager to liquidate positions and can thereby expose the CSOP ChiNext ETF to losses. Under such circumstances, while creation/redemption of the CSOP ChiNext ETF's Units may be suspended, subject to the Manager's discretion, the trading of the CSOP ChiNext ETF on the SEHK may or may not be suspended. If some of the China A-Shares comprising the portfolio of the CSOP ChiNext ETF are suspended, it may be difficult for the Manager to determine the Net Asset Value of the CSOP ChiNext ETF. Where a significant number of the China A-Shares comprising the portfolio of the CSOP ChiNext ETF are suspended, the Manager may determine to suspend the creation and redemption of Units of the CSOP ChiNext ETF, and/or delay the payment of any monies in respect of any Redemption Application. If the trading of the CSOP ChiNext ETF on the SEHK continues when the China A-Share market is suspended, the trading price of the CSOP ChiNext ETF may deviate away from the Net Asset Value.

As a result of the trading band limits imposed by the stock exchanges in China on China A-Shares, it may not be possible for Participating Dealers to create and/or redeem Units on a Business Day, because the China A-Shares constituting the portfolio of the CSOP ChiNext ETF may not be available if the trading band limit has been exceeded for such China A-Shares or it is impossible to liquidate positions. This may lead to higher tracking error and may expose the CSOP ChiNext ETF to losses. Further, the price of the Units of the CSOP ChiNext ETF may be traded at a premium or discount to its Net Asset Value. The Manager has put in place measures to tackle the trading band limit as disclosed under section "***9.5 Measures Adopted by the Manager to Address the Differences between the China A-Share Market and the Hong Kong Market"*** in this Appendix.

<u>*Risks relating to the differences between the Hong Kong and China stock markets*</u>. As the SZSE may be open when Units in the CSOP ChiNext ETF are not priced, the value of the China A-Shares in the CSOP ChiNext ETF's portfolio may change on days when investors will not be able to purchase or sell the CSOP ChiNext ETF's Units. Furthermore, the market prices of China A-Shares listed on the above stock exchanges may not be available during part of or all of the SEHK trading sessions due to trading hour differences which may result in Units of the CSOP ChiNext ETF being traded at a premium or discount to its Net Asset Value.

In addition, differences in trading hours between the SZSE and the SEHK may increase the level of premium/discount of the price of Units of the CSOP ChiNext ETF to its Net Asset Value because if the SZSE is closed while the SEHK is open, the Underlying Index level may not be available. The prices quoted by the market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Underlying Index level and as a result, the level of premium or discount of the Unit price of the CSOP ChiNext ETF to its Net Asset Value may be higher.

There are no trading band limits in Hong Kong. However, trading band limits are imposed by the stock exchanges in China on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has hit the trading band limit during the day. Any dealing suspension of a China A-Share security will render it impossible for the CSOP ChiNext ETF to acquire China A-Shares or liquidate positions to reflect creation/redemption of the Units. This may result in higher tracking error and may expose the CSOP ChiNext ETF to losses. Units of the CSOP ChiNext ETF may also be traded at a significant premium or discount to its Net Asset Value.

11.3 <u>Renminbi related risks</u>

<u>*Renminbi currency risk*</u>. RMB is currently not a freely convertible currency and is subject to foreign exchange control and fiscal policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the CSOP ChiNext ETF's or the investors' position may be adversely affected. Please refer to the risk factor headed "***Renminbi Exchange Risk***" under section "***4.1 Risk Factors relating to China***" in Part 1 of the Prospectus.

Primary market investors must subscribe for Units of the CSOP ChiNext ETF and will receive redemption proceeds in RMB. Since the CSOP ChiNext ETF is denominated in RMB, non-RMB based investors are exposed to fluctuations in the RMB exchange rate against their base currencies and may incur substantial capital loss due to foreign exchange risk. There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors wish or intend to convert the redemption proceeds or dividends (in RMB on both HKD traded Units and RMB traded Units) paid by the CSOP ChiNext ETF or sale proceeds (in RMB on RMB traded units) into a different currency, they are subject to the relevant foreign exchange risk and may suffer losses from such conversion as well as associated fees and charges.

Offshore RMB Market risk. The onshore RMB ("**CNY**") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC ("**Onshore RMB Market**"). Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC ("**Offshore RMB Market**"). Since June 2010, the offshore RMB ("**CNH**") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. As a result of the controls on cross-border transfers of Renminbi between Hong Kong and China, the Onshore RMB Market and the Offshore RMB Market are, to an extent, segregated, and each market may be subject to different regulatory requirements that are applicable to the Renminbi. The CNY may therefore trade at a different foreign exchange rate compared to the CNH. 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 CSOP ChiNext ETF's investments may potentially be exposed to both the CNY and the CNH, and the CSOP ChiNext ETF may consequently be exposed to greater foreign exchange risks and/or higher costs of investment (for example, when converting other currencies to the Renminbi at the CNH rate of exchange).

However, the current size of RMB-denominated financial assets outside the PRC is limited. At the end of 31 October 2014, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB943.6 billion. In addition, participating authorised institutions are required by the Hong Kong Monetary Authority to maintain a total amount of RMB assets (in the form of, inter alia, cash and the institution's settlement account balance with the Renminbi clearing bank, holding of RMB sovereign bonds issued in Hong Kong by the PRC Ministry of Finance and bond investment through the PRC interbank bond market) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi clearing bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The Renminbi clearing bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the Offshore RMB Market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC laws and regulations will not be promulgated, terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the liquidity of the CSOP ChiNext ETF. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

*Offshore RMB ("**CNH**") Remittance Risk.* RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover 20 provinces and municipalities in the PRC and to make RMB trade and other current account item settlement available in all countries worldwide. On 25 February 2011, the Ministry of Commence ("**MOFCOM**") promulgated the Circular on Issues concerning Foreign Investment Management (商務部關於外商投資管理工作有關問題的通知) (the "**MOFCOM Circular**"). The MOFCOM Circular states that if a foreign investor intends to make investments in the PRC (whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities) with RMB that it has generated from cross-border trade settlement or that is lawfully obtained by it outside the PRC, MOFCOM's prior written consent is required. While the MOFCOM Circular expressly sets out the requirement of obtaining MOFCOM's prior written consent for remittance of RMB back in the PRC by a foreign investor, the foreign investor may also be required to obtain approvals from other PRC regulatory authorities, such as the PBOC and SAFE, for transactions under capital account items. As the PBOC and SAFE have not promulgated any specific PRC regulation on the remittance of RMB into the PRC for settlement of capital account items, foreign investors may only remit offshore RMB into the PRC for capital account purposes such as shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities on a case-by-case basis. There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that the pilot scheme introduced in July 2009 (as extended in June 2010) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. Such an event could have a severe adverse effect on the operations of the CSOP ChiNext ETF, including limiting the ability of the CSOP ChiNext ETF to redeem and pay the redemption proceeds in RMB and the ability of Participating Dealers to create or redeem in cash and so to settle in RMB to their underlying clients. In addition, such restrictions could cause Units to trade on the SEHK at a significant discount to the Net Asset Value per Unit.

Currently the Bank of China (Hong Kong) Limited is the only clearing bank for offshore RMB in Hong Kong. A clearing bank is an offshore bank that can obtain RMB funding from the PBOC to square the net RMB positions of other participating banks. In February 2004, Bank of China (Hong Kong) Limited launched its RMB clearing services following its appointment by the PBOC. Remittance of RMB funds into China may be dependent on the operational systems developed by the Bank of China (Hong Kong) Limited for such purposes, and there is no assurance that there will not be delays in remittance.

11.4 Risks relating to the RQFII regime

RQFII risk. The CSOP ChiNext ETF is not a RQFII but may obtain access to China A-Shares, or other permissible investments directly using RQFII quotas of a RQFII. The CSOP ChiNext ETF may invest directly in RQFII eligible securities investment via the RQFII status of the Manager.

Investors should note that RQFII status could be suspended or revoked, which may have an adverse effect on the CSOP ChiNext ETF's performance as the CSOP ChiNext ETF may be required to dispose of its securities holdings. In addition, certain restrictions imposed by the Chinese government on RQFIIs may have an adverse effect on the CSOP ChiNext ETF's liquidity and performance.

SAFE regulates and monitors the repatriation of funds out of the PRC by the RQFII pursuant to its "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" (國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知) (the "**RQFII Measures**"). Repatriations by RQFIIs in respect of an open-ended RQFII fund (such as the CSOP ChiNext ETF) conducted in RMB are currently permitted daily and are not subject to repatriation restrictions or prior approval from the SAFE, although authenticity and compliance reviews will be conducted by the PRC Custodian, and monthly reports on remittances and repatriations will be submitted to SAFE by the PRC Custodian. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Further, such changes to the PRC rules and regulations may take effect retrospectively. Any restrictions on repatriation of the invested capital and net profits may impact on the CSOP ChiNext ETF's ability to meet redemption requests from the Unitholders. Furthermore, as the Custodian's or the PRC Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the Custodian or the PRC Custodian in case of non-compliance with the RQFII Regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Unitholder as soon as practicable, and within 3 Business Days, and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

SAFE is vested with the power to impose regulatory sanctions if the RQFII or the PRC Custodian violates any provision of the RQFII Measures. Any violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact on the portion of the RQFII's quota made available for investment by the CSOP ChiNext ETF. Therefore in the event that the RQFII quota of the Manager is revoked or cancelled due to violation of the RQFII Measures in relation to any funds under the management of the Manager, this will have an adverse impact on all the funds (including the CSOP ChiNext ETF) under the Manager's management as a whole.

Investors should note that there can be no assurance that a RQFII will continue to maintain its RQFII status or to make available its RQFII quota, or the CSOP ChiNext ETF will be allocated a sufficient portion of RQFII quotas from a RQFII to meet all applications for subscription to the CSOP ChiNext ETF, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. The CSOP ChiNext ETF may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII, as the RQFII may in its discretion allocate RQFII quota which may otherwise be available to the CSOP ChiNext ETF to other products and different accounts (subject to SAFE approval). Such restrictions may respectively result in a rejection of applications and a suspension of creation for the CSOP ChiNext ETF. In extreme circumstances, the CSOP ChiNext ETF may incur significant losses due to insufficiency of RQFII quota, limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the RQFII laws, rules and regulations will not be abolished. The CSOP ChiNext ETF, which invests in the PRC markets through a RQFII, may be adversely affected as a result of such changes.

Application of RQFII rules. The application of the RQFII Regulations described under section "**7. *Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix may depend on the interpretation given by the relevant Chinese authorities. The Chinese authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

Any changes to the relevant rules may have an adverse impact on investors' investment in the CSOP ChiNext ETF. In the worst scenario, the Manager may determine that the CSOP ChiNext ETF shall be terminated if it is not legal or viable to operate the CSOP ChiNext ETF because of changes to the application of the relevant rules.

RQFII systems risk. The current RQFII Regulations include rules on investment restrictions applicable to the CSOP ChiNext ETF.

In the event of any default of the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the CSOP ChiNext ETF may encounter delays in recovering its assets which may in turn impact the Net Asset Value of the CSOP ChiNext ETF.

Risks relating to liquidity of China A-Shares. Due to the potential liquidity constraint of the underlying China A-Shares, the Manager may not be able to efficiently process the transactions for the Creation and Redemption Applications without adverse impact on the fund value of the CSOP ChiNext ETF, therefore the existing investors' interest. If there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the underlying China A-Shares in which the CSOP ChiNext ETF invests, the Manager, acting reasonably and in good faith, may reject Creation and Redemption Applications.

PRC Custodian risk. The Trustee shall take into its custody or under its control property of the CSOP ChiNext ETF and hold it on trust for Unitholders. The assets held/credited in the securities account(s) are segregated and independent from the proprietary assets of the PRC Custodian. However, investors should note that, under PRC law, cash deposited in the cash account(s) of the CSOP ChiNext ETF with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the CSOP ChiNext ETF as a depositor. Such cash will be co-mingled with cash that belongs to other clients or creditors of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the CSOP ChiNext ETF will not have any proprietary rights to the cash deposited in such cash account(s), and the CSOP ChiNext ETF will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the PRC Custodian. Please refer to the disclosure on the opinion from PRC legal counsel in section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix. Whilst the opinion from PRC legal counsel indicates the legal position based on understanding of current PRC laws, such opinion may not be conclusive; and ultimately the interpretation and operation of the relevant PRC laws and regulations depend on the judicial and/or regulatory authorities of the PRC.

The CSOP ChiNext ETF may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the CSOP ChiNext ETF will suffer.

PRC brokerage risk. The execution of transactions may be conducted by PRC Broker(s) appointed by the RQFII. Currently, only up to three PRC Brokers can be appointed in respect of each stock exchange in the PRC. If any of the designated PRC Broker in the PRC cannot be used, the operation of the CSOP ChiNext ETF will be adversely affected and may cause Units of the CSOP ChiNext ETF to trade at a premium or discount to its NAV or the CSOP ChiNext ETF may not be able to track the Underlying Index. Further, the operation of the CSOP ChiNext ETF may be adversely affected in case of any acts or omissions of the PRC Brokers, which may result in a higher tracking error or the CSOP ChiNext ETF being traded at a significant premium or discount to its NAV.

As only a limited number of PRC Brokers may be appointed, the CSOP ChiNext ETF may not necessarily pay the lowest commission available in the market. The Manager however, in the selection of PRC Brokers will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards.

There is a risk that the CSOP ChiNext ETF may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the CSOP ChiNext ETF may be adversely affected in the execution of any transaction. As a result, the net asset value of the CSOP ChiNext ETF may also be adversely affected.

Subject to the applicable laws and regulations, the Manager will make arrangements to satisfy itself that the PRC Brokers have appropriate procedures to properly segregate the CSOP ChiNext ETF's securities from those of the relevant PRC Brokers. *Risks relating to premium arising from insufficient RQFII quota.* There can be no assurance that additional RQFII quota can be obtained to fully satisfy Creation Application requests, which will lead to such requests of Participating Dealers being rejected by the Manager. This may result in a need for the Manager to close the CSOP ChiNext ETF to further subscriptions which may lead to a significant premium in the trading price of the CSOP ChiNext ETF against its Net Asset Value.

11.5 Dual Counter Trading risks

Dual Counter risk. The SEHK's Dual Counter model is relatively new for exchange traded funds. The Dual Counter arrangement adopted by CSOP ChiNext ETF may bring additional risks for investment in the CSOP ChiNext ETF and may make such investment riskier than investment in single counter exchange traded funds. For example where for some reason there is a settlement failure on an inter-counter day trade if the Units of one counter are delivered to CCASS at the last settlement on a trading day, there may not be enough time to transfer the Units to the other counter for settlement on the same day.

Moreover, where there is a suspension of the inter-counter transfer of Units between the HKD counter and the RMB counter for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant Dual Counter. Accordingly it should be noted that inter-counter transfers may not always be available. Investors are recommended to check the readiness of their brokers / intermediaries in respect of the Dual Counter trading and inter-counter transfer.

Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in RMB only. As such investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

Inter-counter trading risk. Although an investor may buy from one counter and sell the same on the other counter in the same day, it is possible that some brokers/intermediaries and CCASS Participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade units in both RMB counter and HKD counter at the same time. In such case (i) to (iii), another broker, intermediary or CCASS Participant may need to be used. This may inhibit or delay dealing in both RMB traded Units and HKD traded Units and may mean investors may only be able to trade their Units in one currency. Investors are recommended to check the readiness of their brokers / intermediaries in respect of the Dual Counter trading and inter-counter transfers.

Investors should therefore consult their brokers/intermediaries on the services that the brokers/intermediaries may provide in this regard along with the associated risks and fees. In particular, some brokers/intermediaries may not have in place systems and controls to facilitate inter-counter trading and/or inter-counter day trades.

Difference in trading prices risk. There is a risk that due to different factors such as market liquidity, market supply and demand in the respective counters and the exchange rate between RMB and HKD (in both onshore and offshore markets), the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB. The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

Currency exchange risk. Investors who bought Units on the HKD counter may be subject to currency exchange risk as the assets of the CSOP ChiNext ETF are denominated in RMB and the Net Asset Value of the CSOP ChiNext ETF will be calculated in RMB.

RMB distributions risk. Investors should note that where a Unitholder holds Units traded under the HKD counter, the relevant Unitholder will only receive distributions in RMB and not HKD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

11.6 Risks relating to RMB dealing, trading and settlement

Primary market:

Non-RMB or Late Settlement Redemption Risk. Currently, RMB cannot be freely remitted into the PRC and such remittance is subject to certain restrictions. In the event that the remittance of RMB from Hong Kong to the PRC is disrupted, this may impact on the ability of the CSOP ChiNext ETF to acquire China A-Shares. This in turn may result in tracking error and the CSOP ChiNext ETF may not be able to fully replicate the Underlying Index in such circumstance.

On the other hand, where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, redemption proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or Hong Kong dollars instead of in RMB (at an exchange rate determined by the Manager after consultation with the Trustee). As such, there is a risk that investors receive settlement in RMB on a delayed basis or may not be able to receive redemption proceeds in RMB (i.e. such proceeds may be paid in US dollars or Hong Kong dollars).

Secondary market:

RMB Trading and Settlement of Units Risk. RMB denominated securities are listed and traded on the SEHK relatively recently. Therefore, trading and settlement of RMB traded Units are recent developments in Hong Kong and there is no assurance that there will not be any problem with the systems or that other logistical problems will not arise. The trading and settlement of the RMB traded Units, may not be capable of being implemented as envisaged.

Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in 2011, some stockbrokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, there is no assurance of their readiness for dealing in RMB denominated securities. Investors should note that not all stockbrokers may be ready and able to carry out trading and settlement of RMB traded Units of the CSOP ChiNext ETF and thus they may not be able to deal in the Units through some stockbrokers. Investors should check with their brokers / intermediaries in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker / intermediary is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

In addition, the liquidity and trading price of the RMB traded Units of the CSOP ChiNext ETF may be adversely affected by the limited availability of RMB outside the PRC and the restrictions on the conversion between foreign currency and the RMB. This may result in the CSOP ChiNext ETF trading at a significant premium / discount to its Net Asset Value.

11.7 ***Risks relating to the nature of product***

Risks in light of the cross-border nature of the CSOP ChiNext ETF. CSOP ChiNext ETF being an RMB-denominated physical exchange traded fund that directly invests in China A-Share market (which is a market with restricted access) is a relatively new type of product, i.e. exchange traded fund denominated in RMB and invests in the PRC market under the RQFII regime. In light of the cross-border nature of the CSOP ChiNext ETF, it is more risky than traditional exchange traded funds which invest directly in markets other than the China A-Share market and therefore, is subject to operational and settlement risks. Operational risks may arise from technical failures of communication and trading systems, and any breaches of the relevant operational policies or guidelines by the relevant staff of the Manager. 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 that events beyond the control of the Manager (e.g. trading errors or system errors) will not occur. The occurrence of such events may adversely affect the value of the CSOP ChiNext ETF.

To the extent that the CSOP ChiNext ETF transacts in the China A-Share market, the CSOP ChiNext ETF may also be exposed to risks associated with settlement procedures. Any significant delays in the settlement of transactions or the registration of a transfer may affect the ability to ascertain the value of the CSOP ChiNext ETF's portfolio and adversely affect the CSOP ChiNext ETF.

11.8 ***Risks relating to the Underlying Index of CSOP ChiNext ETF***

Risks relating to the Underlying Index. The CSOP ChiNext ETF may be subject to the following risks in relation to the Underlying Index:

(i) If the Underlying Index is discontinued or the Manager's license from the Index Provider under the relevant licence agreement is terminated, the Manager may, in consultation with the Trustee, seek the Commission's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the Underlying Index. Please refer to section "***16. Replacement of Underlying Index***" below on the circumstances in which the Underlying Index may be replaced by the Manager. Such change shall be made in accordance with the provisions of the Trust Deed and with the prior approval of the Commission. For the avoidance of doubt, index-tracking will remain the CSOP ChiNext ETF's investment objective.

The Manager has been granted a licence by SSICL to use the Underlying Index as a basis for determining the composition of the CSOP ChiNext ETF and to use certain trade marks in the Index. Under the Licence Agreement, SSICL shall use its reasonable endeavours to provide the data services as set out in the Licence Agreement. The licence granted commenced on 1 July 2014 and shall continue in full force and effect unless terminated earlier. The Licence Agreement is subject to an initial fixed term of one year from 1 July 2014, and can thereafter be renewed perpetually for a period of one year, unless either party raises an objection for such renewal prior to the expiry of the term of the Licence Agreement. Please refer to section "***14. Index Licence Agreement***" below on the circumstances in which the Licence Agreement may be terminated. There is no guarantee that the Licence Agreement will not be terminated. In addition, there is no guarantee or assurance of exact or identical replication at any time of the performance of the relevant Underlying Index.

The CSOP ChiNext ETF may be terminated if the Underlying Index is discontinued and/or the 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 Underlying Index and which meets the acceptability criteria under Chapter 8.6(e) of the Code. Any such replacement index will be subject to the prior approval of the Commission under the Code and Unitholders will be duly notified of the same. Accordingly, investors should note that the ability of the CSOP ChiNext ETF to track the Underlying Index and the viability of the CSOP ChiNext ETF depend on the continuation in force of the Licence Agreement in respect of the Underlying Index or a suitable replacement.

For further information on the grounds for terminating the Licence Agreement in respect of the Underlying Index, please refer to section "***14. Index Licence Agreement***" in this Appendix.

(ii) There may be changes in the constituent securities of the Underlying Index from time to time. For example, a constituent security may be delisted or a new eligible security may be added to the Underlying Index. In such circumstances, in order to achieve the investment objective of the CSOP ChiNext ETF, the Manager may rebalance the composition of a Basket. The price of the Units may rise or fall as a result of these changes. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units. Please refer to the section "***17. The Underlying Index***" of this Appendix below for more information on how the Underlying Index is compiled.

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

11.9 <u>Risks associated with the Shenzhen-Hong Kong Connect</u>

The CSOP SZSE ChiNext ETF may invest through Shenzhen-Hong Kong Stock Connect, and is subject to the following additional risks:

<u>Quota limitations risk.</u> Shenzhen-Hong Kong Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call

session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the CSOP SZSE ChiNext ETF's ability to invest in China A-Shares through Shenzhen-Hong Kong Stock Connect on a timely basis, and the CSOP SZSE ChiNext ETF may not be able to effectively pursue its investment strategies.

Suspension risk. It is contemplated that each of the the SEHK and the SZSE would reserve the right to suspend Northbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Shenzhen–Hong Kong Stock Connect is affected, the CSOP SZSE ChiNext ETF's ability to access the PRC market will be adversely effected.

Differences in trading day. Shenzhen-Hong Kong Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as CSOP SZSE ChiNext ETF) cannot carry out any China A-Shares trading. The CSOP SZSE ChiNext ETF may be subject to a risk of price fluctuations in China A-Shares during the time when Shenzhen-Hong Kong Stock Connect is not trading as a result.

Operational risk. Shenzhen-Hong Kong Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly.

Shenzhen-Hong Kong Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in Shenzhen-Hong Kong Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("China Stock Connect System") was set up by the SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The CSOP SZSE ChiNext ETF's ability to access the China A-Share market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring risk. PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SZSE will reject the sell order concerned. The SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If the CSOP SZSE ChiNext ETF desires to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the CSOP SZSE ChiNext ETF may not be able to dispose of holdings of China A-Shares in a timely manner.

Recalling of eligible stocks risk. When a stock is recalled from the scope of eligible stocks for trading via Shenzhen-Hong Kong Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the CSOP SZSE ChiNext ETF, for example, when the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

Clearing and settlement risk. HKSCC and ChinaClear have established the clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market would on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the CSOP SZSE ChiNext ETF may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

Nominee arrangements in holding China A-Shares risk. HKSCC is the "nominee holder" of the SZSE Securities acquired by Hong Kong and overseas investors through Shenzhen-Hong Kong Stock Connect.

The CSRC Stock Connect Rules expressly provide that investors enjoy the rights and benefits of the SZSE Securities acquired through Shenzhen-Hong Kong Stock Connect in accordance with applicable laws.

The CSRC Stock Connect Rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies.

It should be noted that, under the CCASS Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SZSE Securities in the PRC or elsewhere. Therefore, although the CSOP SZSE ChiNext ETF's ownership may be ultimately recognised, the CSOP SZSE ChiNext ETF may suffer difficulties or delays in enforcing its rights in China A-Shares.

Participation in corporate actions and shareholders' meetings risk. HKSCC will keep CCASS participants informed of corporate actions of SZSE Securities. Hong Kong and overseas investors (including the CSOP SZSE ChiNext ETF) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of and SZSE Securities may be as short as one business day only. Therefore, the CSOP SZSE ChiNext ETF may not be able to participate in some corporate actions in a timely manner.

Hong Kong and overseas investors (including the CSOP SZSE ChiNext ETF) are holding SZSE Securities traded via Shenzhen-Hong Kong Stock Connect program through their brokers or custodians. According to existing mainland practice, multiple proxies are not available. Therefore, the CSOP SZSE ChiNext ETF may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the SZSE Securities.

No protection by Investor Compensation Fund risk. Investment through Shenzhen-Hong Kong Stock Connect program is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. As disclosed under section "9.6 Shenzhen-Hong Kong Stock Connect", the CSOP SZSE ChiNext ETF's investments through Northbound trading under Shenzhen-Hong Kong Stock Connect are not covered by the Hong Kong's Investor Compensation Fund. Therefore the CSOP SZSE ChiNext ETF is exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the program.

In addition, since CSOP SZSE ChiNext ETF is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, they are not protected by the CSIPF in the PRC.

Regulatory risk. Shenzhen-Hong Kong Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under Shenzhen-Hong Kong Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that Shenzhen-Hong Kong Stock Connect will not be abolished. The CSOP SZSE ChiNext ETF, which may invest in the PRC markets through Shenzhen-Hong Kong the Stock Connect, may be adversely affected as a result of such changes.

Shenzhen-Hong Kong Stock Connect specific risks The Shenzhen-Hong Kong Stock Connect is newly launched and does not have an operating history and the risks identified above are particularly relevant to the Shenzhen-Hong Kong Stock Connect due to the lack of an operating history. Investors should note that the performance of the Shenzhen-Hong Kong Stock Connect may not be the same as the performance of the Shanghai-Hong Kong Stock Connect to date.

11.10 Other risks

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

Reliance on RMB Market Makers. Investors should note that Units of the CSOP ChiNext ETF on the RMB counter are traded and settled in RMB. There may be less interest by potential market makers making a market in Units denominated and traded in RMB. Furthermore, any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the Units.

No Market in the Units Risk. Although the Units are to be listed on the SEHK and the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Units traded in the RMB counter and one market maker for Units traded in the HKD counter, investors should be aware that there may be no liquid trading market for the Units or that such market maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of other exchange traded fund which are traded on the SEHK and which are based upon indices.

Termination of Market Maker Risk. A market maker may cease to act as a market maker for any counter of the CSOP ChiNext ETF in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one market maker for Units of the CSOP ChiNext ETF for each counter will be ninety (90) days. The liquidity for the RMB traded Units and HKD traded Units of the CSOP ChiNext ETF may be affected if there is no market maker for the RMB traded Units and the HKD traded Units respectively. The Manager will use its best endeavours to put in place arrangements so there is at least one market maker for each counter (although these market makers may be the same entity) to facilitate efficient trading of Units of the relevant trading currency (i.e. RMB and HKD). It is possible that there is only one SEHK market maker for each counter of the CSOP ChiNext ETF or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

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

Risk relating to distributions paid out of capital. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP ChiNext ETF are charged to/paid out of the capital of the CSOP ChiNext ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP ChiNext ETF and therefore, the CSOP ChiNext ETF may effectively pay dividend out of the capital. **Investors should note that the payment of distributions out of or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any such distributions may result in an immediate reduction in the Net Asset Value per Unit of the CSOP ChiNext ETF**.

12. FEES AND CHARGES

12.1 Management Fees and Servicing Fees

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

12.2 *Trustee's and Registrar's Fee*

The management fee is inclusive of the Trustee's and Registrar's fee and the Manager will pay the fees of the Trustee and the Registrar out of the management fee.

The Trustee's fee is inclusive of fees payable to the Custodian and the PRC Custodian.

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

12.3 *Service Agent's Fee*

The Service Agent is entitled to receive a monthly reconciliation fee of HK$5,000 from the Manager. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.

12.4 *Other Changes and Expenses of CSOP ChiNext ETF*

Please refer to section "***12.4 Other Charges and Expenses***" in Part 1 of this Prospectus on other charges and expenses payable by the CSOP ChiNext ETF.

12.5 *Establishment costs of CSOP ChiNext ETF*

The costs and expenses incurred by the Manager and the Trustee in establishing the CSOP ChiNext ETF are estimated to be HK$1,110,000; such costs shall be borne by the CSOP ChiNext ETF (unless otherwise determined by the Manager) and amortised over the first 5 financial years of the CSOP ChiNext ETF (unless the Manager decides a shorter period is appropriate).

12.6 *Fees Payable by Participating Dealers, Primary Market Investors and Secondary Market Investors*

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

12.6.1 *Participating Dealers*

Creation of Units by a Participating Dealer

Application Cancellation Fee	RMB8,500 per cancellation (See Note 1)
Extension Fee	RMB8,500 per extension (See Note 1)
Transaction Fee	RMB3,000 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

Redemption of Units by a Participating Dealer

Application Cancellation Fee	RMB8,500 per cancellation (See Note 1)
Extension Fee	RMB8,500 per extension (See Note 1)

Transaction Fee	RMB3,000 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

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

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

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

12.6.3 Secondary Market Investors Dealing in Units on the SEHK

Brokerage	Market rates (in currency determined by the intermediaries used by the investors)
Transaction levy	0.0027% (see Note 4 and Note 8)
Trading fee	0.005% (see Note 5 and Note 8)
Stamp duty	Nil (see Note 6)
Investor compensation levy	0.002% (currently suspended) (see Note 7)
Inter-counter transfers	HKD5 (see Note 9)

Note:

1. The Application Cancellation Fee of RMB8,500 and the Extension Fee of RMB8,500 are payable by the Participating Dealer, and are payable to the Trustee for its own account, on each occasion the Manager grants the request of such Participating Dealer for cancellation or extended settlement in respect of such Application as provided in this Prospectus.

2. A Transaction Fee of RMB3,000 per Application is payable by each Participating Dealer for the account and benefit of the Trustee.

3. 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.

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

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

6. For a transfer effected on or after 13 February 2015 executed for a transaction by which a Unit of the CSOP ChiNext ETF is transferred, stamp duty is waived pursuant to the Stamp Duty (Amendment) Ordinance 2015.

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

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

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

9. HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of Units of the CSOP ChiNext ETF from one counter to another counter. Investors should check with their brokers regarding any additional fees.

13. <u>ADDITIONAL DOCUMENTS AVAILABLE FOR INSPECTION</u>

The material contracts in respect of the CSOP ChiNext ETF are set out below:

(a) RQFII Custody Agreement; and

(b) RQFII Participation Agreement.

The above material contracts are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager. Please refer to section "***14.17 Complaints and Enquiries***" in Part 1 of this Prospectus for the address of the Manager.

Please refer to section "***14.11 Documents Available for Inspection***" in Part 1 of this Prospectus for the list of the other documents that are available for inspection.

13A. PUBLICATION OF INFORMATION RELATING TO CSOP CHINEXT ETF

The following information relating to CSOP ChiNext ETF will be published on the Manager's website http://www.csopasset.com/en/products/chinext-etf:-

- the near real-time indicative Net Asset Value per Unit of the CSOP ChiNext ETF during normal trading hours on the SEHK in RMB and HKD; and

- the last Net Asset Value of the CSOP ChiNext ETF in RMB only and, the last Net Asset Value per Unit of the CSOP ChiNext ETF in RMB and HKD.

The near real-time indicative Net Asset Value per Unit of CSOP ChiNext ETF in HKD denomination is indicative and for reference purposes only. This is updated during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in HKD uses a real-time HKD:CNH foreign exchange rate – it is calculated using the near real-time indicative Net Asset Value per Unit in RMB multiplied by a real-time HKD:CNH foreign exchange rate provided by Reuters when the SEHK is opened for trading. The near real-time indicative Net Asset Value per Unit in HKD is updated every 15 seconds throughout the SEHK trading hours. Since the indicative NAV per Unit in RMB will not be updated when the underlying China A-Shares market is closed, any change in the indicative NAV per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

The last Net Asset Value per Unit of CSOP ChiNext ETF in HKD is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate using the CNH exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) as of the same Dealing Day. The official last Net Asset Value per Unit in RMB and the indicative last Net Asset Value per unit in HKD will not be updated when the underlying China A-Shares market is closed.

Please refer to the section headed "***14.14 Publication of Information Relating to the Sub-Funds***" in Part 1 of this Prospectus for other information that will be published on the Manager's website http://www.csopasset.com/en/products/chinext-etf.

14. INDEX LICENCE AGREEMENT

The Manager has been granted a non-exclusive, non-assignable and non-transferable licence pursuant to index licence agreement dated 1 July 2014 (the "**Licence Agreement**") entered into between the Manager and SSICL, to use the Underlying Index (i.e. ChiNext Index) in connection with the creation, issue, offering, marketing, promotion, sale, management, administration and listing of the CSOP ChiNext ETF. Under the Licence Agreement, SSICL shall use its reasonable endeavours to provide the data services as set out in the Licence Agreement.

The Licence Agreement is subject to an initial fixed term of one year, and can thereafter be renewed perpetually for a period of one year, unless either party raises an objection for such renewal 6 months prior to the expiry of the term of the Licence Agreement. In the event that upon expiry of the term of the Licence Agreement the Manager decides not to continue developing fund products, the Licence Agreement shall be terminated.

The Licence Agreement may be terminated in the following manner:

(a) SSICL may terminate the Licence Agreement by giving the Manager 60 days' prior written notice if:

   i. the Manager fails to make timely payment of the index licence fee agreed between the Manager and SSICL in accordance with the provisions of the Licence Agreement;

   ii. the Manager has delegated the right of use of the Underlying Index to a third party without the permission from SSICL;

   iii. other circumstances have occurred under which SSICL is entitled to the right of termination pursuant to the laws and regulations of the PRC.

(b) The Manager may terminate the Licence Agreement by giving SSICL 30 days' prior written notice if:

   i. there are material changes to the methodology for compiling and calculating the Underlying Index, such that the Underlying Index is no longer suitable as the underlying index or the benchmark for comparing performance for the CSOP ChiNext ETF;

   ii. the Manager has changed the Underlying Index in accordance with the provisions under the Trust Deed or this Prospectus in respect of the CSOP ChiNext ETF;

   iii. the Trust Deed has been terminated or the Manager is no longer managing the CSOP ChiNext ETF;

   iv. the Manager is in material breach of the relevant laws and regulations of the place of establishment of the CSOP ChiNext ETF or the operational rules of the stock exchange on which the CSOP ChiNext ETF is listed, such that the Manager has passively ceased the development and management of the CSOP ChiNext ETF, and as a result the Trust Deed cannot be performed.

15. MATERIAL CHANGES TO THE INDEX

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

16. REPLACEMENT OF UNDERLYING INDEX

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

(a) the Underlying Index ceasing to exist;

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

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

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

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

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

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

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

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

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

17. THE UNDERLYING INDEX

The Underlying Index of the CSOP ChiNext ETF is the ChiNext Index.

The Underlying Index is an adjusted free-float market capitalisation weighted index and is designed to represent the performance of the top 100 A-Share companies listed on the ChiNext board of the SZSE ranked by total market capitalisation, free-float market capitalisation and turnovers. The Underlying Index covers about 32.05% of the total market value with good representatives of the entire ChiNext market as of 22 June 2018.

The Underlying Index is owned by the SZSE. The SZSE has appointed SSICL to be its index business agency to perform services including index research and development, maintenance and operation as well as marketing and sales. The Underlying Index is developed and operated by SSICL. SSICL will maintain records of the market capitalisation of all constituents and will make changes to the constituents and their weightings in accordance with the ground rules of the Underlying Index. SSICL will carry out reviews and implement the resulting constituent changes as required by the ground rules of the Underlying Index.

The Underlying Index is a price return index which means that it does not include the reinvestment of dividends from the Index Securities, such dividends being net of any withholding tax. The Underlying Index is denominated and quoted in RMB (CNY).

The Underlying Index was launched on 1 June 2010 and had a base level of 1000 on 31 May 2010.

The Manager and each of its Connected Persons are independent of the Index Provider (i.e. SSICL).

<u>Index Methodology</u>

Eligible Securities

The selection universe of the Underlying Index includes all the A-Shares (each a "**Stock**") listed on the ChiNext market of the SZSE satisfying the following conditions:

(a) The Stock has been listed for more than three months unless its total market capitalisation and free-float market capitalisation both rank within the top 10 on the ChiNext market.

(b) The Stock has not been issued with a de-listing alert or the alert for "special treatment for other reasons" by SZSE (i.e. the short name of the company shall not be prefixed by ST or *ST).

(c) The Stock has not been penalised, either economically or administratively, by the CSRC due to any violation of laws and regulations in the most recent year.

The following securities are not eligible for inclusion in the Underlying Index:-

(i) Convertible preference shares and loan stocks are excluded until converted.

(ii) Companies whose business is that of holding equity and other investments (e.g. investment trusts) which are assumed as equity investment instruments sector and non-equity investment instruments which are assumed as non-equity investment instruments sector will not be eligible for inclusion.

Selection methodology and procedures

The Underlying Index constituents are selected as follows:

(a) Calculate the daily average total market capitalization ratio ('individual daily average total market capitalization / the ChiNext market's daily average total market capitalization') of each eligible security in the most recent 6 months.

The total market capitalization is the total market capitalization of the company's A-share stocks. Other tiers of stocks, for example B shares or H shares, are not considered.

(b) Calculate the daily average free-float market capitalization ratio ('individual daily average free-float market capitalization / the ChiNext market's daily average free-float market capitalization') of each eligible security in the most recent 6 months.

(c) Calculate the daily average turnover ratio ('individual daily average turnover / the

ChiNext market's daily average turnover') of each eligible security in the most recent 6 months.

(d) Calculate the aggregate ratio ('aggregate the above three ratios in paragraphs (a), (b) and (c) above, weighted by 1:1:1') of each eligible security.

(e) Rank the eligible stocks according to the aggregate ratio in paragraph (d) above in descending order, and the top 100 stocks are selected as the constituents of the Underlying Index.

Index calculation

The Underlying Index is a Paasche weighted price index which means that the Underlying Index is based on its base period for its calculations, and is calculated by reference to the aggregate market capitalisation of the free float shares of the constituent companies. Base period refers to time or period of time on which an index is based and in the context of the Underlying Index, its base period is 2010.

Free Float

To reflect the price fluctuation of tradable shares in the ChiNext market, the Underlying Index uses free float shares as a reference to calculate the Underlying Index. The free float shares are the amount of tradable shares outstanding in the open stock market. A company's free float shares equal the total number of A-Shares in the company minus the number of non-negotiable shares held by the following 3 types of shareholders with holding proportion exceed 5% of the company's total shares:

(a) the government holdings,
(b) strategic holdings, or
(c) long term holdings by founders, families or senior executives.

Capping Methodology

The capping factor for the Underlying Index is equivalent to 1, therefore in effect the Underlying Index does not implement capping methodology.

Calculation Formula

The Underlying Index is calculated using the following Paasche-weighted formula:

$$index_{\mathrm{t}} = \mathrm{Index}_{\mathrm{t-1}} \times \frac{\sum\left(p_{\mathrm{i,t}} \times \omega_{\mathrm{i,t}} \times \mathrm{c}_{\mathrm{i,t}}\right)}{\sum\left[\left(\mathrm{P}_{\mathrm{i,t-1}} + \frac{\mathrm{Div}_{\mathrm{i}}}{1 + \Delta\mathrm{F}_{\mathrm{i}}}\right) \times \omega_{\mathrm{i,t}} \times \mathrm{c}_{\mathrm{i,t}}\right]}$$

Where –

- $index_{\mathrm{t}}$ is the latest index value on day t.
- $\mathrm{Index}_{\mathrm{t-1}}$ is the closing value of the index on previous business day.
- $p_{\mathrm{i,t}}$ is the latest price of constituent i on day t.
- $\omega_{\mathrm{i,t}}$ is the free float shares of constituent i on day t.
- $\mathrm{c}_{\mathrm{i.t}}$ is the capping factor of constituent i on day t.
- $\mathrm{P}_{\mathrm{i,t-1}}$ is the closing price constituent i on previous business day t-1.
  When companies implement ex-right/ex-dividend activities such as dividend payment, split and bonus, the closing price will be replaced by the ex-right/ex-dividend reference

price offered by SZSE.

- $\mathrm{Div_i}$ is the cash dividend per share paid by constituent i.
- $\Delta\mathrm{F_i}$ is the percentage of change in free float shares of constituent i.
- $\sum$ means to aggregate.

<u>Changes to constituents of the Underlying Index</u>

New Issues

- When a Stock is newly listed and its daily average total market capitalisation and free-float market capitalisation for first 5 trading days comprehensively ranks within the top 10 in the ChiNext market, it will be added into the Underlying Index on its 15th trading day to replace the constituent stock with the smallest free float market capitalization.

- If a non-constituent and eligible company's daily average total market capitalisation and free-float market capitalisation for the first 5 trading days comprehensively ranks within the top 10 in the ChiNext market after merger or takeover or restructuring, it will be added into the Underlying Index on 15th trading day to replace the constituent with the smallest market capitalisation.

Deletions and Replacements

- If a constituent is de-listed, suspended from listing, ceases to have a firm quotation, is subject to a take-over or has ceased to be a viable constituent as defined by the ground rules of the Underlying Index, it will be removed from the Underlying Index.

- In cases of delisting and suspension of listing, the constituent will be removed from the Underlying Index at the end of the last trading day before the constituent is delisted or suspended from listing.

- When a company is removed from the Underlying Index, the vacancy will be filled by the non-constituent and eligible stock in the index universe with the highest aggregate ratio according to paragraph (d) under the heading "*Selection methodology and procedures"* above.

Mergers, Restructuring and Complex Takeovers

- If the effect of a merger or takeover is that one constituent in the Underlying Index is absorbed by another constituent in the Underlying Index, the resulting company will remain a constituent of the Underlying Index, and a vacancy will be created. This vacancy will be filled by the non-constituent and eligible stock in the Underlying Index universe with the highest aggregate ratio according to paragraph (d) under the heading "*Selection methodology and procedures"* above.

- If the effect of a merger or takeover is that a non-constituent company is absorbed by a constituent in the Underlying Index, the resulting company will remain a constituent of the Underlying Index.

- If a constituent company in the Underlying Index is taken over by a non-constituent company, the original constituent will be removed and a vacancy will be created. If the aggregate ratio (according to paragraph (d) under the heading "*Selection methodology and procedures"* above) of the new company after the merger is still higher than any non-constituent and eligible stock in the Underlying Index universe, then the vacancy will be filled by the new company. Otherwise, the vacancy will be filled by the non-constituent and eligible stock in the Underlying Index universe with the highest aggregate ratio.

- If a constituent company is split to form two or more companies, a vacancy will be created. Whether the resulting companies will be included as index constituents depends on their aggregate ratios (according to paragraph (d) under the heading "*Selection methodology and procedures"* above).

    - If the aggregate ratio of every resulting company is higher than the lowest constituent, then every resulting company will be added to the Underlying Index, and the lowest constituent(s) will be removed to keep the number of the index constituents constant.

    - If the aggregate ratios of some resulting companies are higher than the lowest constituent, then those resulting companies will be added to the Underlying Index, and the lowest constituent(s) will be removed to keep the number of the index constituents constant.

    - If the aggregate ratio of every resulting company is lower than the lowest constituent, but the aggregate ratio of every resulting company (or some resulting companies) is higher than the highest non-constituent in the Underlying Index universe, then the resulting company with the highest aggregate ratio will be added to the Underlying Index.

    - If the aggregate ratio of every resulting company is lower than both the lowest constituent and the highest non-constituent in Underlying Index universe, then the highest non-constituent in the Underlying Index universe will be added to the Underlying Index.

Suspension of Trading

- If a constituent is suspended from trading it may remain in the Underlying Index at its suspension price until the next periodic review is applied.

<u>Periodic review of constituents</u>

Review Dates

The Underlying Index is reviewed quarterly in January, April, July and October using data as at the close of business on the last day in October, January, April and July. The periodic reviews are quarterly implemented on the first trading day in January, April, July and October each year. Announcements of the constituent adjustments are usually published on the first trading days of the second integral trading weeks of December (for the January review), March (for the April review), June (for the July review) and September (for the October review) prior to the implementation of the review.

Rules for Insertion and Deletion at the Periodic Review

Constituent adjustments are made on the basis of the following rules:

- A non-constituent stock will be included in the Underlying Index at the periodic review if it rises above the position stated below when the eligible securities are ranked by the aggregate ratio noted in paragraph (d) under the heading "*Selection methodology and procedures"* above:

    The Underlying Index - risen to 70^{th} or above

- A current constituent company will be removed from the Underlying Index during the periodic review if it falls below the position stated below when the eligible securities are ranked by the aggregate ratio noted in paragraph (d) under the heading "*Selection methodology and procedures"* above:

SME-ChiNext 100 Index - fallen to 130th or below

- The number of constituent adjusted shall not exceed 10% of the sample size, or 10 constituents per time.
- A constant number of 100 constituents will be maintained for the Underlying Index after each periodic adjustment.

Information disclosure

Copies of the ground rules of the Underlying Index are available from the website of SSICL at www.cnindex.com.cn.

Index Code

Index Name	Index Code	Bloomberg Ticker	Reuters Index Code
ChiNext Index	SZ399006	SZ399006	.CHINEXTP

The Underlying Index is published daily through the websites of SZSE (www.szse.cn) and the Index Department of the SSICL (http://www.cnindex.com.cn/en).).

Index Securities of the Underlying Index

The list of constituent stocks of the Underlying Index (with their respective weightings) and additional information of the Underlying Index (including its fact sheets, methodology, end of day index levels and index performance) is available on the website of Index Department of the SSICL (http://www.cnindex.com.cn/en).

SSCIL Disclaimer

The Shenzhen Stock Exchange has appointed Shenzhen Securities Information Company Limited ("**SSICL**") to manage the ChiNext Index. The Shenzhen Stock Exchange and the SSICL are independent of the Manager.

The CSOP ChiNext ETF is not in any way endorsed, sold, sponsored or promoted by the Shenzhen Stock Exchange, SSICL or the SEHK. The Shenzhen Stock Exchange, SSICL or the SEHK makes no warranty or representation whatsoever, expressly or impliedly, as to the results of the use of the ChiNext Index. The ChiNext Index is calculated by or on behalf of SSICL, which will adopt all necessary measures to ensure the accuracy of the ChiNext Index. However, the Shenzhen Stock Exchange, the SSICL and the SEHK shall not be liable (whether in negligence or otherwise) to any person for any error in the ChiNext Index and shall not be under any obligation to advise any person or any error therein. The ChiNext Index is owned by the Shenzhen Stock Exchange.

The above is a brief summary of the basic information, selection criteria, selection methodology and maintenance of the ChiNext Index as at the date of this Prospectus. Such information is subject to revision from time to time by the Shenzhen Stock Exchange and the SSICL. Before making investment decisions, investors should refer to the website of the Shenzhen Stock Exchange (www.szse.cn) and the Index Department of SSICL (www.cnindex.com.cn) for the latest version of such information.

APPENDIX 3

CSOP CHINA CSI 300 SMART ETF

(a sub-fund of the CSOP ETF Series, a Hong Kong umbrella unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

STOCK CODES: 83129 (RMB counter) and 03129 (HKD counter)

MANAGER

CSOP Asset Management Limited

5 September 2019

CSOP CHINA CSI 300 SMART ETF
Stock Codes: 83129 (RMB counter) and 03129 (HKD counter)

1. KEY INFORMATION

1.1 General

This Appendix sets out information specific to CSOP China CSI 300 Smart ETF ("**CSOP CSI 300 ETF**"). For general information about the Trust and its Sub-Funds, please refer to Part 1 of this Prospectus. Investors should read both Parts of the Prospectus before investing in CSOP CSI 300 ETF. In particular, investors should consider the general risk factors set out in section "***4. General Risk Factors***" of Part 1 of this Prospectus and any specific risk factors set out in section "***11. Risk Factors relating to the CSOP CSI 300 ETF***" of this Appendix, before investing in the CSOP CSI 300 ETF.

Application has been made to the SEHK for the listing of, and permission to deal in, the Units of the CSOP CSI 300 ETF. Subject to the approval granting of listing of, and permission to deal in the Units on the SEHK and compliance with the relevant admission requirements of the HKSCC, Units in the CSOP CSI 300 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 Units on the SEHK or such other date as may be determined by HKSCC. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

1.2 Summary of Information

The following table sets out certain key information in respect of the CSOP CSI 300 ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("**ETF**") authorized as a collective investment scheme by the Commission under Chapter 8.6 of the Code
Underlying Index	CSI 300 Smart Index Inception Date: 16 July 2015 Number of constituents: 300 Base Currency of Underlying Index: RMB (CNY)

Type of Underlying Index	A total return index which means that its performance reflects the reinvestment of dividends, from the securities included in the Underlying Index. The Underlying Index is denominated and quoted in RMB.
Index Provider	China Securities Co., Ltd. ("**CSI**" or "**Index Provider**)
Investment Strategy	Representative sampling indexing strategy. Please refer to section "3. Investment Objective and Strategy" of this Appendix for further details.
Initial Issue Date	22 October 2015
Listing Date	23 October 2015
Dealing on SEHK Commencement Date	RMB counter: 23 October 2015 HKD counter: 23 October 2015
Exchange Listing	SEHK – Main Board
Stock Codes	RMB counter: 83129 HKD counter: 03129
Stock Short Name	RMB counter: CSOP 300SMART-R HKD counter: CSOP 300SMART
Trading Board Lot Size	RMB counter: 200 Units HKD counter: 200 Units
Base Currency	Renminbi (CNH)
Trading Currency	RMB counter: RMB (CNH) HKD counter: Hong Kong dollars (HKD)
Dividend Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP CSI 300 ETF's net income after fees and costs.

	The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP CSI 300 ETF are charged to/paid out of the capital of the CSOP CSI 300 ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP CSI 300 ETF and therefore, the CSOP CSI 300 ETF may effectively pay dividend out of capital. Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP CSI 300 ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP CSI 300 ETF. Please refer to section "***5. Distribution Policy***" in this Appendix for further information on the distribution policy of the CSOP CSI 300 ETF and the risk factor "***Risk relating to distributions paid out of capital***" under sub-section "***11.9 Other risks***" in this Appendix for the risk associated with distributions paid out of capital. **Distributions for all units (whether traded in HKD or RMB counter) will be in RMB only.***
Application Unit size for Creation/Redemption (only by or through Participating Dealers)	Minimum 500,000 Units (or multiples thereof)
Method of Creation/ Redemption	Combination of cash (in Base Currency) and in-kind (H-Shares constituents of the Underlying Index) (Hybrid Creation and Hybrid Redemption)

* Both HKD traded Units and RMB traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions. Please refer to section "***5. Distribution Policy***" and section "***RMB distributions risk***" under "***11.4 Dual Counter Trading risks***" in this Appendix for further details.

Parties	Manager / RQFII Holder	CSOP Asset Management Limited
	Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited
	Custodian	The Hongkong and Shanghai Banking Corporation Limited
	PRC Custodian	HSBC Bank (China) Company Limited
	Participating Dealer	ABN AMRO Clearing Hong Kong Limited BNP Paribas Securities Services Goldman Sachs (Asia) Securities Limited Nomura International (Hong Kong) Limited * *please refer to the Manager's website set out below for the latest list*
	Market Makers	RMB counter: KGI Asia Limited SG Securities (HK) Limited HKD counter: KGI Asia Limited SG Securities (HK) Limited * *please refer to the Manager's website set out below for the latest list*
	Conversion Agent	HK Conversion Agency Services Limited
Financial Year		Ending 31 December each year
Management Fee		Up to 2% per annum of the Net Asset Value accrued daily and calculated as of each Dealing Day, with the current rate being 0.88% per annum of the Net Asset Value accrued daily and calculated as of each Dealing Day. One month's prior notice will be provided to investors if the management fee is increased up to the maximum rate.
Website		http://www.csopasset.com/en/products/csi-300-etf

1.3 Custodian and PRC Custodian for CSOP CSI 300 ETF

The CSOP CSI 300 ETF invests directly in China A-Shares through the Stock Connect and/or the RQFII investment quota granted to the Manager by SAFE. The Hongkong and Shanghai Banking Corporation Limited has been appointed by the Trustee and the Manager as custodian ("**Custodian**") to act through its delegate, the PRC Custodian and will be responsible for the safe custody of the CSOP CSI 300 ETF's assets acquired through the RQFII quota of the Manager within the PRC under the RQFII scheme in accordance with the RQFII Custody Agreement (as defined below).

According to the RQFII Custody Agreement, the Custodian is entitled to appoint its subsidiary or associates within the HSBC group of companies as delegate for the performance of its services under the RQFII Custody Agreement. As of the date of this Prospectus, the Custodian has appointed HSBC Bank (China) Company Limited ("**PRC Custodian**") as the PRC Custodian. The PRC Custodian is incorporated in China and is a wholly-owned subsidiary of the Custodian. The PRC Custodian possesses the applicable qualification to provide custody services to RQFIIs.

According to the terms of the RQFII Custody Agreement, the Custodian shall remain responsible for any omission or wilful default of the PRC Custodian, as if no such appointment had been made.

The "**RQFII Custody Agreement**" is the custody agreement entered into between the Custodian, the PRC Custodian, the Manager and the Trustee, as amended from time to time.

Please refer to section "***2.3 Trustee and Registrar***" in Part 1 of the Prospectus in regard to the extent of the Trustee's responsibility for the acts or omissions of the PRC Custodian.

Neither the Custodian nor its delegate is responsible for the preparation of this Prospectus and they accept no responsibility or liability for the information contained here other than the description under this section "***1.4 Custodian and PRC Custodian for CSOP CSI 300 ETF***".

1.4 Market Maker

The Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Units of the CSOP CSI 300 ETF traded in the RMB counter and at least one market maker for Units of the CSOP CSI 300 ETF traded in the HKD counter although these market makers may be the same entity. If the SEHK withdraws its permit to the existing market maker(s), the Manager will use its best endeavours to put in place arrangements so that there is at least one other market maker per counter to facilitate the efficient trading of Units of the CSOP CSI 300 ETF. The Manager will ensure that at least one market maker per counter is required to give not less than 90 days' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of the CSOP CSI 300 ETF is available on http://www.csopasset.com/en/products/csi-300-etf and from time to time will be displayed on www.hkex.com.hk.

2. DEALING

2.1 Exchange Listing and Trading

Dealings in Units in the CSOP CSI 300 ETF in both RMB and HKD have commenced.

Currently, Units are expected to be listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as of the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges subject to the applicable RQFII Regulations (as defined in section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix).

If trading of the Units of the CSOP CSI 300 ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

2.2 Buying and Selling of Units of CSOP CSI 300 ETF on SEHK

A Secondary Market Investor can buy and sell the Units of the CSOP CSI 300 ETF on the SEHK through his stockbroker at any time the SEHK is open. Units of the CSOP CSI 300 ETF may be bought and sold in the Trading Board Lot Size (or the multiples thereof). The Trading Board Lot Size is currently 200 Units for the RMB counter and 200 Units for the HKD counter.

However, please note that transactions in the secondary market on the SEHK will occur at market prices which may vary throughout the day and may differ from the Net Asset Value per Unit of the CSOP CSI 300 ETF due to market demand and supply, liquidity and scale of trading spread for the Units in the secondary market. As a result, the market price of the Units of the CSOP CSI 300 ETF in the secondary market may be higher or lower than the Net Asset Value per Unit of the CSOP CSI 300 ETF.

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

2.3 Dual Counter Trading

2.3.1 Introduction of Dual Counter Trading (Secondary Market)

The Manager has arranged for the Units of the CSOP CSI 300 ETF to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. The CSOP CSI 300 ETF will offer two trading counters on the SEHK i.e. RMB counter and HKD counter to investors for secondary trading purposes.

Units of the CSOP CSI 300 ETF traded under the two counters can be distinguished by their stock codes, their stock short names and a unique and separate ISIN as follows:–

Counter	Stock Code	Stock Short Name	Trading Currency	ISIN Number (ISIN; assigned to each counter)
RMB counter	83129	CSOP 300SMART-R	RMB	HK0000268315
HKD counter	03129	CSOP 300SMART	HKD	HK0000268323

Units of the CSOP CSI 300 ETF traded in the RMB counter will be settled in RMB and Units traded in the HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units of the CSOP CSI 300 ETF in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Please note that despite the Dual Counter arrangement, creations and redemptions of new Units for the CSOP CSI 300 ETF in the primary market will continue to be made in RMB only.

Investors can buy and sell Units of the CSOP CSI 300 ETF traded in the same counter. Alternatively, they can buy in one counter and sell in the other counter provided their brokers/intermediaries or CCASS participants provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. However, investors should note that the trading price of Units of the CSOP CSI 300 ETF traded in the RMB counter and the HKD counter may be different and there is a risk that due to different factors such as market liquidity, market demand and supply in the respective counters and the exchange rate between RMB and HKD (in both onshore and offshore markets), the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB.

Inter-counter buy and sell is permissible even if the trades take place within the same trading day. Investors should also note that some brokers / intermediaries may not provide inter-counter day trade services due to various reasons including operations, system limitations, associated settlement risks and other business considerations. Even if a broker / intermediary is able to provide such service, it may impose an earlier cut-off time, other procedures and/or fees.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on the HKEx's website https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factors under section "***11.4Dual Counter Trading risks***" in this Appendix.

2.3.2 Transferability

Units of the CSOP CSI 300 ETF traded in both counters are inter-transferable. Units traded in the RMB counter can be transferred to the HKD counter by way of an inter-counter transfer and vice versa on a one to one basis.

Inter-counter transfer of Units of the CSOP CSI 300 ETF will be effected and processed within CCASS only.

For units of the CSOP CSI 300 ETF which are bought using the Renminbi Equity Trading Support Facility (the "**TSF**"), TSF CCASS Participants should, on behalf of their clients, arrange a TSF stock release before proceeding with the inter-counter transfer. Investors are advised to consult their brokers / intermediaries about their service schedule to effect a TSF Unit release.

2.3.3 Unitholders' rights

Units of both the RMB and HKD counters belong to the same class in CSOP CSI 300 ETF and Unitholders of Units traded on both counters are entitled to identical rights and are therefore treated equally.

2.3.4 Fees and Other Transaction Costs

The fees and costs payable by a Secondary Market Investor for buying and selling Units of the CSOP CSI 300 ETF on the SEHK are the same for both the RMB and HKD counters.

HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of the CSOP CSI 300 ETF from one counter to another counter.

2.4 Creation Applications and Redemption Applications by Participating Dealers

The general terms and procedures relating to Creation Applications and Redemption Applications by the Participating Dealers are set out in section "***7. Creation and Redemption of Application Units (Primary Market)***" of Part 1 of this Prospectus, which should be read in conjunction with the following specific terms and procedures which relate to the CSOP CSI 300 ETF only.

The Manager currently allows Hybrid Creations and Hybrid Redemptions for Units of the CSOP CSI 300 ETF. Notwithstanding the Dual Counter, any cash payable by Participating Dealers in the in-cash component in a Hybrid Creation must be in RMB. Units which are created may be deposited in CCASS in the RMB counter or HKD counter initially.

The Application Unit size for CSOP CSI 300 ETF is 500,000 Units. Creation Applications submitted in respect of Units other than in Application Unit size will not be accepted. The minimum subscription for the CSOP CSI 300 ETF is one Application Unit.

Both RMB traded Units and HKD traded Units can be redeemed by way of a Redemption Application (through a Participating Dealer). The process of redemption of Units deposited under the RMB counter and the HKD counter is the same. Notwithstanding the Dual Counter, any cash proceeds received by Participating Dealers in the in-cash component in a Hybrid Redemption shall be paid only in RMB.

2.4.1 *Dealing Period*

The dealing period on each Dealing Day for a Creation Application or Redemption Application in respect of the CSOP CSI 300 ETF commences at 9:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 11:00 a.m. (Hong Kong time), as may be revised by the Manager from time to time. Any Creation Application or Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the CSOP CSI 300 ETF, exercise its discretion to accept an Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such Application, the Manager shall not exercise its discretion to accept any Application.

The cleared funds in respect of Creation Applications must be received by 12.30 p.m. on the relevant Dealing Day or such other time as may be agreed by the Trustee, the Manager and the relevant Participating Dealer.

2.4.2 *Issue Price and Redemption Price*

The Issue Price of a Unit of any class in the CSOP CSI 300 ETF shall be the Net Asset Value per Unit of the relevant class calculated as of the Valuation Point in respect of the relevant Valuation Day rounded to the nearest fourth (4th) decimal place(with 0.00005 being rounded up).

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

The benefit of any rounding adjustments will be retained by the CSOP CSI 300 ETF.

The "**Valuation Day**" of the CSOP CSI 300 ETF, coincides with, and shall mean, the Dealing Day of the CSOP CSI 300 ETF or such other days as the Manager may determine.

The latest Net Asset Value of the Units will be available on the Manager's website at http://www.csopasset.com/en/products/csi-300-etf or published in such other publications as the Manager decides.

2.4.3 Dealing Day

In respect of the CSOP CSI 300 ETF, "**Dealing Day**" means each Business Day.

2.4.4 Rejection of Creation of Applications relating to CSOP CSI 300 ETF

In addition to the circumstances set out in section "***7.3.5 Rejection of Creation Applications***" in Part 1 of this Prospectus, the Manager, acting reasonably and in good faith, has the absolute discretion to reject a Creation Application in relation to the CSOP CSI 300 ETF, in any of the following circumstances:–

(a) where the acceptance of the Creation Application will have a material adverse impact on the China A-Shares market; or

(b) where the RQFII quotas obtained by the Manager as RQFII are reduced or cancelled or are not sufficient to meet the Creation Applications for the CSOP CSI 300 ETF.

3. INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The investment objective of the CSOP CSI 300 ETF is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Underlying Index, namely, the CSI 300 Smart Index. There is no assurance that the CSOP CSI 300 ETF will achieve its investment objective.

Investment Strategy

In seeking to achieve the investment objective, the CSOP CSI 300 ETF uses a representative sampling indexing strategy. "Representative sampling" is an indexing strategy that involves investing in a representative portfolio of securities that collectively has a high correlation with the Underlying Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Underlying Index.

In order to track the performance of the Underlying Index, the Manager will invest at least 80% of the total assets of CSOP CSI 300 ETF in the securities included in the Underlying Index ("**Index Securities**").

The CSOP CSI 300 ETF may or may not hold all of the securities in the Underlying Index. Subject to the requirement to generally invest at least 80% of the total assets of the CSOP CSI 300 ETF in Index Securities, the CSOP CSI 300 ETF also may invest in money market instruments, cash and cash equivalents.

The Manager reviews the Index Securities held in the CSOP CSI 300 ETF's portfolio each Business Day. In order to minimise tracking error*, it closely monitors factors such as any changes in the weighting of each Index Security in the Underlying Index, suspension, dividend distributions and the liquidity of the CSOP CSI 300 ETF's portfolio. The Manager will also conduct adjustment on the portfolio of CSOP CSI 300 ETF regularly, taking into account tracking error reports, the index methodology and any rebalance notification of the Underlying Index.

The CSOP CSI 300 ETF will not invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes, or in sale and repurchase transactions, reverse repurchase transactions and other similar over-the-counter transactions. Prior approval of the Commission will be sought and not less than one month's prior notice will be given to the Unitholders of CSOP CSI 300 ETF in the event the Manager wishes to invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes, or in sale and repurchase transactions, reverse repurchase transactions and other similar over-the-counter transactions.

Currently it is intended that the CSOP CSI 300 ETF will directly obtain exposure to securities issued within the PRC through the Stock Connect (as explained in section "**9.4A. The Stock Connect**" in this Appendix) and/or the RQFII investment quota granted to the Manager by SAFE (as explained in section "**7. Renminbi Qualified Foreign Institutional Investor (RQFII)**" in this Appendix). The Manager may invest up to 100% of the CSOP CSI 300 ETF's Net Asset Value through either RQFII and/or the Stock Connect.

* The Manager intends to limit the annual tracking error to 2% and the daily tracking difference to 0.1% without taking into account the provision of the capital gains tax.

3A. SECURITIES LENDING TRANSACTIONS

The Manager may, on behalf of the CSOP CSI 300 ETF, enter into securities lending transactions for up to 30% of the CSOP CSI 300 ETF's Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the CSOP CSI 300 ETF and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion.

As part of the securities lending transactions, the CSOP CSI 300 ETF must receive cash collateral of 105% of the value of the securities lent (interests, dividends and other eventual rights included). The Custodian will only take cash as collateral as agreed between the parties. The collateral will be marked-to-market on a daily basis and be safekept by the Custodian. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 105% of the value of the securities lent on any trading day T, the Manager will call for additional collateral on trading day T, and the borrower will have to deliver additional collateral to make up for the difference in securities value by 4p.m. on trading day T+1.

The Manager will not engage in any reinvestment of collateral received. Information as required under the Code will be disclosed in the annual and semi-annual financial reports and on the Manager's website (as the case may be).

To the extent CSOP CSI 300 ETF undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the CSOP CSI 300 ETF. The cost relating to securities lending transactions will be borne by the borrower.

Securities lending transactions nonetheless give rise to certain risks including valuation risks, operational risks, market risks and counterparty risks. Please refer to section "**11.8 Securities Lending Transaction Risk**" for further details.

4. BORROWING RESTRICTIONS

The Manager may borrow up to 10% of the total Net Asset Value of CSOP CSI 300 ETF to acquire investments, to settle redemption proceeds or to pay expenses relating to CSOP CSI 300 ETF.

5. DISTRIBUTION POLICY

The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP CSI 300 ETF's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the CSOP CSI 300 ETF.

The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP CSI 300 ETF are charged to/paid out of the capital of the CSOP CSI 300 ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP CSI 300 ETF and therefore, the CSOP CSI 300 ETF may effectively pay dividend out of capital. **Investors should note that payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP CSI 300 ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP CSI 300 ETF and will reduce any capital appreciation for the Unitholders of the CSOP CSI 300 ETF.**

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/en/products/csi-300-etf.

The distribution policy may be amended subject to the Commission's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the Base Currency of the CSOP CSI 300 ETF (i.e. RMB). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in RMB only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/en/products/csi-300-etf and on HKEx's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx.

There can be no assurance that a distribution will be paid.

Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units). In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions.

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

6. PRC TAX PROVISIONS

In light of a recent announcement jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC under Caishui [2014] No.79 and No.81 which stipulate that trading of China A-Shares through QFIIs, RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) and Stock Connect will be temporarily exempted from corporate income tax on gains derived from the transfer of PRC equity investment assets (including PRC A-Shares) effective from 17 November 2014, the Manager does not intend to make any WIT provision on the gross unrealised and realised capital gains derived from trading of China A-Shares.

Please refer to the risk factor "***PRC tax considerations***" under section "***4.1 Risk Factors relating to China***" in Part 1 of the Prospectus for further information on PRC taxation.

7. RENMINBI QUALIFIED FOREIGN INSTITUTIONAL INVESTOR (RQFII)

Under current regulations in the PRC, generally foreign investors can invest in the domestic securities market through (i) certain qualified foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota(s) by the SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC's domestic securities markets, or (ii) the Stock Connect Program (as explained in the section "9.4A. The Stock Connect" in this Appendix).

The RQFII regime was introduced on 16 December 2011 by the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors which are Asset Management Companies or Securities Companies"（基金管理

公司、證券公司人民幣合格境外機構投資者境內證券投資試點辦法）issued by the CSRC, the People's Bank of China ("**PBOC**") and the SAFE, which was repealed effective on 1 March 2013.

The RQFII regime is currently governed by (a) the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC, the PBOC and the SAFE and effective from 1 March 2013（人民幣合格境外機構投資者境內證券投資試點辦法）; (b) the "Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC and effective from 1 March 2013 （關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》的規定）; (c) the "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors"（國家外匯管理局關於人民 幣合格境外機構投資者境內證券投資試點有關問題的通知）issued by SAFE and effectivefrom 11 March 2013; (d) the "Notice of the People's Bank of China on the Relevant Matters concerning the Implementation of the Pilot Scheme for Domestic Securities Investment Made through Renminbi Qualified Foreign Institutional Investors", issued by the PBOC and effective from 2 May 2013（中國人民銀行關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》有關事項的通知）; and (e) any other applicable regulations promulgated by the relevant authorities (collectively, the "**RQFII Regulations**").

The CSOP CSI 300 ETF will directly invest in securities issued within the PRC through the RQFII quotas of the Manager and/or the Stock Connect.

The Manager has obtained RQFII status in the PRC. The Manager (as RQFII Holder) may from time to time make available RQFII quota for the purpose of the CSOP CSI 300 ETF's direct investment into the PRC. Under the SAFE's RQFII quota administration policy, the Manager has the flexibility to allocate their respective RQFII quota across different open-ended fund products, or, subject to SAFE's approval, to products and/or accounts that are not open-ended funds. The Manager may therefore allocate additional RQFII quota to the CSOP CSI 300 ETF or allocate RQFII quota which may otherwise be available to the CSOP CSI 300 ETF to other products and/or accounts. The Manager may also apply to SAFE for additional RQFII quota which may be utilised by the CSOP CSI 300 ETF, other clients of the Manager or other products managed by the Manager. However, there is no assurance that the Manager will make available RQFII quota that is sufficient for the CSOP CSI 300 ETF's investment at all times. The CSOP CSI 300 ETF may not have exclusive use of the Manager's RQFII quota.

The Custodian has been appointed by the Trustee and the Manager to hold (by itself or through its delegate) the assets of the CSOP CSI 300 ETF in the PRC invested using the RQFII quota of the Manager in accordance with the terms of the RQFII Custody Agreement.

Securities including China A-Shares invested through the RQFII quota of the Manager will be maintained by the Custodian's delegate, the PRC Custodian pursuant to PRC regulations through securities account(s) with the China Securities Depository and Clearing Corporation Limited ("**CSDCC**") in the joint names of the Manager (as the RQFII Holder) and the CSOP CSI 300 ETF. An RMB cash account(s) shall be established and maintained with the PRC Custodian in the joint names of the Manager (as the RQFII Holder) and the CSOP CSI 300 ETF. The PRC Custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations.

Repatriations in RMB conducted by the Manager (as RQFII) on behalf of the CSOP CSI 300 ETF are permitted daily and not subject to any repatriation restrictions, lock-up periods or prior approval from the SAFE.

There are specific risks associated with the RQFII regime and investors' attention is drawn to the risk factors "***RQFII risk***" and "***PRC brokerage risk***" under section "***11.3 Risks relating to the RQFII regime***" in this Appendix.

In the context of investment in securities issued within the PRC using the Manager's RQFII quota, the Manager will assume dual roles as the Manager of the CSOP CSI 300 ETF and the holder of the RQFII quota for the CSOP CSI 300 ETF. The Manager will be responsible for ensuring that all transactions and dealings will be dealt with in compliance with the Trust Deed (where applicable) as well as the relevant laws and regulations applicable to the Manager as a RQFII.

In connection with the investment in securities issued within the PRC using the Manager's RQFII quota, the Manager has obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC laws:

(a) securities account(s) with the CSDCC and maintained by the PRC Custodian and RMB special deposit account(s) with the PRC Custodian (respectively, the "**securities account(s)**" and the " **cash account(s)**") have been opened in the joint names of the Manager (as the RQFII holder) and the CSOP CSI 300 ETF and for the sole benefit and use of the CSOP CSI 300 ETF in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the securities account(s) (i) belong solely to the CSOP CSI 300 ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as the RQFII holder), the Custodian, the PRC Custodian and any qualified broker registered in the PRC ("**PRC Broker**") and from the assets of other clients of the Manager (as the RQFII holder), the Custodian, the PRC Custodian and any PRC Broker(s);

(c) the assets held/credited in the cash account(s) (i) become an unsecured debt owing from the PRC Custodian to the CSOP CSI 300 ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as the RQFII holder) and any PRC Broker(s), and from the assets of other clients of the Manager (as the RQFII holder) and any PRC Broker(s);

(d) the Trustee, for and on behalf of the CSOP CSI 300 ETF is the only entity which has a valid claim of ownership over the assets in the securities account(s) and the debt in the amount deposited in the cash account(s) of the CSOP CSI 300 ETF;

(e) if the Manager or any PRC Broker is liquidated, the assets contained in the securities account(s) and the cash account(s) of the CSOP CSI 300 ETF will not form part of the liquidation assets of the Manager or such PRC Broker(s) in liquidation in the PRC; and

(f) if the PRC Custodian is liquidated, (i) the assets contained in the securities account(s) of the CSOP CSI 300 ETF will not form part of the liquidation assets of the PRC Custodian in liquidation in the PRC, and (ii) the assets contained in the cash account(s) of the CSOP CSI 300 ETF will form part of the liquidation assets of the PRC Custodian in liquidation in the PRC and the CSOP CSI 300 ETF will become an unsecured creditor for the amount deposited in the cash account(s).

Further, in connection with the investment in securities issued within the PRC using the Manager's RQFII quota, the Trustee has put in place proper arrangements to ensure that:

(a) the Trustee takes into its custody or under its control the assets of the CSOP CSI 300 ETF, including onshore PRC assets of the CSOP CSI 300 ETF acquired by the CSOP CSI 300 ETF through the Manager's RQFII quota and such PRC assets will be maintained by the PRC Custodian in electronic form via the securities account(s) with the CSDCC and cash held in the cash account(s) with the PRC Custodian ("**Onshore PRC Assets**"), and holds the same in trust for the Unitholders;

(b) cash and registrable assets of the CSOP CSI 300 ETF, including the Onshore PRC Assets are registered or held to the order of the Trustee; and

(c) the Custodian and the PRC Custodian will look to the Trustee for instructions and solely act in accordance with such instructions as provided under the RQFII participation agreement between the Custodian, the PRC Custodian, the Manager and the Trustee, as amended from time to time ("**RQFII Participation Agreement**").

8. OVERVIEW OF THE OFFSHORE RMB MARKET

What Led to RMB Internationalisation?

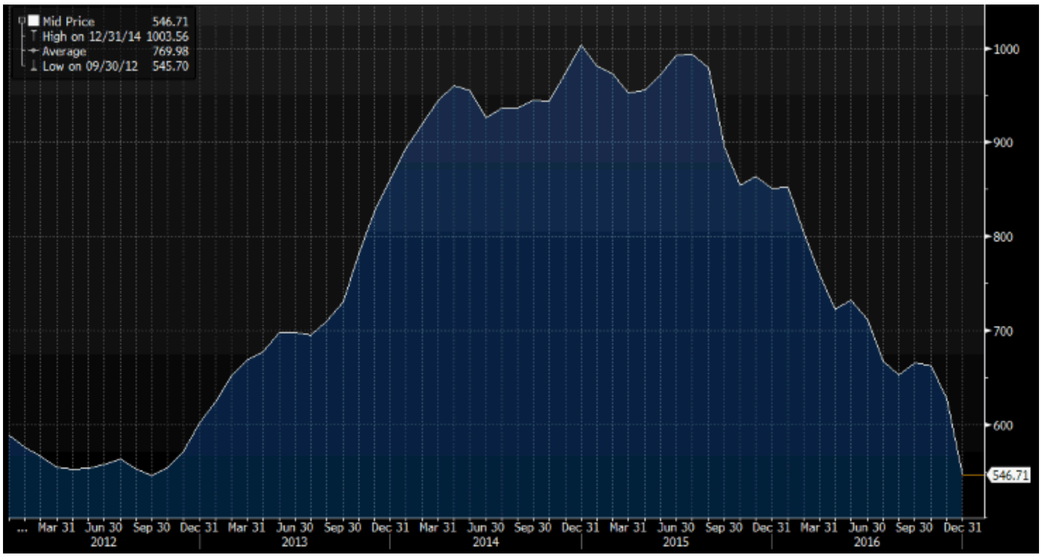
RMB is the lawful currency of the PRC. RMB is not currently a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system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

Over the past two decades, the PRC's economy grew rapidly at an average annual rate of 10.5% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. The International Monetary Fund has projected that the PRC will contribute to more than one-third of global growth by 2015. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

Accelerating the Pace of the RMB Internationalisation

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong, subject to regulatory approval. As of 31 December 2016, RMB deposits amounted to about RMB 546.7 billion, as compared to just about RMB63 billion in the end of 2009. Up to 28 February 2017, there had been RMB 433.5 billion outstanding amount of offshore denominated bonds.

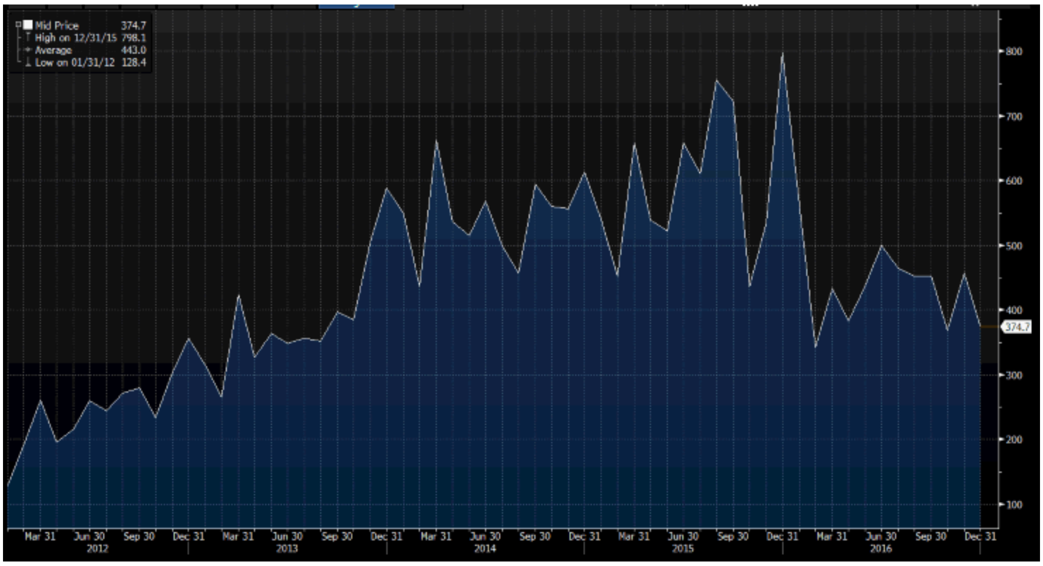
The chart below shows the trend of RMB deposits in Hong Kong.



Data source: Bloomberg as of 331 December 2016

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

The chart below shows the trend of RMB cross-border settlement.



Data source: Bloomberg as of 331 December 2016

Effective from 17 March 2014, the floating band of RMB against US dollar on the inter-bank spot foreign exchange market is enlarged from 1 percent to 2 percent, i.e. on every trading day on the inter-bank spot market, the trading prices of RMB against US dollar will fluctuate within a band of ±2 percent below and above the central parity as released by the China Foreign Exchange Trade System on that day.

Onshore versus Offshore RMB Market

Following a series of policies introduced by the PRC authorities, a RMB market outside the PRC has gradually developed and started to expand rapidly since 2009. RMB traded outside the PRC is often referred 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 relatively 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 two RMB markets but that is believed to be driven by political decisions rather than just economics. It is widely expected that the onshore and offshore RMB markets would remain two segregated, but highly related, markets for the next few years.

Recent Measures

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

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

RMB Internationalisation is a Long-Term Goal

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

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

9. CHINA A-SHARE MARKET IN THE PRC

9.1 The Stock Exchanges in Mainland China

Mainland China has two stock exchanges, located in Shanghai and Shenzhen respectively. Shanghai Stock Exchange ("**SSE**") was established on 26 November 1990 and started trading on 19 December in the same year. Shenzhen Stock Exchange ("**SZSE**") was established on 1 December 1990. The two exchanges are under the direct management of the CSRC. Their main functions include: to provide premises and facilities for securities trading; to develop the business rules of the exchanges; to accept listing applications and arrange for the listing of securities; to organize and supervise securities trading; to regulate exchange members and listed companies; to manage and disclose market information.

SSE adopts an electronic trading platform. The trading of all exchange-traded securities are required to be submitted to the exchange's matching engine which automatically matches orders based on price priority and time priority. The SSE's new trading system has a peak order processing capacity of 80,000 transactions per second. It has a bilateral transactions capacity of over 120 million which is equivalent to the size of daily turnover of RMB1.2 trillion by a single market. The system also has parallel scalability.

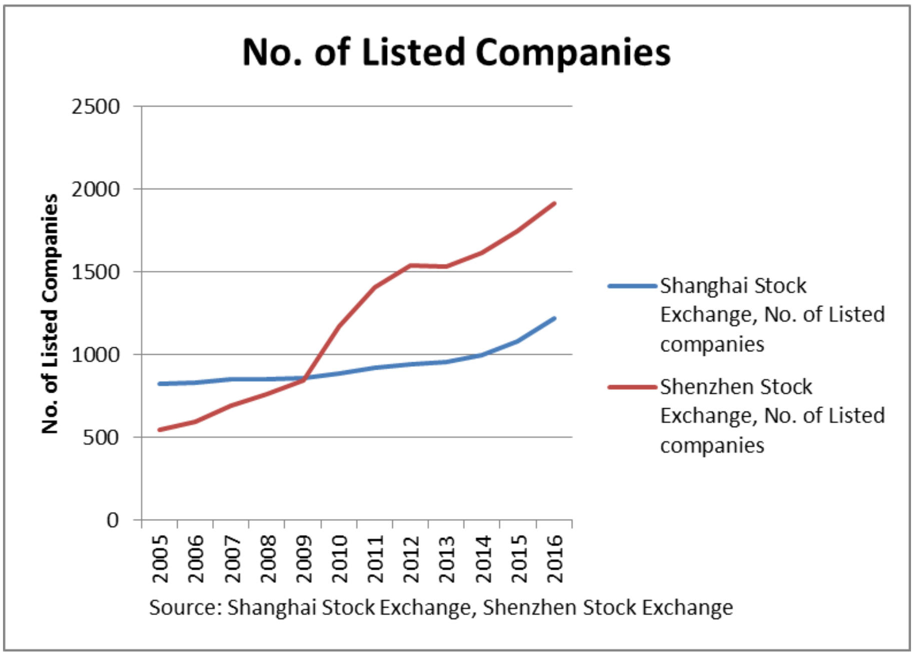
The SZSE, assuming the mission to build China's multi-level capital market system, has fully supported small and middle size enterprise development, and promoted the implementation of the national strategy of independent innovation. In May 2004, it officially launched the Small and Medium Enterprise ("**SME**") board. In January 2006, it started a pilot program for shares trading of non-listed companies of the Zhongguancun Science Park; it officially launched Growth Enterprises Market ("**GEM**") board in October 2009.

After years of development, the SZSE has basically established a multi-level capital market system architecture consisting the above market boards and systems.

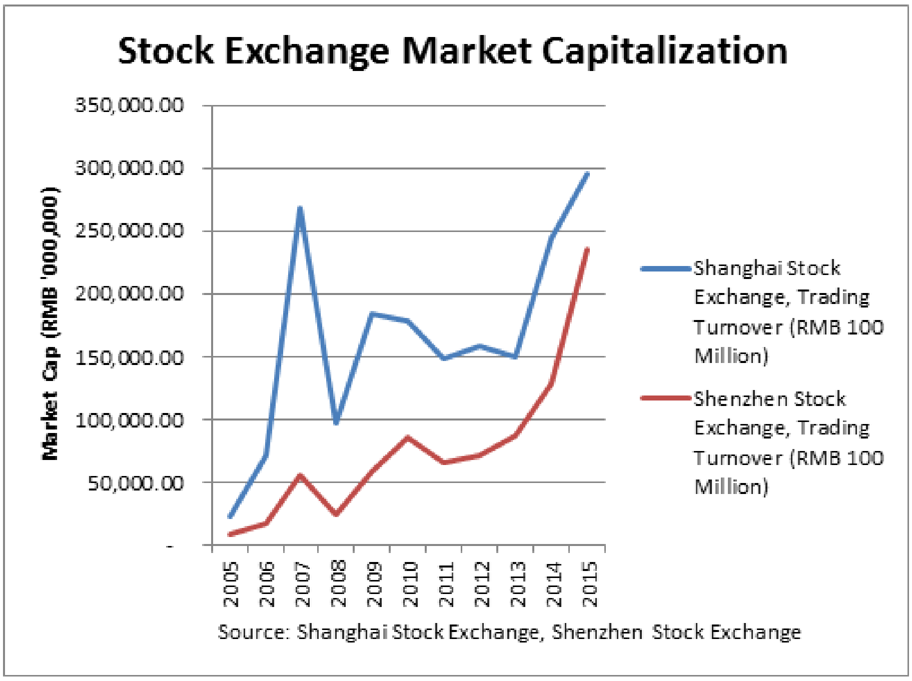
After years of sustained development, the SSE and SZSE have made great achievements in terms of products and quantity listed. Now the listed products include: China A-Shares, China B-Shares, open-ended funds, close-ended funds, exchange traded funds and bonds. As of 07 March 2017, the number of listed companies amounted to 3,145, including 1,227 in Shanghai and 1,918 in Shenzhen. As of 31 December 2016, the combined market capitalization of the two exchanges amounted to RMB 53.7 trillion of which RMB 41.2 trillion is free float. Currently, there are derivatives such as warrants and index futures and fixed income products listed on the SSE and SZSE.

The chart below shows the annual trading turnover in the SSE and SZSE.

The chart below shows the number of listed company in the SSE and SZSE.



The chart below shows the market capitalisation of the SSE and SZSE.



The chart below shows the Shanghai and Shenzhen Composite Index Price and the Index Price of the Underlying Index in the past 10 years.

The regulatory agency of each stock exchange is its Stock Exchange Council. The Council consists of member directors and non-member directors. The highest decision-making body of an exchange is the General Assembly. However, the Council decides the business agenda of the exchange. The Council reports to the General Assembly, and assumes the following powers:

To convene the General Assembly, report to the General Assembly, to implement the resolutions of the General Assembly;

To enact and amend the relevant business rules of the Stock Exchange;

To approve the general work plan submitted by its Chief Executive Officer, budget plan and the draft final financial report;

To approve the membership admission and approve the sanction of members;

To decide the stock exchange's internal structure; and

Any other powers conferred by the General Assembly.

9.2 Development of the China A-Share market

In the 80s of last century, with huge demand of public capital from the national economic development, the PRC started a pilot reform program adopting the joint-stock system, commencing first in Shanghai, Shenzhen and several other cities. After the Reform and Opening up China's first stock – "Shanghai Feile Audio-Visual" was born in November 1984.

Then in 1990, the SSE and SZSE officially opened, marking the official start of the rapid development of the Chinese stock market. The China A-Share markets in SSE and SZSE commenced on 19 December 1990 and 1 December 1990 respectively. Initially, trading in China A-Shares are restricted to domestic investors only while China B-Shares are available to both domestic (since 2001) and foreign investors. However, after reforms were implemented in December 2002, foreign investors are now allowed (with limitations) to trade in China A-Shares under the QFII program which was launched in 2003 and the RQFII program which was launched in 2011.

After 20 years of development, the China A-Share market has since grown to become influential in the global market. The participants in the China A-Share market include retail investors, institutional investors and listed companies. The total market capitalization of the two exchanges combined as of 29 May 2015 has reached RMB 64.0 trillion, and the floating market capitalization has reached RMB 51.4 trillion. As of 29 May 2015, there were 2,733 China A-Share companies listed on the SSE and SZSE.

9.3 The major differences between the China A-Share market and the Hong Kong market

The table below summarises the differences between the China A-Share market and the Hong Kong market:–

		SEHK	**SSE**	**SZSE**
(a)	Key Market Index	Hang Seng Index ("**HSI**")	SSE Composite Index	SZSE Composite Index
(b)	Trading Hours			
	• Morning session	• 9:30 – 12:00	• 9:30 – 11:30	• 9:30 – 11:30
	• Afternoon session	• 13:00 – 16:00	• 13:00 – 15:00	• 13:00 – 15:00
	China A-Share market and Hong Kong market have different schedule of holidays.			
(c)	Pre-opening session / pre-order input /order matching times			
	• Pre-opening session	• 9:00 to 9:15	• 9:15 to 9:25	• 9:15 to 9:25
	• Order matching times	• 9:15 to 9:20 (pre-order matching period) • 9:20 to 9:28 (order matching period) • 9:28 to 9:30 (blocking period)	• 9:30 to 11:30 and 13:00 to 15:00	• 9:30 to 11:30 and 13:00 to 14:57
	• Close matching times	• N/A	• N/A	• 14:57 to 15:00

		SEHK	SSE	SZSE
(d)	Trading Band Limits	No trading band limit	Daily trading band limits of 10%. Where a listed company is under circumstances deemed abnormal by the SSE and SZSE, the short name of the listed company will be prefixed by "ST" and the daily up and down limit will be reduced to 5%.	
(e)	Trading Rule	The T+1 trading rule do not apply except that some stocks cannot be sold short in Hong Kong market.	The T+1 trading rule applies which means a stock bought on T day (i.e. trading day) can only be sold on T+1 (i.e. one business day after the relevant trading day), and no short-selling is allowed with a few exception (mostly ETFs) permitted by a pilot program.	
(f)	Round Lot	Stocks are generally traded at round lots and odd lots trading have to be facilitated by a broker through a special board.	Stocks can only be bought at the multiples of 100 shares but cannot be bought in odd lots. However, one can sell the shares of any number i.e. even in odd lots.	
(g)	Settlement cycle	The settlement period is 2 business days (i.e. T+2)	The settlement period is one business day (i.e. T+1)	
(h)	Earnings report disclosure requirement	A listed company has to disclose fiscal information twice a year. The annual financial reports have to be published within four months from the financial year end and the interim financial reports have to be published within three months of the end of the period it covers.	A listed company on the SSE and SZSE is required to prepare and disclose the annual financial report within four months as of the end date of each fiscal year, the semi-annual financial report within two months as of the end date of the first half of each fiscal year, and the quarterly financial report within one month as of the end of the first three months and the end of the first nine months of each fiscal year respectively. The time for disclosing the first-quarter report shall not be earlier than the time for disclosing the annual financial report of the previous year. H-Share listed companies also disclose fiscal information quarterly for consistency with the corresponding A -Share schedules.	
(i)	Suspension	There is no requirement to suspend stocks for general assembly or important information disclosure.	Stocks in the China A-Share market will be suspended for general assembly or important information disclosure.	

Investors should inform themselves of the risks associated with the differences between the China A-Share market and the Hong Kong market, as set out in the risk factor "***Risks relating to the differences between the Hong Kong and China stock markets***" in section *"**11.1 China market / China A-Share market risks**"* in this Appendix.

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

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

(a) Trading hours: As regards the difference in trading hours, the shorter trading hours in the China A-Share market is not considered to present a major risk, as it is expected that there is a sufficient level of liquidity for the China A-Shares constituting the CSOP CSI 300 ETF's portfolio.

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

If the Hong Kong market is open while the China A-Share market is closed, Units of the CSOP CSI 300 ETF will be traded in the Hong Kong market and the Manager will continue to publish information including prices in the manner set out in section "***14.14 Publication of Information Relating to the Sub-Funds***" in Part 1 of the Prospectus. If the China A-Share market is open while Hong Kong market is closed, the Manager will trade the China A-Shares when it is necessary, in order to limit the risk to investors. These trades will be properly settled even when the Hong Kong market is closed for holiday by the Trustee's arrangements in place.

(c) Trading band limits: The Manager will be prevented from trading China A-Shares when they hit the "trading band limit". If this happens on a particular trading day, the Manager will continue to trade that stock on the subsequent two trading days if necessary. However if the Manager is still unable to trade that China A-Share on the second trading day after the original trading day due to the trading band limit, the Manager will settle the China A-Share on the latest closing price and the CSOP CSI 300 ETF will make up the trade whenever that China A-Share resumes trading again. The Manager believes that the average impact to the CSOP CSI 300 ETF in such situations is immaterial.

9.4A The Stock Connect

The Stock Connect is a securities trading and clearing linked program developed by the HKEx, the SSE, the SZSE and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"), with an aim to achieve mutual stock market access between mainland China and Hong Kong. It comprises of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. The Manager intends to utilise such channels to invest in A Shares.

Through the Stock Connect, the SSE, the SZSE and the SEHK enable investors to trade eligible shares listed on the other's market through local securities firms or brokers. Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link (for investment in PRC shares) and a Southbound Trading Link (for investment in Hong Kong shares). Under the Northbound Trading Link, investors, through their Hong Kong brokers and securities trading service companies (in Shanghai and in Qianhai Shenzhen respectively) established by the SEHK and the HKSCC, will be able to place orders to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE and the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through PRC securities firms and securities trading service companies established by the SSE and the SZSE, will be able to place orders to trade eligible shares listed on the SEHK by routing orders to the SEHK.

All Hong Kong and overseas investors (including the CSOP CSI 300 ETF) are allowed to trade SSE Securities and SZSE Securities (as described below) through the Stock Connect (through the Northbound Trading Link), subject to rules and regulations issued from time to time.

The following summary presents some key points about the Northbound Trading Link (which may be utilized by the CSOP CSI 300 ETF to invest in the PRC):

Eligible securities

Among the different types of SSE-or SZSE-listed securities, only China A-Shares are included in the Stock Connect. Other product types such as China B-Shares, Exchange Traded Funds (ETFs), bonds, and other securities are not included.

At the initial stage, Hong Kong and overseas investors are able to trade certain stocks listed on the SSE market (i.e. "**SSE Securities**") and the SZSE market (i.e. "**SZSE Securities**"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except the following:

(a) SSE-listed shares which are not traded in RMB; and
(b) SSE-listed shares which are included in the "risk alert board".

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

(a) SZSE-listed shares which are not traded in RMB; and
(b) SZSE-listed shares which are included in the "risk alert board"

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

The list of eligible stocks is subject to review from time to time.

Trading day

Due to differences in public holidays between Hong Kong and mainland China, there may be differences in the trading days in the two markets. Even if the mainland China markets are open on a certain day, the CSOP CSI 300 ETF may not necessarily be able to invest in China A-Shares through Northbound trading. For example, the Hong Kong market closes on Easter and Christmas every year, but those are trading days in mainland China.

Likewise, during Lunar New Year and the National Day golden week periods, mainland China usually arranges for seven-day consecutive holidays by reshuffling workdays and weekends. Even for days on which both markets are open for business, there could be differences because of other reasons such as bad weather conditions. Investors (including the CSOP CSI 300 ETF) are only allowed to trade on the other market on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect is subject to a daily quota ("**Daily Quota**") presently set at RMB 13 billion for each of Shanghai-Hong Kong Stock Connect and Shenzhen Stock Connect, which is separate for Northbound and Southbound trading. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connect each day.

The quotas do not belong to the CSOP CSI 300 ETF and are utilised on a first-come-first-serve basis. The SEHK publishes the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website. Should there be any change in the Daily Quota, the Manager will not inform the Unitholders.

Settlement and Custody

The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), also a wholly-owned subsidiary of HKEx, is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A-Shares traded through the Stock Connect are issued in scripless form, so investors do not hold any physical China A-Shares. In the operation of the Stock Connect, Hong Kong and overseas investors who have acquired SSE Securities and SZSE Securities through Northbound trading should maintain the SSE Securities and SZSE Securities with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities or SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies still treats HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities.

HKSCC monitors the corporate actions affecting SSE Securities or SZSE Securites and keep the relevant brokers or custodians participating in CCASS ("**CCASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE- or SZSE-listed companies usually announce their annual general meeting / extraordinary general meeting information about one month before the meeting date. A poll is called on all resolutions for all votes. HKSCC advises CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Foreign shareholding restrictions

The CSRC stipulates that, when holding China A-Shares through the Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restrictions:

- Single foreign investors' shareholding by any Hong Kong or overseas investor in a China A-Share must not exceed 10% of the total issued shares; and
- Aggregate foreign investors' shareholding by all Hong Kong and overseas investors in a China A-Share must not exceed 30% of the total issue shares.

When Hong Kong and overseas investors carry out strategic investments in listed companies in accordance with the rules, the shareholding of the strategic investments is not capped by the above-mentioned percentages.

Should the shareholding of a single investor in a China A-Share listed company exceed the above restriction, the investor may be required to unwind his position on the excessive shareholding according to a last-in-first-out basis within a specific period. The SSE, the SZSE and the SEHK will issue warnings or restrict the buy orders for the related China A-Shares if the percentage of total shareholding is approaching the upper limit.

Currency

Hong Kong and overseas investors trade and settle SSE Securities and SZSE Securities in RMB only. Hence, the CSOP CSI 300 ETF needs to use its RMB funds to trade and settle SSE Securities and SZSE Securities.

Trading fees

In addition to paying trading fees and stamp duties in connection with China A-Share trading, the CSOP CSI 300 ETF may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

Coverage of Investor Compensation Fund

The CSOP CSI 300 ETF's investments through Northbound trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund.

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

As for Northbound trading, according to the Securities and Futures Ordinance, the Investor Compensation Fund only covers products traded in Hong Kong's recognised securities market (i.e. SEHK) and recognised futures market (i.e. Hong Kong Futures Exchange Limited or "**HKFE**"). Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or HKFE, so similar to the case of investors trading overseas securities, they are not covered by the Investor Compensation Fund.

On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund 《證券投資者保護基金管理辦法》, the functions of China Securities Investor Protection Fund ("CSIPF", 中國投資者保護基金) include "indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by the CSRC and custodian operation" or "other functions approved by the State Council". As far as the CSOP CSI 300 ETF is concerned, since it is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, therefore they are not protected by CSIPF in the PRC.

Further information about the Stock Connect is available online at the website: https://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en

10. RMB PAYMENT AND ACCOUNT PROCEDURES

Investors may unless otherwise agreed by relevant Participating Dealer, apply for Units through Participating Dealers only if they have sufficient RMB to pay the application monies and the related fees. Investors should note that RMB is the only official currency of the PRC. While both onshore RMB ("**CNY**") and offshore RMB ("**CNH**") are the same currency, they are traded in different and separated markets. Since the two RMB markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there is a significant amount of RMB held offshore (i.e. outside the PRC), CNH cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. As such whilst CNH and CNY are both the same currency, certain special restrictions do apply to RMB outside the PRC. The liquidity and trading price of the CSOP CSI 300 ETF may be adversely affected by the limited availability of, and restrictions applicable to, RMB outside the PRC.

Application monies from Participating Dealers to the CSOP CSI 300 ETF will be paid in RMB only. Accordingly a Participating Dealer may require an investor (as its client) to pay CNH to it. (Payment details will be set out in the relevant Participating Dealer's documentation such as the application form for its clients.) As such, an investor may need to have opened a bank account (for settlement) and a securities dealing account if a Participating Dealer is to subscribe for Units on his behalf as such investor will need to have accumulated sufficient CNH to pay at least the aggregate Issue Price and related costs, to the Participating Dealer or if an application to the Participating Dealer is not successful or is successful only in part, the whole or appropriate portion of the monies paid will need to be returned to such investor by the Participating Dealer by crediting such amount into such investor's CNH bank account. Similarly, if investors wish to buy and sell Units in the secondary market on the SEHK, they may need to open a securities dealing account with their broker. Investors will need to check with the relevant Participating Dealer and/or their broker for payment details and account procedures.

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

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

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

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

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

Where payment in RMB is to be made by cheque, investors are advised to consult the bank at which their respective RMB bank accounts are opened in advance whether there are any specific requirements in relation to the issue of RMB cheques. In particular, investors should note that some banks have imposed an internal limit (usually RMB80,000) on the balance of RMB cheque account of their clients or the amount of cheques that their clients can issue in a day and such limit may affect an investor's arrangement of funding for an application (through a Participating Dealer) for creation of Units.

When an individual investor who is a Hong Kong resident opens an RMB bank account or settle RMB payments, he or she will be subject to the daily maximum remittance amount to the PRC which is RMB80,000. A remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

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

Please refer to section "**11.2 Renminbi related risks**" of this Appendix on risks associated with Renminbi.

10A RENMINBI EQUITY TRADING SUPPORT FACILITY ("TSF")

The TSF was launched on 24 October 2011 by the HKEx to provide a facility to enable investors who wish to buy RMB-traded shares (RMB shares) in the secondary market with Hong Kong dollars if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. The coverage of TSF has been extended to equity-related exchange traded funds and real estate investment trusts traded in RMB with effect from 6 August 2012. As such, the TSF is currently available to investors who wish to invest in the CSOP CSI 300 ETF and trading in RMB on the SEHK. For further details on the TSF, please refer to the website of HKEx at https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/RMB-Equity-Trading-Support-Facility?sc_lang=en. Investors should consult their advisers if they have any query on the TSF.

11. RISK FACTORS RELATING TO THE CSOP CSI 300 ETF

In addition to the general risk factors common to all Sub-Funds set out in section "***4. General Risk Factors***" in Part 1 of this Prospectus, investors should also consider the specific risks associated with investing in the CSOP CSI 300 ETF including those set out below. The following statements are intended to be summaries of some of those risks. They do not offer advice on the suitability of investing in the CSOP CSI 300 ETF. Investors should carefully consider the risk factors described below together with the other relevant information included in this Prospectus before deciding whether to invest in Units of the CSOP CSI 300 ETF. The Commission's authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

11.1 China market / China A-Share market risks

China market / Single country investment. Insofar as the CSOP CSI 300 ETF invests substantially in securities issued in mainland China, it will be subject to risks inherent in the China market and additional concentration risks. Please refer to the risk factors under section "***4.1 Risk Factors relating to China***" and section "***4.2 Investment risks***" under headings "***Restricted markets risk***", "***Emerging Market Risk***" and "***Single country risk***" in Part 1 of this Prospectus.

Risks relating to dependence upon trading on China A-Share market. The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. The price at which the China A-Shares may be purchased or sold by the CSOP CSI 300 ETF and the Net Asset Value of the CSOP CSI 300 ETF may be adversely affected if trading markets for China A-Shares are limited or absent. Investors should note that the SZSE and the SSE on which China A-Shares are traded are undergoing development and the market capitalisation of those stock exchanges are lower than those in more developed markets. The China A-Share market may be more volatile and unstable (for examples due to the risk of suspension of a particular stock or government intervention) than those in more developed markets. A Participating Dealer may not be able to create and redeem Units if any China A-Shares constituting the portfolio of the CSOP CSI 300 ETF are not available. Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the China A-Shares traded on such markets and thereby may affect the value of the CSOP CSI 300 ETF.

Risks relating to suspension of the China A-Share market. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible for the Manager to liquidate positions and can thereby expose the CSOP CSI 300 ETF to losses. Under such circumstances, while creation/ redemption of the CSOP CSI 300 ETF's Units may be suspended, subject to the Manager's discretion, the trading of the CSOP CSI 300 ETF on the SEHK may or may not be suspended. If some of the China A-Shares comprising the portfolio of the CSOP CSI 300 ETF are suspended, it may be difficult for the Manager to determine the Net Asset Value of the CSOP CSI 300 ETF. Where a significant number of the China A-Shares comprising the portfolio of the CSOP CSI 300 ETF are suspended, the Manager may determine to suspend the creation and redemption of Units of the CSOP CSI 300 ETF, and/or delay the payment of any monies in respect of any Redemption Application. If the trading of the CSOP CSI 300 ETF on the SEHK continues when the China A-Share market is suspended, the trading price of the CSOP CSI 300 ETF may deviate away from the Net Asset Value.

As a result of the trading band limits imposed by the stock exchanges in China on China A-Shares, it may not be possible for Participating Dealers to create and/or redeem Units on a Business Day, because the China A-Shares constituting the portfolio of the CSOP CSI 300 ETF may not be available if the trading band limit has been exceeded for such China A-Shares or it is impossible to liquidate positions. This may lead to higher tracking error and may expose the CSOP CSI 300 ETF to losses. Further, the price of the Units of the CSOP CSI 300 ETF may be traded at a premium or discount to its Net Asset Value. The Manager has put in place measures to tackle the trading band limit as disclosed under section "***9.4 Measures Adopted by the Manager to Address the Differences between the China A-Share Market and the Hong Kong Market***" in this Appendix.

Risks relating to the differences between the Hong Kong and China stock markets. As the SZSE and the SSE may be open when Units in the CSOP CSI 300 ETF are not priced, the value of the China A-Shares in the CSOP CSI 300 ETF's portfolio may change on days when investors will not be able to purchase or sell the CSOP CSI 300 ETF's Units. Furthermore, the market prices of China A-Shares listed on the above stock exchanges may not be available during part of or all of the SEHK trading sessions due to trading hour differences which may result in Units of the CSOP CSI 300 ETF being traded at a premium or discount to its Net Asset Value.

In addition, differences in trading hours between the SZSE and SSE and the SEHK may increase the level of premium/discount of the price of Units of the CSOP CSI 300 ETF to its Net Asset Value because if the SSE and/or SZSE is closed while the SEHK is open, the Underlying Index level may not be available. The prices quoted by the market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Underlying Index level and as a result, the level of premium or discount of the Unit price of the CSOP CSI 300 ETF to its Net Asset Value may be higher.

There are no trading band limits in Hong Kong. However, trading band limits are imposed by the stock exchanges in China on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has hit the trading band limit during the day. Any dealing suspension of a China A-Share security will render it impossible for the CSOP CSI 300 ETF to acquire China A-Shares or liquidate positions to reflect creation/redemption of the Units. This may result in higher tracking error and may expose the CSOP CSI 300 ETF to losses. Units of the CSOP CSI 300 ETF may also be traded at a significant premium or discount to its Net Asset Value.

11.2 Renminbi related risks

Renminbi currency risk. RMB is currently not a freely convertible currency and is subject to foreign exchange control and fiscal policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the CSOP CSI 300 ETF's or the investors' position may be adversely affected. Please refer to the risk factor "***Renminbi Exchange Risk***" under section "***4.1 Risk Factors relating to China***" in Part 1 of the Prospectus.

When Hybrid Creation and Hybrid Redemption is adopted, primary market investors will subscribe for Units of the CSOP CSI 300 ETF and will receive redemption proceeds for the in-cash component in RMB. Since the CSOP CSI 300 ETF is denominated in RMB, non-RMB based investors are exposed to fluctuations in the RMB exchange rate against their base currencies and may incur substantial capital loss due to foreign exchange risk. There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors wish or intend to convert the redemption proceeds or dividends (in RMB on both HKD traded Units and RMB traded Units) paid by the CSOP CSI 300 ETF or sale proceeds (in RMB on RMB traded units) into a different currency, they are subject to the relevant foreign exchange risk and may suffer losses from such conversion as well as associated fees and charges.

Offshore RMB Market risk. The onshore RMB ("**CNY**") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC ("**Onshore RMB Market**"). Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC ("**Offshore RMB Market**"). Since June 2010, the offshore RMB ("**CNH**") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. As a result of the controls on cross-border transfers of Renminbi between Hong Kong and China, the Onshore RMB Market and the Offshore RMB Market are, to an extent, segregated, and each market may be subject to different regulatory requirements that are applicable to the Renminbi. The CNY may therefore trade at a different foreign exchange rate compared to the CNH. 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 CSOP CSI 300 ETF's investments may potentially be exposed to both the CNY and the CNH, and the CSOP CSI 300 ETF may consequently be exposed to greater foreign exchange risks and/or higher costs of investment (for example, when converting other currencies to the Renminbi at the CNH rate of exchange).

However, the current size of RMB-denominated financial assets outside the PRC is limited. At the end of 30 April 2015, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB 955.16 billion. In addition, participating authorised institutions are required by the Hong Kong Monetary Authority to maintain a total amount of RMB assets (in the form of, inter alia, cash and the institution's settlement account balance with the Renminbi clearing bank, holding of RMB sovereign bonds issued in Hong Kong by the PRC Ministry of Finance and bond investment through the PRC interbank bond market) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi clearing bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The Renminbi clearing bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the Offshore RMB Market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC laws and regulations will not be promulgated, terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the liquidity of the CSOP CSI 300 ETF. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

*Offshore RMB (“**CNH**”) Remittance Risk.* RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover 20 provinces and municipalities in the PRC and to make RMB trade and other current account item settlement available in all countries worldwide. On 25 February 2011, the Ministry of Commence (“**MOFCOM**”) promulgated the Circular on Issues concerning Foreign Investment Management（商務部關於外商投資管理工作有關問題的通知）(the “**MOFCOM Circular**”). The MOFCOM Circular states that if a foreign investor intends to make investments in the PRC (whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities) with RMB that it has generated from cross-border trade settlement or that is lawfully obtained by it outside the PRC, MOFCOM's prior written consent is required. While the MOFCOM Circular expressly sets out the requirement of obtaining MOFCOM's prior written consent for remittance of RMB back in the PRC by a foreign investor, the foreign investor may also be required to obtain approvals from other PRC regulatory authorities, such as the PBOC and SAFE, for transactions under capital account items. As the PBOC and SAFE have not promulgated any specific PRC regulation on the remittance of RMB into the PRC for settlement of capital account items, foreign investors may only remit offshore RMB into the PRC for capital account purposes such as shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities on a case-by-case basis. There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that the pilot scheme introduced in July 2009 (as extended in June 2010) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. Such an event could have a severe adverse effect on the operations of the CSOP CSI 300 ETF, including limiting the ability of the CSOP CSI 300 ETF to redeem and pay the redemption proceeds in RMB and the ability of Participating Dealers to create or redeem and so to settle in RMB to their underlying clients. In addition, such restrictions could cause Units to trade on the SEHK at a significant discount to the Net Asset Value per Unit.

Currently the Bank of China (Hong Kong) Limited is the only clearing bank for offshore RMB in Hong Kong. A clearing bank is an offshore bank that can obtain RMB funding from the PBOC to square the net RMB positions of other participating banks. In February 2004, Bank of China (Hong Kong) Limited launched its RMB clearing services following its appointment by the PBOC. Remittance of RMB funds into China may be dependent on the operational systems developed by the Bank of China (Hong Kong) Limited for such purposes, and there is no assurance that there will not be delays in remittance.

11.3 Risks relating to the RQFII regime

RQFII risk. The CSOP CSI 300 ETF is not a RQFII but may obtain access to China A-Shares, or other permissible investments directly using RQFII quotas of a RQFII. The CSOP CSI 300 ETF may invest directly in RQFII eligible securities investment via the RQFII status of the Manager.

Investors should note that RQFII status could be suspended or revoked, which may have an adverse effect on the CSOP CSI 300 ETF's performance as the CSOP CSI 300 ETF may be required to dispose of its securities holdings. In addition, certain restrictions imposed by the Chinese government on RQFIIs may have an adverse effect on the CSOP CSI 300 ETF's liquidity and performance.

SAFE regulates and monitors the repatriation of funds out of the PRC by the RQFII pursuant to its "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors"（國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知）(the "**RQFII Measures**"). Repatriations by RQFIIs in respect of an open-ended RQFII fund (such as the CSOP CSI 300 ETF) conducted in RMB are currently permitted daily and are not subject to repatriation restrictions or prior approval from the SAFE, although authenticity and compliance reviews will be conducted by the PRC Custodian, and monthly reports on remittances and repatriations will be submitted to SAFE by the PRC Custodian. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Further, such changes to the PRC rules and regulations may take effect retrospectively. Any restrictions on repatriation of the invested capital and net profits may impact on the CSOP CSI 300 ETF's ability to meet redemption requests from the Unitholders. Furthermore, as the Custodian's or the PRC Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the Custodian or the PRC Custodian in case of non-compliance with the RQFII Regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Unitholder as soon as practicable, and within 3 Business Days, and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

SAFE is vested with the power to impose regulatory sanctions if the RQFII or the PRC Custodian violates any provision of the RQFII Measures. Any violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact on the portion of the RQFII's quota made available for investment by the CSOP CSI 300 ETF. Therefore in the event that the RQFII quota of the Manager is revoked or cancelled due to violation of the RQFII Measures in relation to any funds under the management of the Manager, this will have an adverse impact on all the funds (including the CSOP CSI 300 ETF) under the Manager's management as a whole.

Investors should note that there can be no assurance that a RQFII will continue to maintain its RQFII status or to make available its RQFII quota, or the CSOP CSI 300 ETF will be allocated a sufficient portion of RQFII quotas from a RQFII to meet all applications for subscription to the CSOP CSI 300 ETF, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. The CSOP CSI 300 ETF may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII, as the RQFII may in its discretion allocate RQFII quota which may otherwise be available to the CSOP CSI 300 ETF to other products and different accounts (subject to SAFE approval). Such restrictions may respectively result in a rejection of applications and a suspension of creation for the CSOP CSI 300 ETF. In extreme circumstances, the CSOP CSI 300 ETF may incur significant losses due to insufficiency of RQFII quota, limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the RQFII laws, rules and regulations will not be abolished. The CSOP CSI 300 ETF, which invests in the PRC markets through a RQFII, may be adversely affected as a result of such changes.

Application of RQFII rules. The application of the RQFII Regulations described under section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix may depend on the interpretation given by the relevant Chinese authorities. The Chinese authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

Any changes to the relevant rules may have an adverse impact on investors' investment in the CSOP CSI 300 ETF. In the worst scenario, the Manager may determine that the CSOP CSI 300 ETF shall be terminated if it is not legal or viable to operate the CSOP CSI 300 ETF because of changes to the application of the relevant rules.

RQFII systems risk. The current RQFII Regulations include rules on investment restrictions applicable to the CSOP CSI 300 ETF.

In the event of any default of the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the CSOP CSI 300 ETF may encounter delays in recovering its assets which may in turn impact the Net Asset Value of the CSOP CSI 300 ETF.

Risks relating to liquidity of China A-Shares. Due to the potential liquidity constraint of the underlying Index Securities, the Manager may not be able to efficiently process the transactions for the Creation and Redemption Applications without adverse impact on the fund value of the CSOP CSI 300 ETF therefore the existing investors' interest. Accordingly, the Manager may impose a limit on the total number of Units to be created or redeemed each day.

PRC Custodian risk. The Trustee shall take into its custody or under its control property of the CSOP CSI 300 ETF and hold it on trust for Unitholders. The assets held/credited in the securities account(s) are segregated and independent from the proprietary assets of the PRC Custodian. However, investors should note that, under PRC law, cash deposited in the cash account(s) of the CSOP CSI 300 ETF with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the CSOP CSI 300 ETF as a depositor. Such cash will be co-mingled with cash that belongs to other clients or creditors of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the CSOP CSI 300 ETF will not have any proprietary rights to the cash deposited in such cash account(s), and the CSOP CSI 300 ETF will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the PRC Custodian. Please refer to the disclosure on the opinion from PRC legal counsel in section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix. Whilst the opinion from PRC legal counsel indicates the legal position based on understanding of current PRC laws, such opinion may not be conclusive; and ultimately the interpretation and operation of the relevant PRC laws and regulations depend on the judicial and/or regulatory authorities of the PRC.

The CSOP CSI 300 ETF may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the CSOP CSI 300 ETF will suffer.

PRC brokerage risk. The execution of transactions may be conducted by PRC Broker(s) appointed by the RQFII. Currently, only up to three PRC Brokers can be appointed in respect of each stock exchange in the PRC. If any of the designated PRC Broker in the PRC cannot be used, the operation of the CSOP CSI 300 ETF will be adversely affected and may cause Units of the CSOP CSI 300 ETF to trade at a premium or discount to its NAV or the CSOP CSI 300 ETF may not be able to track the Underlying Index. Further, the operation of the CSOP CSI 300 ETF may be adversely affected in case of any acts or omissions of the PRC Brokers, which may result in a higher tracking error or the CSOP CSI 300 ETF being traded at a significant premium or discount to its NAV.

As only a limited number of PRC Brokers may be appointed, the CSOP CSI

300 ETF may not necessarily pay the lowest commission available in the market. The Manager however, in the selection of PRC Brokers will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards.

There is a risk that the CSOP CSI 300 ETF may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the CSOP CSI 300 ETF may be adversely affected in the execution of any transaction. As a result, the net asset value of the CSOP CSI 300 ETF may also be adversely affected.

Subject to the applicable laws and regulations, the Manager will make arrangements to satisfy itself that the PRC Brokers have appropriate procedures to properly segregate the CSOP CSI 300 ETF's securities from those of the relevant PRC Brokers.

Risks relating to premium arising from insufficient RQFII quota. There can be no assurance that additional RQFII quota can be obtained to fully satisfy Creation Application requests, which will lead to such requests of Participating Dealers being rejected by the Manager. This may result in a need for the Manager to close the CSOP CSI 300 ETF to further subscriptions which may lead to a significant premium in the trading price of the CSOP CSI 300 ETF against its Net Asset Value.

11.3A Risks associated with Stock Connect

The CSOP CSI 300 ETF may invest through the Stock Connect and is subject to the following additional risks:

Quota limitations risk. The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the CSOP CSI 300 ETF's ability to invest in China A-Shares through the Stock Connect on a timely basis, and the CSOP CSI 300 ETF may not be able to effectively pursue its investment strategies.

Suspension risk. It is contemplated that each of the SEHK the SSE and the SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Stock Connect is e ffected, the CSOP CSI 300 ETF's ability to access the PRC market will be adversely affected.

Differences in trading day. The Stock Connect only operates on days when both the PRC (SSE and SZSE) and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as CSOP CSI 300 ETF) cannot carry out any China A-Shares trading. The CSOP CSI 300 ETF may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connect is not trading as a result.

Operational risk. The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly.

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("**China Stock Connect System**") was set up by the SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The CSOP CSI 300 ETF's ability to access the China A-Share market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring risk. PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or the SZSE will reject the sell order concerned. The SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If the CSOP CSI 300 ETF desires to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("**trading day**"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the CSOP CSI 300 ETF may not be able to dispose of holdings of China A-Shares in a timely manner.

Recalling of eligible stocks risk. When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the CSOP CSI 300 ETF, for example, when the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

Clearing and settlement risk. The HKSCC and ChinaClear have established the clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market would on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the CSOP CSI 300 ETF may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

Nominee arrangements in holding China A-Shares risk. HKSCC is the "nominee holder" of the SSE Securities and the SZSE Securities acquired by Hong Kong and overseas investors through the Stock Connect.

The CSRC Stock Connect Rules expressly provide that investors enjoy the rights and benefits of the SSE Securities and the SZSE Securities acquired through the Stock Connect in accordance with applicable laws.

The CSRC Stock Connect Rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies.

It should be noted that, under the CCASS Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE Securities and the SZSE Securities in the PRC or elsewhere. Therefore, although the CSOP CSI 300 ETF's ownership may be ultimately recognised, the CSOP CSI 300 ETF may suffer difficulties or delays in enforcing its rights in China A-Shares.

Participation in corporate actions and shareholders' meetings risk. HKSCC will keep CCASS participants informed of corporate actions of eligible SSE Securities and SZSE Securities. Hong Kong and overseas investors (including the CSOP CSI 300 ETF) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be as short as one business day only. Therefore, the CSOP CSI 300 ETF may not be able to participate in some corporate actions in a timely manner.

Hong Kong and overseas investors (including the CSOP CSI 300 ETF) are holding SSE Securities and SZSE Securities traded via the Stock Connect program through their brokers or custodians. According to existing mainland practice, multiple proxies are not available. Therefore, the CSOP CSI 300 ETF may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the SSE Securities and the SZSE Securities.

No Protection by Investor Compensation Fund. Investment through the Stock Connect program is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. As disclosed under section "**9.4A The Stock Connect**", the CSOP CSI 300 ETF's investments through Northbound trading under the Stock Connect is not covered by the Hong Kong's Investor Compensation Fund. Therefore the CSOP CSI 300 ETF is exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the program.

In addition, since CSOP CSI 300 ETF is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, they are not protected by the CSIPF in the PRC.

Regulatory risk. The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The CSOP CSI 300 ETF, which may invest in the PRC markets through the Stock Connect, may be adversely affected as a result of such changes.

Taxation risk. On 14 November 2014, the Ministry of Finance and the State of Administration of Taxation have jointly promulgated Caishui [2014] No.81 ("**Notice No.81**") in relation to the taxation rule on the Stock Connect. Under Notice No.81, with effect from 17 November 2014, corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the CSOP CSI 300 ETF) on the trading of China A-Shares through the Stock Connect. However, dividends will be subject to 10% withholding tax and the company distributing the dividend has the withholding obligation. If the recipient of the dividend is entitled to a lower treaty rate, it can apply to the in-charge tax bureau of the payor for a refund. Investments in the CSOP CSI 300 ETF may be subject to the risks associated with changes in the PRC tax laws and such changes may have retrospective effect and may adversely affect the CSOP CSI 300 ETF.

Shenzhen-Hong Kong Stock Connect specific risks. The Shenzhen-Hong Kong Stock Connect is newly launched and does not have an operating history and the risks identified above are particularly relevant to the Shenzhen-Hong Kong Stock Connect due to the lack of an operating history. Investors should note that the performance of the Shenzhen-Hong Kong Stock Connect may not be the same as the performance of the Shanghai-Hong Kong Stock Connect to date.

11.4 Dual Counter Trading risks

Dual Counter risk. The SEHK's Dual Counter model is relatively new for exchange traded funds. The Dual Counter arrangement adopted by CSOP CSI

300 ETF may bring additional risks for investment in the CSOP CSI 300 ETF and may make such investment riskier than investment in single counter exchange traded funds. For example where for some reason there is a settlement failure on an inter-counter day trade if the Units of one counter are delivered to CCASS at the last settlement on a trading day, there may not be enough time to transfer the Units to the other counter for settlement on the same day.

Moreover, where there is a suspension of the inter-counter transfer of Units between the HKD counter and the RMB counter for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant Dual Counter. Accordingly it should be noted that inter-counter transfers may not always be available. Investors are recommended to check the readiness of their brokers / intermediaries in respect of the Dual Counter trading and inter-counter transfer.

Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in RMB only. As such investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

Inter-counter trading risk. Although an investor may buy from one counter and sell the same on the other counter in the same day, it is possible that some brokers/intermediaries and CCASS Participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade units in both RMB counter and HKD counter at the same time. In such case (i) to (iii), another broker, intermediary or CCASS Participant may need to be used. This may inhibit or delay dealing in both RMB traded Units and HKD traded Units and may mean investors may only be able to trade their Units in one currency. Investors are recommended to check the readiness of their brokers / intermediaries in respect of the Dual Counter trading and inter-counter transfers.

Investors should therefore consult their brokers/intermediaries on the services that the brokers/intermediaries may provide in this regard along with the associated risks and fees. In particular, some brokers/intermediaries may not have in place systems and controls to facilitate inter-counter trading and/or inter-counter day trades.

Difference in trading prices risk. There is a risk that due to different factors such as market liquidity, market supply and demand in the respective counters and the exchange rate between RMB and HKD (in both onshore and offshore markets), the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB. The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

Currency exchange risk. Investors who bought Units on the HKD counter may be subject to currency exchange risk as the assets of the CSOP CSI 300 ETF are denominated in RMB and the Net Asset Value of the CSOP CSI 300 ETF will be calculated in RMB.

RMB distributions risk. Investors should note that where a Unitholder holds Units traded under the HKD counter, the relevant Unitholder will only receive distributions in RMB and not HKD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

11.5 Risks relating to RMB dealing, trading and settlement

Primary market:

Non-RMB or Late Settlement Redemption Risk. Currently, RMB cannot be freely remitted into the PRC and such remittance is subject to certain restrictions. In the event that the remittance of RMB from Hong Kong to the PRC is disrupted, this may impact on the ability of the CSOP CSI 300 ETF to acquire China A-Shares. This in turn may result in tracking error and the CSOP CSI 300 ETF may not be able to fully replicate the Underlying Index in such circumstance.

On the other hand, where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, redemption proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or Hong Kong dollars instead of in RMB (at an exchange rate determined by the Manager after consultation with the Trustee). As such, there is a risk that investors receive settlement in RMB on a delayed basis or may not be able to receive redemption proceeds in RMB (i.e. such proceeds may be paid in US dollars or Hong Kong dollars).

Secondary market:

RMB Trading and Settlement of Units Risk. RMB denominated securities are listed and traded on the SEHK relatively recently. Therefore, trading and settlement of RMB traded Units are recent developments in Hong Kong and there is no assurance that there will not be any problem with the systems or that other logistical problems will not arise. The trading and settlement of the RMB traded Units, may not be capable of being implemented as envisaged.

Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in 2011, some stockbrokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, there is no assurance of their readiness for dealing in RMB denominated securities. Investors should note that not all stockbrokers may be ready and able to carry out trading and settlement of RMB traded Units of the CSOP CSI 300 ETF and thus they may not be able to deal in the Units through some stockbrokers. Investors should check with their brokers / intermediaries in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker / intermediary is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

In addition, the liquidity and trading price of the RMB traded Units of the CSOP CSI 300 ETF may be adversely affected by the limited availability of RMB outside the PRC and the restrictions on the conversion between foreign currency and the RMB. This may result in the CSOP CSI 300 ETF trading at a significant premium / discount to its Net Asset Value.

11.6 Risks relating to the nature of product

Risks in light of the cross-border nature of the CSOP CSI 300 ETF. CSOP CSI 300 ETF being an RMB-denominated physical exchange traded fund that directly invests in China A-Share market (which is a market with restricted access) is a relatively new type of product, i.e. exchange traded fund denominated in RMB and invests in the PRC market under the Stock Connect and RQFII regime. In light of the cross-border nature of the CSOP CSI 300 ETF, it is more risky than traditional exchange traded funds which invest directly in markets other than the China A-Share market and therefore, is subject to operational and settlement risks. Operational risks may arise from technical failures of communication and trading systems, and any breaches of the relevant operational policies or guidelines by the relevant staff of the Manager. 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 that events beyond the control of the Manager (e.g. trading errors or system errors) will not occur. The occurrence of such events may adversely affect the value of the CSOP CSI 300 ETF.

To the extent that the CSOP CSI 300 ETF transacts in the China A-Share market, the CSOP CSI 300 ETF may also be exposed to risks associated with settlement procedures. Any significant delays in the settlement of transactions or the registration of a transfer may affect the ability to ascertain the value of the CSOP CSI 300 ETF's portfolio and adversely affect the CSOP CSI 300 ETF.

11.7 Risks relating to the Underlying Index of CSOP CSI 300 ETF

Risks relating to the Underlying Index. The CSOP CSI 300 ETF may be subject to the following risks in relation to the Underlying Index:

(i) If the Underlying Index is discontinued or the Manager's license from the Index Provider under the relevant licence agreement is terminated, the Manager may, in consultation with the Trustee, seek the Commission's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the Underlying Index. Please refer to section "***16. Replacement of Underlying Index***" below on the circumstances in which the Underlying Index may be replaced by the Manager. Such change shall be made in accordance with the provisions of the Trust Deed and with the prior approval of the Commission. For the avoidance of doubt, index-tracking will remain the CSOP CSI 300 ETF's investment objective.

The Manager has been granted a licence by CSI to use the Underlying Index as a basis for determining the composition of the CSOP CSI 300 ETF and to use certain trade marks in the Index. Under the Licence Agreement, CSI shall use its reasonable endeavours to provide the data services as set out in the Licence Agreement. The licence granted commenced on 27 July 2015 and shall continue in full force and effect unless terminated earlier. The Licence Agreement is subject to an initial fixed term of 5 years, and can thereafter be automatically renewed for successive terms of 2 years at a time, unless either party raises an objection for such renewal prior to the expiry of the term of the Licence Agreement. Please refer to section "***14. Index Licence Agreement***" below on the circumstances in which the Licence Agreement may be terminated. There is no guarantee that the Licence Agreement shall not be terminated. In addition, there is no guarantee or assurance of exact or identical replication at any time of the performance of the relevant Underlying Index.

The CSOP CSI 300 ETF may be terminated if the Underlying Index is discontinued and/or the 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 Underlying Index and which meets the acceptability criteria under Chapter 8.6(e) of the Code. Any such replacement index will be subject to the prior approval of the Commission under the Code and Unitholders will be duly notified of the same. Accordingly, investors should note that the ability of the CSOP CSI 300 ETF to track the Underlying Index and the viability of the CSOP CSI 300 ETF depend on the continuation in force of the Licence Agreement in respect of the Underlying Index or a suitable replacement.

For further information on the grounds for terminating the Licence Agreement in respect of the Underlying Index, please refer to section "***14. Index Licence Agreement***" in this Appendix.

(ii) There may be changes in the constituent securities of the Underlying Index from time to time. For example, a constituent security may be delisted or a new eligible security may be added to the Underlying Index. In such circumstances, in order to achieve the investment objective of the CSOP CSI 300 ETF, the Manager may rebalance the composition of a Basket. The price of the Units may rise or fall as a result of these changes. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units. Please refer to section "***17. The Underlying Index***" of this Appendix below for more information on how the Underlying Index is compiled.

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

11.8 Securities Lending Transactions Risks

Counterparty risk. The borrower may fail to return the securities in a timely manner or at all. The CSOP CSI 300 ETF may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the CSOP CSI 300 ETF's ability in meeting delivery or payment obligations from redemption requests.

Collateral risk. As part of the Securities Lending Transaction, the CSOP CSI 300 ETF must receive at least 105% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the CSOP CSI 300 ETF if the borrower fails to return the securities lent out. The CSOP CSI 300 ETF may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

Operational risk. By undertaking Securities Lending Transaction, the CSOP CSI 300 ETF is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the CSOP CSI 300 ETF's ability in meeting delivery or payment obligations from redemption requests."

11.9 Other risks

Operating risk. There is no assurance that the performance of the CSOP CSI 300 ETF will be identical to the performance of the Underlying Index. The level of fees, taxes and expenses payable by the CSOP CSI 300 ETF will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the CSOP CSI 300 ETF can be estimated, the growth rate of the

CSOP CSI 300 ETF, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the CSOP CSI 300 ETF or the actual level of its expenses. Under the terms of the Trust Deed and as summarised under section "***14.5 Termination of the Trust or a Sub-Fund***" in Part 1 of this Prospectus, the Manager may terminate the CSOP CSI 300 ETF. On the termination of the CSOP CSI 300 ETF, the CSOP CSI 300 ETF will be liquidated and investors will receive distributions of cash although the Manager has the power to decide to make distributions in specie.

Reliance on RMB Market Makers. Investors should note that Units of the CSOP CSI 300 ETF on the RMB counter are traded and settled in RMB. There may be less interest by potential market makers making a market in Units denominated and traded in RMB. Furthermore, any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the Units.

No Market in the Units Risk. Although the Units are to be listed on the SEHK and the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Units traded in the RMB counter and one market maker for Units traded in the HKD counter, investors should be aware that there may be no liquid trading market for the Units or that such market maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of other exchange traded fund which are traded on the SEHK and which are based upon indices.

Termination of Market Maker Risk. A market maker may cease to act as a market maker for any counter of the CSOP CSI 300 ETF in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one market maker for Units of the CSOP CSI 300 ETF for each counter will be ninety (90) days. The liquidity for the RMB traded Units and HKD traded Units of the CSOP CSI 300 ETF may be affected if there is no market maker for the RMB traded Units and the HKD traded Units respectively. The Manager will use its best endeavours to put in place arrangements so that there is at least one market maker for each counter (although these market makers may be the same entity) to facilitate efficient trading of Units of the relevant trading currency (i.e. RMB and HKD). It is possible that there is only one SEHK market maker for each counter of the CSOP CSI 300 ETF or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

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

Hybrid Redemption risk. All Units can be redeemed (through a Participating Dealer) in a combination of cash (RMB) and in-kind (H-Shares constituents of the Underlying Index). Unlike cash only redemption, upon completion of a combination of cash and in-kind redemption, investors will continue to be exposed to the relevant investment risks in equity securities as well as the relevant risks of investment in such H-Shares constituents of the Underlying Index until the investors subsequently dispose such H-Shares constituents of the Underlying Index.

Tracking error risk. The Manager will adopt a representative sampling indexing strategy. As such there can be no assurance of exact or identical replication at any time of the performance of the Index. Factors such as the fees and expenses of the CSOP CSI 300 ETF, imperfect correlation between the CSOP CSI 300 ETF's assets and the Index Securities, inability to rebalance the CSOP CSI 300 ETF's holdings of Index Securities in response to changes in the constituents of the Index, rounding of the Index Securities' prices, and changes to the regulatory policies may affect the Manager's ability to achieve close correlation with the Index. These factors may cause the CSOP CSI 300 ETF's returns to deviate from the Index.

Risk relating to distributions paid out of capital. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP CSI 300 ETF are charged to/paid out of the capital of the CSOP CSI 300 ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP CSI 300 ETF and therefore, the CSOP CSI 300 ETF may effectively pay dividend out of the capital. **Investors should note that the payment of distributions out of or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any such distributions may result in an immediate reduction in the Net Asset Value per Unit of the CSOP CSI 300 ETF**.

12. FEES AND CHARGES

12.1 Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate of 0.88% per annum of the Net Asset Value of the CSOP CSI 300 ETF accrued daily and calculated as of each Dealing Day and payable monthly in arrears.

12.2 Trustee's and Registrar's Fee

The management fee is inclusive of the Trustee's and Registrar's fee and the Manager will pay the fees of the Trustee and the Registrar out of the management fee.

The Trustee's fee is inclusive of fees payable to the Custodian and the PRC Custodian.

The Trustee shall also be entitled to be reimbursed out of the assets of the CSOP CSI 300 ETF all out-of-pocket expenses incurred.

12.3 Other Changes and Expenses of CSOP CSI 300 ETF

Please refer to section "***12.4 Other Charges and Expenses***" in Part 1 of this Prospectus on other charges and expenses payable by the CSOP CSI 300 ETF.

12.4 Establishment costs of CSOP CSI 300 ETF

The costs and expenses incurred by the Manager and the Trustee in establishing the CSOP CSI 300 ETF are estimated to be HKD650,000; such costs shall be borne by the CSOP CSI 300 ETF (unless otherwise determined by the Manager) and amortised over the first 5 financial years of the CSOP CSI 300 ETF (unless the Manager decides a shorter period is appropriate).

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

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

12.5.1 Participating Dealers

Creation of Units by a Participating Dealer

Application Cancellation Fee	RMB8,500 per cancellation (See Note 1)
Extension Fee	RMB8,500 per extension (See Note 1)
Transaction Fee (including Conversion Agent's Fee)	RMB3,000 per Application and HKD5,000 to HKD12,000 per day per Participating Dealer (See Note 2 and 3)
Stamp duty	Nil

Redemption of Units by a Participating Dealer

Application Cancellation Fee	RMB8,500 per cancellation (See Note 1)
Extension Fee	RMB8,500 per extension (See Note 1)
Transaction Fee (including Conversion Agent's Fee)	RMB3,000 per Application and HKD5,000 to HKD12,000 per day per Participating Dealer (See Note 2 and 3)
Unit Cancellation Fee	HKD1.00 per board lot
Stamp duty	Nil

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

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

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

12.5.3 Secondary Market Investors Dealing in Units on the SEHK

Brokerage	Market rates (in currency determined by the intermediaries used by the investors)
Transaction levy	0.0027% (see Note 4 and Note 8)
Trading fee	0.005% (see Note 5 and Note 8)
Stamp duty	Nil (see Note 6)
Investor compensation levy	0.002% (currently suspended) (see Note 7)
Inter-counter transfers	HKD5 (see Note 9)

Note:

1. The Application Cancellation Fee of RMB8,500 and the Extension Fee of RMB8,500 are payable by the Participating Dealer, and are payable to the Trustee for its own account, on each occasion the Manager grants the request of such Participating Dealer for cancellation or extended settlement in respect of such Application as provided in this Prospectus.

2. RMB3,000 is payable to the Trustee and HKD5,000 to HKD12,000 is payable to the Conversion Agent.

3. The Transaction Fee (including Conversion Agent's Fee) among which RMB3,000 is payable by a Participating Dealer to the Trustee for the benefit of the Trustee and/or Registrar, and the Conversion Agent's Fee is payable by a Participating Dealer to the Trustee for the benefit of the Conversion Agent according to the following schedule:

Total Aggregated HK Application Basket Value	**Conversion Agent's fee Transacted Daily**
HK$1 to HK$2,000,000	HK$5,000
HK$2,000,001 to HK$5,000,000	HK$8,000
HK$5,000,001 to HK$10,000,000	HK$10,000
Over HK$10,000,000	HK$12,000

The Registrar will charge a fee for each Creation Application and Redemption Application. All fees will be met out of the Transaction Fee. A Participating Dealer may pass on to the relevant investor such Transaction Fee.

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

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

6. For a transfer effected on or after 13 February 2015 executed for a transaction by which a Unit of the CSOP CSI 300 ETF is transferred, stamp duty is waived pursuant to the Stamp Duty (Amendment) Ordinance 2015.

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

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

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

9. HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of Units of the CSOP CSI 300 ETF from one counter to another counter. Investors should check with their brokers regarding any additional fees.

13. ADDITIONAL DOCUMENTS AVAILABLE FOR INSPECTION

The material contracts in respect of the CSOP CSI 300 ETF are set out below:

(a) RQFII Custody Agreement; and

(b) RQFII Participation Agreement.

The above material contracts are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager. Please refer to section "***14.17 Complaints and Enquiries***" in Part 1 of this Prospectus for the address of the Manager.

Please refer to section "***14.11 Documents Available for Inspection***" in Part 1 of this Prospectus for the list of the other documents that are available for inspection.

13A. PUBLICATION OF INFORMATION RELATING TO CSOP CSI 300 ETF

The following information relating to CSOP CSI 300 ETF will be published on the Manager's website http://www.csopasset.com/en/products/csi-300-etf:–

- the near real-time indicative Net Asset Value per Unit of the CSOP CSI 300 ETF during normal trading hours on the SEHK in RMB and HKD; and

- the last Net Asset Value of the CSOP CSI 300 ETF in RMB only and, the last Net Asset Value per Unit of the CSOP CSI 300 ETF in RMB and HKD.

The near real-time indicative Net Asset Value per Unit of CSOP CSI 300 ETF in HKD denomination is indicative and for reference purposes only. This is updated during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in HKD uses a real-time HKD:CNH foreign exchange rate – it is calculated using the near real-time indicative Net Asset Value per Unit in RMB multiplied by a real-time HKD:CNH foreign exchange rate provided by Reuters when the SEHK is opened for trading. The near real-time indicative Net Asset Value per Unit in HKD is updated every 15 seconds throughout the SEHK trading hours. Since the indicative NAV per Unit in RMB will not be updated when the underlying China A-Shares market is closed, any change in the indicative NAV per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

The last Net Asset Value per Unit of CSOP CSI 300 ETF in HKD is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate using the CNH exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) as of the same Dealing Day. The official last Net Asset Value per Unit in RMB and the indicative last Net Asset Value per unit in HKD will not be updated when the underlying China A-Shares market is closed.

Please refer to section "***14.14 Publication of Information Relating to the Sub-Funds***" in Part 1 of this Prospectus for other information that will be published on the Manager's website http://www.csopasset.com/en/products/csi-300-etf.

14. INDEX LICENCE AGREEMENT

The Manager has been granted a non-exclusive, non-assignable and non-transferable licence pursuant to index licence agreement dated 27 July 2015 (the "**Licence Agreement**") entered into between the Manager and CSI, to use the Underlying Index (i.e. CSI 300 Smart Index) in connection with the creation, issue, offering, marketing, promotion, sale, management, administration and listing of the CSOP CSI 300 ETF. Under the Licence Agreement, CSI shall use its reasonable endeavours to provide the data services as set out in the Licence Agreement.

The Licence Agreement is subject to an initial fixed term of 5 years from 27 July 2015, and can thereafter be automatically renewed for successive terms of 2 years at a time, unless either party raises an objection for such renewal prior to the expiry of the term of the Licence Agreement.

The Manager and CSI may terminate the Licence Agreement by written notice to the other party given at least 90 days prior to the end of the then-current term. The Licence Agreement may also be terminated in circumstances as summarised below:

(a) there is a material breach by the Manager or CSI of any of the terms or conditions of the Licence Agreement;

(b) the data licence agreement entered into between the Manager and CSI has been terminated; (c) the Underlying Index has been discontinued by CSI;

(c) there is legislation or regulation that materially impairs the Manager to manage and sell the CSOP CSI 300 ETF or there is material litigation or regulatory proceeding regarding the CSOP CSI 300 ETF;

(d) there is legislation or regulation that materially impairs CSI's ability to licence the Underlying Index or there is material litigation or regulatory proceeding;

(e) either party has made a general assignment for the benefit of creditors or files for bankruptcy;

(f) there is a change of control of the Manager; and

(g) the Manager is no longer commercially offering the CSOP CSI 300 ETF.

15. MATERIAL CHANGES TO THE INDEX

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

16. REPLACEMENT OF UNDERLYING INDEX

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

(a) the Underlying Index ceasing to exist;

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

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

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

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

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

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

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

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

The Manager may change the name of CSOP CSI 300 ETF if the Underlying Index changes or for any other reasons including if licence to use the Underlying Index is terminated. Any change to (i) the use by CSOP CSI 300 ETF of the Underlying Index and/or (ii) the name of CSOP CSI 300 ETF will be notified to investors.

17. THE UNDERLYING INDEX

The Underlying Index of the CSOP CSI 300 ETF is the total return index of the CSI 300 Smart Index. The CSI 300 Smart Index tracks the overall performance of the CSI 300 Index constituent companies and returns from share class switches, i.e. switching between share classes (namely A-Shares and H-Shares) based on their relative prices.

The CSI 300 Index is a free float adjusted, category-weighted index which measures the performance of A-Shares traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. The CSI 300 Index consists of the 300 stocks with the largest market capitalisation and good liquidity from the entire universe of listed A-Shares companies in the PRC.

The constituent companies of the Underlying Index and their weights are the same as the CSI 300 Index. All constituent changes to the CSI 300 Index will be simultaneously applied to the Underlying Index. However, the share price of each stock used to calculate the Underlying Index is share-class adjusted, which means the share price of either the A-Shares or the H-Shares of the constituent companies will be used in the calculation of the Underlying Index according to "**Selection Criteria of Share Class**" below.

The Underlying Index is a total return index. A total return index calculates the performance of the Index constituents on the basis that all dividends or distributions are reinvested.

The Underlying Index was launched on 16 July 2015 and had a base level of 1,000 on 31 December 2004.

The Underlying Index is calculated and disseminated in RMB and is maintained by the Index Provider, a joint-venture established on 25 August 2005 between the Shanghai Stock Exchange and the Shenzhen Stock Exchange, which specialises in the management of securities indices and the provision of related services.

The Manager (and each of its Connected Persons) is independent of CSI.

Index Universe

The selection universe of the Index (the "**Index Universe**") includes all the A-Shares (each a "Stock") listed on the Shanghai Stock Exchange (the Main Board) or the Shenzhen Stock Exchange (the Main Board, the SME Board (Small and Medium Enterprise Board) and ChiNext (the board mainly for hi-tech companies) satisfying the following conditions:

(a) (i) a Stock listed on the Main Board of the Shanghai Stock Exchange or the Main Board or the SME Board of the Shenzhen Stock Exchange (the "**Non-ChiNext Stock**") must have a listing history of more than three months unless the daily average total market value of the Stock since its initial listing is ranked within the top 30 of all Non-ChiNext Stocks; or

(ii) a Stock listed on the ChiNext of the Shenzhen Stock Exchange must have a listing history of more than three years; and

(b) The Stock is not designated for special treatment or potential delisting by any of the CSRC, the Shanghai Stock Exchange or the Shenzhen Stock Exchange as a result of continuous financial losses.

Selection criteria of constituent companies

Index constituent companies are selected as follows and the candidate constituents should have good performance without serious financial problems or laws and regulations breaking events and with no large price volatility that shows strong evidence of manipulated. CSI:

(a) Calculates the A-Share daily average trading value and A-Share daily average total market value during the most recent year for stocks in the Index Universe, or in case of a new issue, during the fourth trading day that it was a public company;

(b) Ranks the Stocks in the universe by A-Share daily average trading value of the most recent year in descending order and delete the bottom ranked 50% stocks; and

(c) Ranks the remaining stocks by A-Share daily average market value of the most recent year in descending order, those who rank top 300 are selected as Index constituents.

Index calculation method

The Underlying Index is weighted by adjusted market cap of the A-Shares of constituent companies and calculated using the Paasche weighted composite price index formula, where adjusted market cap of each constituent company is the multiplication of its adjusted free-float proportion and its total market cap.

The adjusted free-float proportion is obtained based on the classification and rounding off method, as shown in the following table:

Free-Float Proportion (%)	(0,15)	(15, 20)	(20, 30)	(30, 40)	(40, 50)	(50, 60)	(60, 70)	(70, 80)	(80, 100)
Adjusted free-float proportion (%)	Free-Float Proportion round up to the nearest percentage point	20	30	40	50	60	70	80	100

Examples: If the free-float proportion of a certain stock is 6.5%, which is less than 15%, the adjusted free-float proportion will be 7%. If the free-float proportion of a certain stock is 35%, which falls in the (30, 40) range, the weight will be 40% of the total capital stock.

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

Selection criteria of share class

After the constituent companies have been selected and their weights have been calculated, CSI decides which share class of the constituent companies following the criteria listed below:

(a) For those constituents companies which do not have H-Shares listing, the A-Shares of the constituents companies will be selected as the constituents of CSI 300 Smart Index.

(b) For those constituents companies with both A-Shares and H-Shares listings, the share class of constituent companies with the relatively lower price will be selected as the constituents of CSI 300 Smart Index. Share class selection is based on the constituent's AH Price Ratio, which is defined as the ratio of the constituent company's A-share price divided by H-share price after adjusting for the foreign exchange rate **("AHPR")**. If the constituent's AHPR is below 1.1, the A-Share class will be selected. Otherwise, the H-Share class will be selected.

Index periodical review

(a) The constituent companies of the Index are reviewed every 6 months by the Index Advisory Committee, which usually meets in the end of May and November every year. They are adjusted according to the periodical review and any changes to the composition of the Index are implemented on the next trading day after market close of the second Friday of June and December each year.

(b) The constituents share classes of Underlying Index are switched on monthly basis. The switches will be effective after the market close of second Friday of the month. The AHPRs are calculated at the market closes of two trading days before the switch effective dates The A-Share class of a constituent will be switched to the H-Share class when its AHPR is above 1.1. On the contrary, the H-Share class of a constituent will be switched to the A-Share class when its AHPR is below 1. The share classes remain unchanged if their AHPR is within the range of 1-1.1. The adjustment factor will be adjusted accordingly.

Index adjustments

Necessary adjustments are made by CSI when some corporate events happen so as to maintain the representativeness and investability of the Index. Such events include without limitation the bankruptcy, restructuring, merger, acquisition and spin-off, of an Index Constituent issuer and the delisting, temporary suspension from trading and re-issuance, of an Index Constituent.

In general, CSI will publicise Index Constituent adjustments lists as soon as practicable after the adjustments are decided and before their implementation.

Index constituents

You can obtain the most updated list of the constituents of the Index with their respective weightings and additional information of the Index from the website of CSI at http://www.csindex.com.cn/en/indices/index-detail/930667.

Index codes

Bloomberg Code: CSIH0667
Reuters Code: .CSIH20667

Index Provider disclaimer

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

APPENDIX 4

CSOP MSCI CHINA A INCLUSION INDEX ETF

(a sub-fund of the CSOP ETF Series, a Hong Kong umbrella unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

STOCK CODES: 83149 (RMB counter) and 3149(HKD counter)

MANAGER

CSOP Asset Management Limited

5 September 2019

CSOP MSCI CHINA A INCLUSION INDEX ETF

Stock Codes: 83149 (RMB counter) and 3149 (HKD counter)

1. KEY INFORMATION

1.1 General

This Appendix sets out information specific to CSOP MSCI China A Inclusion Index ETF ("**CSOP MSCI China A ETF**"). For general information about the Trust and its Sub-Funds, please refer to Part 1 of this Prospectus. Investors should read both Parts of the Prospectus before investing in CSOP MSCI China A ETF. In particular, investors should consider the general risk factors set out in section "***4. General Risk Factors***" of Part 1 of this Prospectus and any specific risk factors set out in section "***11. Risk Factors relating to the CSOP MSCI China A ETF***" of this Appendix, before investing in the CSOP MSCI China A ETF.

Application has been made to the SEHK for the listing of, and permission to deal in, the Units of the CSOP MSCI China A ETF. Subject to the approval granting of listing of, and permission to deal in the Units on the SEHK and compliance with the relevant admission requirements of the HKSCC, Units in the CSOP MSCI China A 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 Units on the SEHK or such other date as may be determined by HKSCC. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

1.2 Summary of Information

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

Investment Type	Exchange Traded Fund ("**ETF**") authorized as a collective investment scheme by the Commission under Chapter 8.6 of the Code
Underlying Index	MSCI China A Inclusion Index Inception Date: 23 October 2017 Number of constituents: 226 Base Currency of Underlying Index: RMB (CNH)
Type of Underlying Index	A net total return index which means that its performance reflects the reinvestment of dividends, net of withholding taxes, from the Index Securities.
Index Provider	MSCI Inc ("**MSCI**" or "**Index Provider**")
Investment Strategy	Representative sampling indexing strategy. Please refer to section ***"3. Investment Objective and Strategy***" of this Appendix for further details.
Initial Issue Date	25 November 2015
Listing Date	26 November 2015

Dealing on SEHK Commencement Date	RMB counter: 26 November 2015 HKD counter: 26 November 2015
Exchange Listing	SEHK - Main Board
Stock Codes	RMB counter: 83149 HKD counter: 3149
Stock Short Name	RMB counter: CSOP MSCI-R HKD counter: CSOP MSCI
Trading Board Lot Size	RMB counter: 200 Units HKD counter: 200 Units
Base Currency	Renminbi (CNH)
Trading Currency	RMB counter: RMB (CNH) HKD counter: Hong Kong dollars (HKD)
Dividend Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP MSCI China A ETF's net income after fees and costs. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP MSCI China A ETF are charged to/paid out of the capital of the CSOP MSCI China A ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP MSCI China A ETF and therefore, the CSOP MSCI China A ETF may effectively pay dividend out of capital. Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP MSCI China A ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP MSCI China A ETF. Please refer to section "***5. Distribution Policy***" in this Appendix for further information on the distribution policy of the CSOP MSCI China A ETF and the risk factor "***Risk relating to distributions paid out of capital***" under sub-section "***11.9 Other risks***" in this Appendix for the risk associated with distributions paid out of capital. **Distributions for all units (whether traded in HKD or RMB counter) will be in RMB only.**[*]

[*] Both HKD traded Units and RMB traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with

Application Unit size for Creation/Redemption (only by or through Participating Dealers)		Minimum 500,000 Units (or multiples thereof)
Method of Creation/Redemption		Cash (RMB) only
Parties	Manager/RQFII Holder	CSOP Asset Management Limited
	Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited
	Custodian	The Hongkong and Shanghai Banking Corporation Limited
	PRC Custodian	HSBC Bank (China) Company Limited
	Participating Dealer	ABN AMRO Clearing Hong Kong Limited BNP Paribas Securities Services China International Capital Corporation Hong Kong Securities Limited China Merchant Securities (HK) Co., Limited CITIC Securities Brokerage (HK) Limited CLSA Limited Goldman Sachs (Asia) Securities Limited Guotai Junan Securities (Hong Kong) Limited Haitong International Securities Company Limited Merrill Lynch Far East Limited Nomura International (Hong Kong) Limited UBS Securities Hong Kong Limited GF Securities (Hong Kong) Brokerage Limited **please refer to the Manager's website set out below for the latest list*
	Market Makers	<u>RMB counter:</u> BNP Paribas Securities (Asia) Limited CLSA Limited Optiver Trading Hong Kong Limited SG Securities (HK) Limited <u>HKD counter:</u> BNP Paribas Securities (Asia) Limited CLSA Limited Optiver Trading Hong Kong Limited SG Securities (HK) Limited **please refer to the Manager's website set out below for the latest list*
	Service Agent	HK Conversion Agency Services Limited

---

the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions. Please refer to section "***5. Distribution Policy***" and section "***RMB distributions risk***" under "***11.4 Dual Counter Trading risks***" in this Appendix for further details.

Financial Year	Ending 31 December each year
Management Fee	Up to 2% per annum of the Net Asset Value accrued daily and calculated as of each Dealing Day, with the current rate being 0.79% per annum of the Net Asset Value accrued daily and calculated as of each Dealing Day. One month's prior notice will be provided to investors if the management fee is increased up to the maximum rate.
Website	http://www.csopasset.com/en/products/msci-china-a-etf

1.3 <u>Custodian and PRC Custodian for CSOP MSCI China A ETF</u>

The CSOP MSCI China A ETF invests directly in China A-Shares through the Stock Connect and/or the RQFII investment quota granted to the Manager by SAFE. The Hongkong and Shanghai Banking Corporation Limited has been appointed by the Trustee and the Manager as custodian ("**Custodian**") to act through its delegate, the PRC Custodian and will be responsible for the safe custody of the CSOP MSCI China A ETF's assets acquired through the RQFII quota of the Manager within the PRC under the RQFII scheme in accordance with the RQFII Custody Agreement (as defined below).

According to the RQFII Custody Agreement, the Custodian is entitled to appoint its subsidiary or associates within the HSBC group of companies as delegate for the performance of its services under the RQFII Custody Agreement. As of the date of this Prospectus, the Custodian has appointed HSBC Bank (China) Company Limited ("**PRC Custodian**") as the PRC Custodian. The PRC Custodian is incorporated in China and is a wholly-owned subsidiary of the Custodian. The PRC Custodian possesses the applicable qualification to provide custody services to RQFIIs.

According to the terms of the RQFII Custody Agreement, the Custodian shall remain responsible for any omission or wilful default of the PRC Custodian, as if no such appointment had been made.

The "**RQFII Custody Agreement**" is the custody agreement entered into between the Custodian, the PRC Custodian, the Manager and the Trustee, as amended from time to time.

Please refer to section "***2.3 Trustee and Registrar***" in Part 1 of the Prospectus in regard to the extent of the Trustee's responsibility for the acts or omissions of the PRC Custodian.

Neither the Custodian nor its delegate is responsible for the preparation of this Prospectus and they accept no responsibility or liability for the information contained here other than the description under this section "***1.4 Custodian and PRC Custodian for CSOP MSCI China A ETF***".

1.4 <u>Market Maker</u>

The Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Units of the CSOP MSCI China A ETF traded in the RMB counter and at least one market maker for Units of the CSOP MSCI China A ETF traded in the HKD counter although these market makers may be the same entity. If the SEHK withdraws its permit to the existing market maker(s), the Manager will use its best endeavours to put in place arrangements so that there is at least one other market maker per counter to facilitate the efficient trading of Units of the CSOP MSCI China A ETF. The Manager will use its best endeavours to put in place arrangements so that at least one market maker per counter is required to give not less than 90 days' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of the CSOP MSCI China A ETF is available on http://www.csopasset.com/en/products/msci-china-a-etf and from time to time will be displayed on www.hkex.com.hk.

2. DEALING

2.1 Exchange Listing and Trading

Dealings in Units in the CSOP MSCI China A ETF in both RMB and HKD have commenced.

Currently, Units are expected to be listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as of the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges subject to the applicable RQFII Regulations (as defined in section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix).

If trading of the Units of the CSOP MSCI China A ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

2.2 Buying and Selling of Units of CSOP MSCI China A ETF on SEHK

A Secondary Market Investor can buy and sell the Units of the CSOP MSCI China A ETF on the SEHK through his stockbroker at any time the SEHK is open. Units of the CSOP MSCI China A ETF may be bought and sold in the Trading Board Lot Size (or the multiples thereof). The Trading Board Lot Size is currently 200 Units for the RMB counter and 200 Units for the HKD counter.

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

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

2.3 Dual Counter Trading

2.3.1 Introduction of Dual Counter Trading (Secondary Market)

The Manager has arranged for the Units of the CSOP MSCI China A ETF to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. The CSOP MSCI China A ETF will offer two trading counters on the SEHK i.e. RMB counter and HKD counter to investors for secondary trading purposes.

Units of the CSOP MSCI China A ETF traded under the two counters can be distinguished by their stock codes, their stock short names and a unique and separate ISIN as follows:-

Counter	Stock Code	Stock Short Name	Trading Currency	ISIN Number (ISIN; assigned to each counter)
RMB counter	83149	CSOP MSCI-R	RMB	HK0000273489
HKD counter	3149	CSOP MSCI	HKD	HK0000273497

Units of the CSOP MSCI China A ETF traded in the RMB counter will be settled in RMB and Units traded in the HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units of the CSOP MSCI China A ETF in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Please note that despite the Dual Counter arrangement, creations and redemptions of new Units for the CSOP MSCI China A ETF in the primary market will continue to be made in RMB only.

Investors can buy and sell Units of the CSOP MSCI China A ETF traded in the same counter. Alternatively, they can buy in one counter and sell in the other counter provided their brokers/intermediaries or CCASS participants provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. However, investors should note that the trading price of Units of the CSOP MSCI China A ETF traded in the RMB counter and the HKD counter may be different and there is a risk that due to different factors such as market liquidity, market demand and supply in the respective counters and the exchange rate between RMB and HKD (in both onshore and offshore markets), the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB.

Inter-counter buy and sell is permissible even if the trades take place within the same trading day. Investors should also note that some brokers/intermediaries may not provide inter-counter day trade services due to various reasons including operations, system limitations, associated settlement risks and other business considerations. Even if a broker/intermediary is able to provide such service, it may impose an earlier cut-off time, other procedures and/or fees.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on the HKEx's website https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factors under section "***11.4 Dual Counter Trading risks***" in this Appendix.

2.3.2 Transferability

Units of the CSOP MSCI China A ETF traded in both counters are inter-transferable. Units traded in the RMB counter can be transferred to the HKD counter by way of an inter-counter transfer and vice versa on a one to one basis.

Inter-counter transfer of Units of the CSOP MSCI China A ETF will be effected and processed within CCASS only.

For Units of the CSOP MSCI China A ETF which are bought using the Renminbi Equity Trading Support Facility (the "**TSF**"), TSF CCASS Participants should, on behalf of their clients, arrange a TSF stock release before proceeding with the inter-counter transfer. Investors are advised to consult their brokers/intermediaries about their service schedule to effect a TSF Unit release.

2.3.3 Unitholders' rights

Units of both the RMB and HKD counters belong to the same class in CSOP MSCI China A ETF and Unitholders of Units traded on both counters are entitled to identical rights and are therefore treated equally.

2.3.4 Fees and Other Transaction Costs

The fees and costs payable by a Secondary Market Investor for buying and selling Units of the CSOP MSCI China A ETF on the SEHK are the same for both the RMB and HKD counters.

HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of the CSOP MSCI China A ETF from one counter to another counter.

2.4 Creation Applications and Redemption Applications by Participating Dealers

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

The Manager currently allows Cash Creations and Cash Redemptions for Units of the CSOP MSCI China A ETF. Notwithstanding the Dual Counter, any cash payable by Participating Dealers in a Cash Application must be in RMB. Units which are created must be deposited in CCASS in the RMB counter initially.

The Application Unit size for CSOP MSCI China A ETF is 500,000 Units. Creation Applications submitted in respect of Units other than in Application Unit size will not be accepted. The minimum subscription for the CSOP MSCI China A ETF is one Application Unit.

Both RMB traded Units and HKD traded Units can be redeemed by way of a Redemption Application (through a Participating Dealer). The process of redemption of Units deposited under the RMB counter and the HKD counter is the same. Notwithstanding the Dual Counter, any cash proceeds received by Participating Dealers in a Cash Redemption shall be paid only in RMB.

2.4.1 Dealing Period

The dealing period on each Dealing Day for a Creation Application or Redemption Application in respect of the CSOP MSCI China A ETF commences at 9:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 11:00 a.m. (Hong Kong time), as may be revised by the Manager from time to time. Any Creation Application or Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the CSOP MSCI China A ETF, exercise its discretion to accept an Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such Application, the Manager shall not exercise its discretion to accept any Application.

The cleared funds in respect of Creation Applications must be received by 12.30 p.m. on the relevant Dealing Day or such other time as may be agreed by the Trustee, the Manager and the relevant Participating Dealer.

2.4.2 Issue Price and Redemption Price

The Issue Price of a Unit of any class in the CSOP MSCI China A ETF shall be the Net Asset Value per Unit of the relevant class calculated as of the Valuation Point in respect of the relevant Valuation Day rounded to the nearest fourth (4^{th}) decimal place (with 0.00005 being rounded up).

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

The benefit of any rounding adjustments will be retained by the CSOP MSCI China A ETF.

The "**Valuation Day**" of the CSOP MSCI China A ETF, coincides with, and shall mean, the Dealing Day of the CSOP MSCI China A ETF or such other days as the Manager may determine.

The latest Net Asset Value of the Units will be available on the Manager's website at http://www.csopasset.com/en/products/msci-china-a-etf or published in such other publications as the Manager decides.

2.4.3 Dealing Day

In respect of the CSOP MSCI China A ETF, "**Dealing Day**" means each Business Day.

2.4.4 Rejection of Creation of Applications relating to CSOP MSCI China A ETF

In addition to the circumstances set out in section "***7.3.5 Rejection of Creation Applications***" in Part 1 of this Prospectus, the Manager, acting reasonably and in good faith, has the absolute discretion to reject a Creation Application in relation to the CSOP MSCI China A ETF, in any of the following circumstances:-

(a) where the acceptance of the Creation Application will have a material adverse impact on the China A-Shares market; or

(b) where the RQFII quotas obtained by the Manager as RQFII are reduced or cancelled or are not sufficient to meet the Creation Applications for the CSOP MSCI China A ETF.

3. INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The investment objective of the CSOP MSCI China A ETF is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Underlying Index, namely, the MSCI China A Inclusion Index. There is no assurance that the CSOP MSCI China A ETF will achieve its investment objective.

Investment Strategy

In seeking to achieve the investment objective, the CSOP MSCI China A ETF uses a representative sampling indexing strategy. "Representative sampling" is an indexing strategy that involves investing in a representative portfolio of securities that collectively has a high correlation with the Underlying Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Underlying Index.

In order to track the performance of the Underlying Index, the Manager will invest at least 80% of the total assets of the CSOP MSCI China A ETF in the securities included in the Underlying Index ("**Index Securities**").

The CSOP MSCI China A ETF may or may not hold all of the securities in the Underlying Index. Subject to the requirement to generally invest at least 80% of the total assets of CSOP MSCI China A ETF in the Index Securities, the CSOP MSCI China A ETF also may invest in money market instruments, cash and cash equivalents.

The Manager reviews the Index Securities held in the CSOP MSCI China A ETF's portfolio each Business Day. In order to minimise tracking error*, it closely monitors factors such as any changes in the weighting of each Index Security in the Underlying Index, suspension, dividend distributions and the liquidity of the CSOP MSCI China A ETF's portfolio. The Manager will also conduct adjustment on the portfolio of the CSOP MSCI China A ETF regularly, taking into account tracking error reports, the index methodology and any rebalance notification of the Underlying Index.

The CSOP MSCI China A ETF will not invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes, or in sale and repurchase transactions, reverse repurchase transactions and other similar over-the-counter transactions. Prior approval of the Commission will be sought and not less than one month's prior notice will be given to the Unitholders of CSOP MSCI China A ETF in the event the Manager wishes to invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes, or in sale and repurchase transactions, reverse repurchase transactions and other similar over-the-counter transactions.

Currently it is intended that the CSOP MSCI China A ETF will directly obtain exposure to securities issued within the PRC through the Stock Connect (as explained in section "***9.4A. The Stock Connect***" in this Appendix) and/or the RQFII investment quota granted to the Manager by SAFE (as explained in section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix). The Manager may invest up to 100% of the CSOP MSCI China A ETF's Net Asset Value through either RQFII and/or the Stock Connect.

* The Manager intends to limit the annual tracking error to 2% and the daily tracking difference to 0.1% without taking into account the provision of the capital gains tax.

3A. SECURITIES LENDING TRANSACTIONS

The Manager may, on behalf of the CSOP MSCI China A ETF, enter into securities lending transactions for up to 30% of the CSOP MSCI China A ETF's Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the CSOP MSCI China A ETF and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion.

As part of the securities lending transactions, the CSOP MSCI China A ETF must receive cash collateral of 105% of the value of the securities lent (interests, dividends and other eventual rights included). The Custodian will only take cash as collateral as agreed between the parties. The collateral will be marked-to-market on a daily basis and be safekept by the Custodian. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 105% of the value of the securities lent on any trading day T, the Manager will call for additional collateral on trading day T, and the borrower will have to deliver additional collateral to make up for the difference in securities value by 4p.m. on trading day T+1.

The Manager will not engage in any reinvestment of collateral received. Information as required under the Code will be disclosed in the annual and semi-annual financial reports and on the Manager's website (as the case may be).

To the extent CSOP MSCI China A ETF undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the CSOP MSCI China A ETF. The cost relating to securities lending transactions will be borne by the borrower.

Securities lending transactions nonetheless give rise to certain risks including valuation risks, operational risks, market risks and counterparty risks. Please refer to section "***11.8 Securities Lending Transaction Risk***" for further details.

4. BORROWING RESTRICTIONS

The Manager may borrow up to 10% of the total Net Asset Value of CSOP MSCI China A ETF to acquire investments, to settle redemption proceeds or to pay expenses relating to CSOP MSCI China A ETF.

5. DISTRIBUTION POLICY

The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP MSCI China A ETF's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the CSOP MSCI China A ETF.

The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP MSCI China A ETF are charged to/paid out of the capital of the CSOP MSCI China A ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP MSCI China A ETF and therefore, the CSOP MSCI China A ETF may effectively pay dividend out of capital. **Investors should note that payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP MSCI China A ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP MSCI China A ETF and will reduce any capital appreciation for the Unitholders of the CSOP MSCI China A ETF.**

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/en/products/msci-china-a-etf

The distribution policy may be amended subject to the Commission's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the Base Currency of the CSOP MSCI China A ETF (i.e. RMB). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in RMB only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/en/products/msci-china-a-etf and on HKEx's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx.

There can be no assurance that a distribution will be paid.

Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units). In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions.

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

6. PRC TAX PROVISIONS

In light of a recent announcement jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC under Caishui [2014] No.79 and No.81, and Caishui [2016] No.127 which stipulate that trading of China A-Shares through QFIIs, RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) and Stock Connect will be temporarily exempted from corporate income tax on gains derived from the transfer of PRC equity investment assets (including PRC A-Shares) effective from 17 November 2014, the Manager does not intend to make any WIT provision on the gross unrealised and realised capital gains derived from trading of China A-Shares.

Please refer to the risk factor "***PRC tax considerations***" under section "***4.1 Risk Factors relating to China***" in Part 1 of the Prospectus for further information on PRC taxation.

7. RENMINBI QUALIFIED FOREIGN INSTITUTIONAL INVESTOR (RQFII)

Under current regulations in the PRC, generally foreign investors can invest in the domestic securities market through (i) certain qualified foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota(s) by the SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC's domestic securities markets, or (ii) the Stock Connect Program (as explained in the section "9.4A. The Stock Connect" in this Appendix).

The RQFII regime was introduced on 16 December 2011 by the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors which are Asset Management Companies or Securities Companies" (基金管理公司、證券公司人民幣合格境外機構投資者境內證券投資試點辦法) issued by the CSRC, the People's Bank of China ("**PBOC**") and the SAFE, which was repealed effective on 1 March 2013.

The RQFII regime is currently governed by (a) the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC, the PBOC and the SAFE and effective from 1 March 2013 (人民幣合格境外機構投資者境內證券投資試點辦法); (b) the "Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC and effective from 1 March 2013 (關於實施《人民幣合格境外機構投資者境內證券投資試點辦

法》的規定); (c) the "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" (國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知) issued by SAFE and effective from 11 March 2013; (d) the "Notice of the People's Bank of China on the Relevant Matters concerning the Implementation of the Pilot Scheme for Domestic Securities Investment Made through Renminbi Qualified Foreign Institutional Investors", issued by the PBOC and effective from 2 May 2013 (中國人民銀行關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》有關事項的通知); and (e) any other applicable regulations promulgated by the relevant authorities (collectively, the "**RQFII Regulations**").

The CSOP MSCI China A ETF will directly invest in securities issued within the PRC through the RQFII quotas of the Manager and/or the Stock Connect. The Manager has obtained RQFII status in the PRC. The Manager (as RQFII Holder) may from time to time make available RQFII quota for the purpose of the CSOP MSCI China A ETF's direct investment into the PRC. Under the SAFE's RQFII quota administration policy, the Manager has the flexibility to allocate their respective RQFII quota across different open-ended fund products, or, subject to SAFE's approval, to products and/or accounts that are not open-ended funds. The Manager may therefore allocate additional RQFII quota to the CSOP MSCI China A ETF or allocate RQFII quota which may otherwise be available to the CSOP MSCI China A ETF to other products and/or accounts. The Manager may also apply to SAFE for additional RQFII quota which may be utilised by the CSOP MSCI China A ETF, other clients of the Manager or other products managed by the Manager. However, there is no assurance that the Manager will make available RQFII quota that is sufficient for the CSOP MSCI China A ETF's investment at all times. The CSOP MSCI China A ETF may not have exclusive use of the Manager's RQFII quota.

The Custodian has been appointed by the Trustee and the Manager to hold (by itself or through its delegate) the assets of the CSOP MSCI China A ETF in the PRC invested using the RQFII quota of the Manager in accordance with the terms of the RQFII Custody Agreement.

Securities including China A-Shares invested through the RQFII quota of the Manager will be maintained by the Custodian's delegate, the PRC Custodian pursuant to PRC regulations through securities account(s) with the China Securities Depository and Clearing Corporation Limited ("**CSDCC**") in the joint names of the Manager (as the RQFII Holder) and the CSOP MSCI China A ETF. An RMB cash account(s) shall be established and maintained with the PRC Custodian in the joint names of the Manager (as the RQFII Holder) and the CSOP MSCI China A ETF. The PRC Custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations.

Repatriations in RMB conducted by the Manager (as RQFII) on behalf of the CSOP MSCI China A ETF are permitted daily and not subject to any repatriation restrictions, lock-up periods or prior approval from the SAFE.

There are specific risks associated with the RQFII regime and investors' attention is drawn to the risk factors "***RQFII risk***" and "***PRC brokerage risk***" under section "***11.3 Risks relating to the RQFII regime***" in this Appendix.

In the context of investment in securities issued within the PRC using the Manager's RQFII quota, the Manager will assume dual roles as the Manager of the CSOP MSCI China A ETF and the holder of the RQFII quota for the CSOP MSCI China A ETF. The Manager will be responsible for ensuring that all transactions and dealings will be dealt with in compliance with the Trust Deed (where applicable) as well as the relevant laws and regulations applicable to the Manager as a RQFII.

In connection with the investment in securities issued within the PRC using the Manager's RQFII quota, the Manager has obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC laws:

(a) securities account(s) with the CSDCC and maintained by the PRC Custodian and RMB special deposit account(s) with the PRC Custodian (respectively, the "**securities account(s)**" and the "**cash account(s)**") have been opened in the joint names of the Manager (as the RQFII holder) and the CSOP MSCI China A ETF and for the sole benefit and use of the CSOP MSCI China A ETF in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the securities account(s) (i) belong solely to the CSOP MSCI China A ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as the RQFII holder), the Custodian, the PRC Custodian and any qualified broker registered in the PRC ("**PRC Broker**") and from the assets of other clients of the Manager (as the RQFII holder), the Custodian, the PRC Custodian and any PRC Broker(s);

(c) the assets held/credited in the cash account(s) (i) become an unsecured debt owing from the PRC Custodian to the CSOP MSCI China A ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as the RQFII holder) and any PRC Broker(s), and from the assets of other clients of the Manager (as the RQFII holder) and any PRC Broker(s);

(d) the Trustee, for and on behalf of the CSOP MSCI China A ETF is the only entity which has a valid claim of ownership over the assets in the securities account(s) and the debt in the amount deposited in the cash account(s) of the CSOP MSCI China A ETF;

(e) if the Manager or any PRC Broker is liquidated, the assets contained in the securities account(s) and the cash account(s) of the CSOP MSCI China A ETF will not form part of the liquidation assets of the Manager or such PRC Broker(s) in liquidation in the PRC; and

(f) if the PRC Custodian is liquidated, (i) the assets contained in the securities account(s) of the CSOP MSCI China A ETF will not form part of the liquidation assets of the PRC Custodian in liquidation in the PRC, and (ii) the assets contained in the cash account(s) of the CSOP MSCI China A ETF will form part of the liquidation assets of the PRC Custodian in liquidation in the PRC and the CSOP MSCI China A ETF will become an unsecured creditor for the amount deposited in the cash account(s).

Further, in connection with the investment in securities issued within the PRC using the Manager's RQFII quota, the Trustee has put in place proper arrangements to ensure that:

(a) the Trustee takes into its custody or under its control the assets of the CSOP MSCI China A ETF, including onshore PRC assets of the CSOP MSCI China A ETF acquired by the CSOP MSCI China A ETF through the Manager's RQFII quota and such PRC assets will be maintained by the PRC Custodian in electronic form via the securities account(s) with the CSDCC and cash held in the cash account(s) with the PRC Custodian ("**Onshore PRC Assets**"), and holds the same in trust for the Unitholders;

(b) cash and registrable assets of the CSOP MSCI China A ETF, including the Onshore PRC Assets are registered or held to the order of the Trustee; and

(c) the Custodian and the PRC Custodian will look to the Trustee for instructions and solely act in accordance with such instructions as provided under the RQFII participation agreement between the Custodian, the PRC Custodian, the Manager and the Trustee, as amended from time to time ("**RQFII Participation Agreement**").

8. OVERVIEW OF THE OFFSHORE RMB MARKET

What Led to RMB Internationalisation?

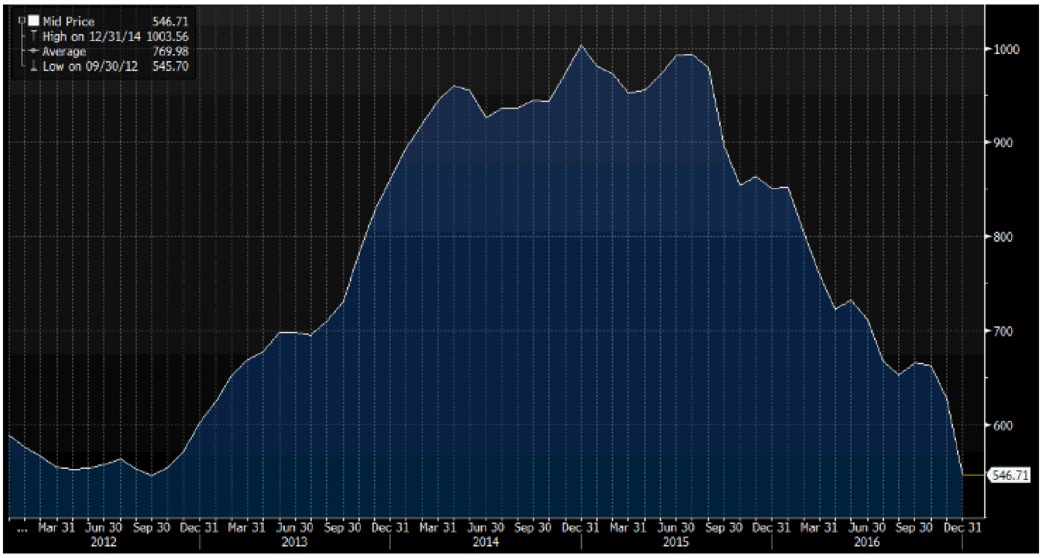
RMB is the lawful currency of the PRC. RMB is not currently a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system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

Over the past two decades, the PRC's economy grew rapidly at an average annual rate of 10.5% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. The International Monetary Fund has projected that the PRC will contribute to more than one-third of global growth by 2015. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

Accelerating the Pace of the RMB Internationalisation

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong, subject to regulatory approval. As of 31 December 2016, RMB deposits amounted to about RMB 546.7 billion, as compared to just about RMB 63 billion in the end of 2009. Up to 28 February 2017, there had beed RMB433.5 billion outstanding amount of offshore RMB denominated bonds.

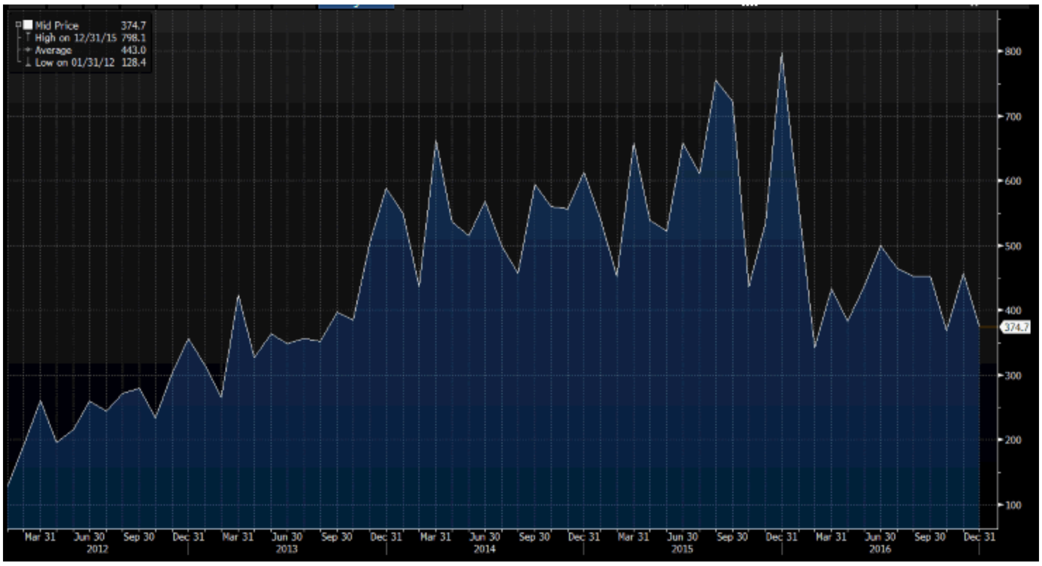
The chart below shows the trend of RMB deposits in Hong Kong.



Data source: Bloomberg as of 31 December 2016

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

The chart below shows the trend of RMB cross-border settlement.



Data source: Bloomberg as of 31 December 2016

Effective from 17 March 2014, the floating band of RMB against US dollar on the inter-bank spot foreign exchange market is enlarged from 1 percent to 2 percent, i.e. on every trading day on the inter-bank spot market, the trading prices of RMB against US dollar will fluctuate within a band of ±2 percent below and above the central parity as released by the China Foreign Exchange Trade System on that day.

Onshore versus Offshore RMB Market

Following a series of policies introduced by the PRC authorities, a RMB market outside the PRC has gradually developed and started to expand rapidly since 2009. RMB traded outside the PRC is often referred 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 relatively 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 two RMB markets but that is believed to be driven by political decisions rather than just economics. It is widely expected that the onshore and offshore RMB markets would remain two segregated, but highly related, markets for the next few years.

Recent Measures

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

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

RMB Internationalisation is a Long-Term Goal

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

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

9. CHINA A-SHARE MARKET IN THE PRC

9.1 The Stock Exchanges in Mainland China

Mainland China has two stock exchanges, located in Shanghai and Shenzhen respectively. Shanghai Stock Exchange ("**SSE**") was established on 26 November 1990 and started trading on 19 December in the same year. Shenzhen Stock Exchange ("**SZSE**") was established on 1 December 1990. The two exchanges are under the direct management of the CSRC. Their main functions include: to provide premises and facilities for securities trading; to develop the business rules of the exchanges; to accept listing applications and arrange for the listing of securities; to organize and supervise securities trading; to regulate exchange members and listed companies; to manage and disclose market information.

SSE adopts an electronic trading platform. The trading of all exchange-traded securities are required to be submitted to the exchange's matching engine which automatically matches orders based on price priority and time priority. The SSE's new trading system has a peak order processing capacity of 80,000 transactions per second. It has a bilateral transactions capacity of over 120 million which is equivalent to the size of daily turnover of RMB1.2 trillion by a single market. The system also has parallel scalability.

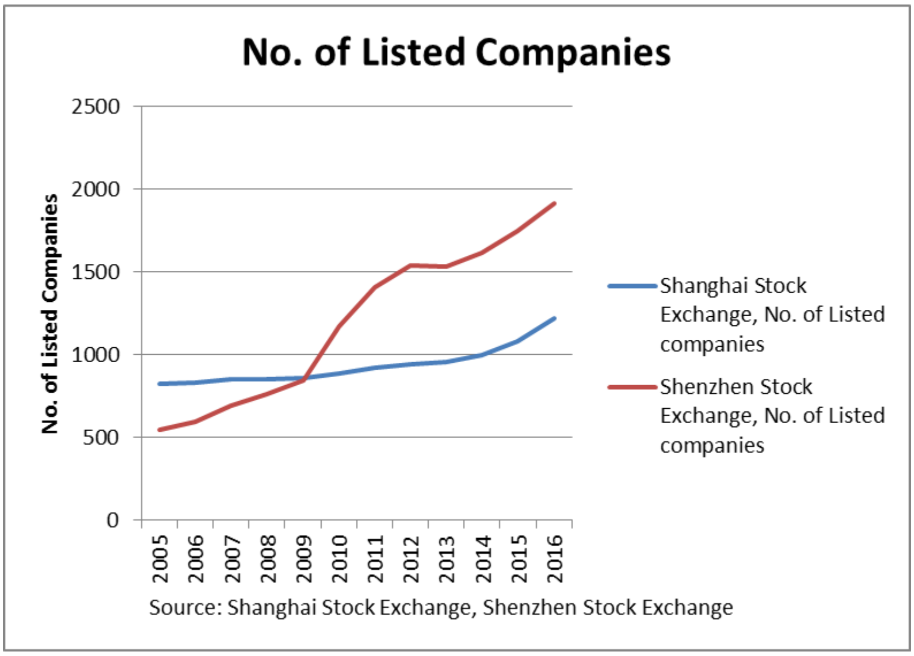
The SZSE, assuming the mission to build China's multi-level capital market system, has fully supported small and middle size enterprise development, and promoted the implementation of the national strategy of independent innovation. In May 2004, it officially launched the Small and Medium Enterprise ("**SME**") board. In January 2006, it started a pilot program for shares trading of non-listed companies of the Zhongguancun Science Park; it officially launched Growth Enterprises Market ("**GEM**") board in October 2009.

After years of development, the SZSE has basically established a multi-level capital market system architecture consisting the above market boards and systems.

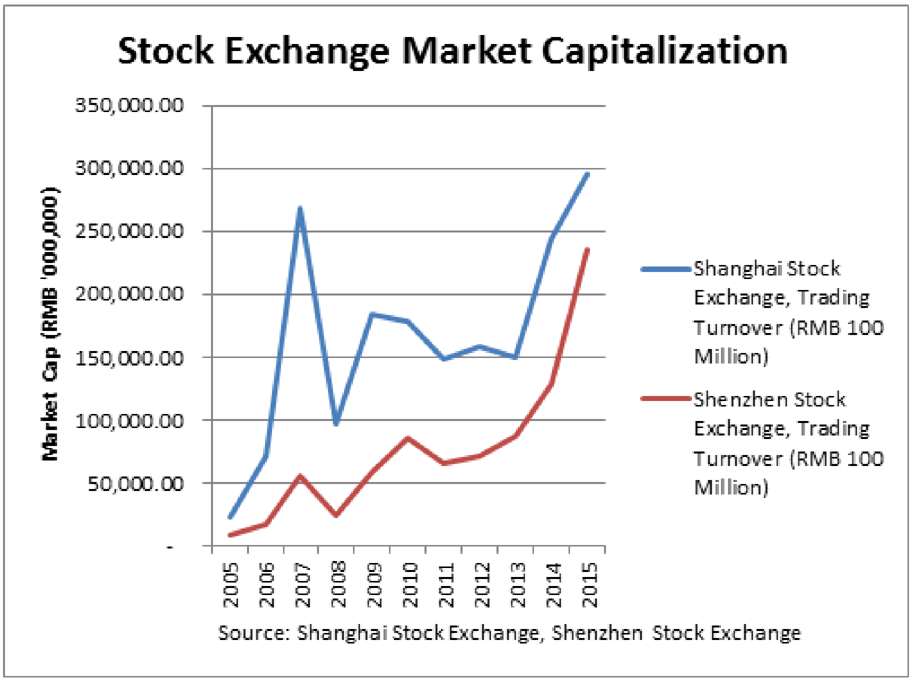
After years of sustained development, the SSE and SZSE have made great achievements in terms of products and quantity listed. Now the listed products include: China A-Shares, China B-Shares, open-ended funds, close-ended funds, exchange traded funds and bonds. As of 07 March 2017, the number of listed companies amounted to 3,145, including 1,227 in Shanghai and 1,918 in Shenzhen. As of 31 December 2016, the combined market capitalization of the two exchanges amounted to RMB 53.7 trillion of which RMB 41.2 trillion is free float. Currently, there are derivatives such as warrants and index futures and fixed income products listed on the SSE and SZSE.

The chart below shows the annual trading turnover in the SSE and SZSE.

The chart below shows the number of listed company in the SSE and SZSE.



The chart below shows the market capitalisation of the SSE and SZSE.



The chart below shows the Shanghai and Shenzhen Composite Index Price and the Index Price of the Underlying Index in the past 10 years.

Note: The Shanghai Composite index use the left vertical axis, the Shenzhen composite index and MSCI CHINA A INTERNATIONAL uses the right vertical axis. The MSCI CHINA A INTERNATIONAL

The regulatory agency of each stock exchange is its Stock Exchange Council. The Council consists of member directors and non-member directors. The highest decision-making body of an exchange is the General Assembly. However, the Council decides the business agenda of the exchange. The Council reports to the General Assembly, and assumes the following powers:

- To convene the General Assembly, report to the General Assembly, to implement the resolutions of the General Assembly;
- To enact and amend the relevant business rules of the Stock Exchange;
- To approve the general work plan submitted by its Chief Executive Officer, budget plan and the draft final financial report;
- To approve the membership admission and approve the sanction of members;
- To decide the stock exchange's internal structure; and
- Any other powers conferred by the General Assembly.

9.2 Development of the China A-Share market

In the 80s of last century, with huge demand of public capital from the national economic development, the PRC started a pilot reform program adopting the joint-stock system, commencing first in Shanghai, Shenzhen and several other cities. After the Reform and Opening up China's first stock - "Shanghai Feile Audio-Visual" was born in November 1984.

Then in 1990, the SSE and SZSE officially opened, marking the official start of the rapid development of the Chinese stock market. The China A-Share markets in SSE and SZSE commenced on 19 December 1990 and 1 December 1990 respectively. Initially, trading in China A-Shares are restricted to domestic investors only while China B-Shares are available to both domestic (since 2001) and foreign investors.

However, after reforms were implemented in December 2002, foreign investors are now allowed (with limitations) to trade in China A-Shares under the QFII program which was launched in 2003 and the RQFII program which was launched in 2011.

After 20 years of development, the China A-Share market has since grown to become influential in the global market. The participants in the China A-Share market include retail investors, institutional investors and listed companies. The total market capitalization of the two exchanges combined as of 2 May 2018 has reached RMB 54.2 trillion, and the floating market capitalization has reached RMB 43.3 trillion. As of 2 May 2018, there were 3,531 China A-Share companies listed on the SSE and SZSE.

9.3 *The major differences between the China A-Share market and the Hong Kong market*

The table below summarises the differences between the China A-Share market and the Hong Kong market:-

		SEHK	**SSE**	**SZSE**
(a)	Key Market Index	Hang Seng Index ("**HSI**")	SSE Composite Index	SZSE Composite Index
(b)	Trading Hours • Morning session • Afternoon session	 • 9:30– 12:00 • 13:00 – 16:00	 • 9:30– 11:30 • 13:00 – 15:00	 • 9:30 – 11:30 • 13:00 – 15:00
	China A-Share market and Hong Kong market have different schedule of holidays.			
(c)	Pre-opening session/ pre-order input/order matching times			
	• Pre-opening session • Order matching times • Close matching times	• 9:00 to 9:15 • 9:15 to 9:20 (pre-order matching period) • 9:20 to 9:28 (order matching period) • 9:28 to 9:30 (blocking period) • N/A	• 9:15 to 9:25 • 9:30 to 11:30 and 13:00 to 15:00 • N/A	• 9:15 to 9:25 • 9:30 to 11:30 and 13:00 to 14:57 • 14:57 to 15:00
(d)	Trading Band Limits	No trading band limit	Daily trading band limits of 10%. Where a listed company is under circumstances deemed abnormal by the SSE and SZSE, the short name of the listed company will be prefixed by "ST" and the daily up and down limit will be reduced to 5%.	
(e)	Trading Rule	The T+1 trading rule do not apply except that some stocks cannot be sold short in Hong Kong market.	The T+1 trading rule applies which means a stock bought on T day (i.e. trading day) can only be sold on T+1 (i.e. one business day after the relevant trading day), and no short-selling is allowed with a few exception (mostly ETFs) permitted by a	

			pilot program.
(f)	Round Lot	Stocks are generally traded at round lots and odd lots trading have to be facilitated by a broker through a special board.	Stocks can only be bought at the multiples of 100 shares but cannot be bought in odd lots. However, one can sell the shares of any number i.e. even in odd lots.
(g)	Settlement cycle	The settlement period is 2 business days (i.e. T+2)	The settlement period is one business day (i.e. T+1)
(h)	Earnings report disclosure requirement	A listed company has to disclose fiscal information twice a year. The annual financial reports have to be published within four months from the financial year end and the interim financial reports have to be published within three months of the end of the period it covers.	A listed company on the SSE and SZSE is required to prepare and disclose the annual financial report within four months as of the end date of each fiscal year, the semi-annual financial report within two months as of the end date of the first half of each fiscal year, and the quarterly financial report within one month as of the end of the first three months and the end of the first nine months of each fiscal year respectively. The time for disclosing the first-quarter financial report shall not be earlier than the time for disclosing the annual financial report of the previous year. H-Share listed companies also disclose fiscal information quarterly for consistency with the corresponding A -Share schedules.
(i)	Suspension	There is no requirement to suspend stocks for general assembly or important information disclosure.	Stocks in the China A-Share market will be suspended for general assembly or important information disclosure.

Investors should inform themselves of the risks associated with the differences between the China A-Share market and the Hong Kong market, as set out in the risk factor "***Risks relating to the differences between the Hong Kong and China stock markets***" in section ***"11.1 China market/China A-Share market risks"*** in this Appendix.

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

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

(a) Trading hours: As regards the difference in trading hours, the shorter trading hours in the China A-Share market is not considered to present a major risk, as it is expected that there is a sufficient level of liquidity for the China A-Shares constituting the CSOP MSCI China A ETF's portfolio.

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

If the Hong Kong market is open while the China A-Share market is closed, Units of the CSOP MSCI China A ETF will be traded in the Hong Kong market and the Manager will continue to publish information including prices in the manner set out in section "***14.14 Publication of Information Relating to the Sub-Funds***" in Part 1 of the Prospectus. If the China A-Share market is open while Hong Kong market is closed, the Manager will trade the China A-Shares when it is necessary, in order to limit the risk to investors. These trades will be properly settled even when the Hong Kong market is closed for holiday by the Trustee's arrangements in place.

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

9.4A ***The Stock Connect***

The Stock Connect is a securities trading and clearing linked program developed by HKEx, the SSE, the SZSE and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"), with an aim to achieve mutual stock market access between mainland China and Hong Kong. It comprises of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. The Manager intends to utilise such channels to invest in A Shares.

Through the Stock Connect, the SSE, the SZSE and the SEHK enable investors to trade eligible shares listed on the other's market through local securities firms or brokers. Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link (for investment in PRC shares) and a Southbound Trading Link (for investment in Hong Kong shares). Under the Northbound Trading Link, investors, through their Hong Kong brokers and securities trading service companies (in Shanghai and in Qianhai Shenzhen respectively) established by the SEHK and the HKSCC, will be able to place orders to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through PRC securities firms and securities trading service companies established by the SSE and the SZSE, will be able to place orders to trade eligible shares listed on the SEHK by routing orders to the SEHK.

All Hong Kong and overseas investors (including the CSOP MSCI China A ETF) are allowed to trade SSE Securities and SZSE Securities (as described below) through the Stock Connect (through the Northbound Trading Link), subject to rules and regulations issued from time to time.

The following summary presents some key points about the Northbound Trading Link (which may be utilized by the CSOP MSCI China A ETF to invest in the PRC):

Eligible securities

Among the different types of SSE- or SZSE-listed securities, only China A-Shares are included in the Stock Connect. Other product types such as China B-Shares, Exchange Traded Funds (ETFs), bonds, and other securities are not included.

At the initial stage, Hong Kong and overseas investors are able to trade certain stocks listed on the SSE market (i.e. "**SSE Securities**") and the SZSE market (i.e. "**SZSE Securities**"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except the following:

(a) SSE-listed shares which are not traded in RMB; and
(b) SSE-listed shares which are included in the "risk alert board"

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

(a) SZSE-listed shares which are not traded in RMB; and
(b) SZSE-listed shares which are included in the "risk alert board"

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

The list of eligible stocks is subject to review from time to time.

<u>Trading day</u>

Due to differences in public holidays between Hong Kong and mainland China, there may be differences in the trading days in the two markets. Even if the mainland China markets are open on a certain day, the CSOP MSCI China A ETF may not necessarily be able to invest in China A-Shares through Northbound trading. For example, the Hong Kong market closes on Easter and Christmas every year, but those are trading days in mainland China.

Likewise, during Lunar New Year and the National Day golden week periods, mainland China usually arranges for seven-day consecutive holidays by reshuffling workdays and weekends. Even for days on which both markets are open for business, there could be differences because of other reasons such as bad weather conditions. Investors (including the CSOP MSCI China A ETF) are only allowed to trade on the other market on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

<u>Trading quota</u>

Trading under the Stock Connect is subject to a daily quota ("**Daily Quota**") presently set at RMB13 billion for each of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, which is separate for Northbound and Southbound trading. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connect each day.

The quotas do not belong to the CSOP MSCI China A ETF and are utilised on a first-come-first-serve basis. The SEHK publishes the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website. Should there be any change in the Daily Quota, the Manager will not inform the Unitholders.

<u>Settlement and Custody</u>

The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), also a wholly-owned subsidiary of HKEx, is be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A-Shares traded through the Stock Connect are issued in scripless form, so investors do not hold any physical China A-Shares. In the operation of the Stock Connect, Hong Kong and overseas investors who have acquired SSE Securities and SZSE Securities through Northbound trading should maintain the SSE Securities and SZSE Securities with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on the SEHK).

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities or SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE or SZSE listed companies still treats HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities.

HKSCC monitors the corporate actions affecting SSE Securities or SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("**CCASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE-or SZSE-listed companies usually announce their annual general meeting/extraordinary general meeting information about one month before the meeting date. A poll is called on all resolutions for all votes. HKSCC advises CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Foreign shareholding restrictions

The CSRC stipulates that, when holding China A-Shares through the Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restrictions:

- Single foreign investors' shareholding by any Hong Kong or overseas investor in a China A-Share must not exceed 10% of the total issued shares; and
- Aggregate foreign investors' shareholding by all Hong Kong and overseas investors in a China A-Share must not exceed 30% of the total issue shares.

When Hong Kong and overseas investors carry out strategic investments in listed companies in accordance with the rules, the shareholding of the strategic investments is not capped by the above-mentioned percentages.

Should the shareholding of a single investor in a China A-Share listed company exceed the above restriction, the investor may be required to unwind his position on the excessive shareholding according to a last-in-first-out basis within a specific period. The SSE, the SZSE and the SEHK will issue warnings or restrict the buy orders for the related China A-Shares if the percentage of total shareholding is approaching the upper limit.

Currency

Hong Kong and overseas investors trade and settle SSE Securities and SZSE Securities in RMB only. Hence, the CSOP MSCI China A ETF needs to use its RMB funds to trade and settle SSE Securities and SZSE Securities.

Trading fees

In addition to paying trading fees and stamp duties in connection with China A-Share trading, the CSOP MSCI China A ETF may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

Coverage of Investor Compensation Fund

The CSOP MSCI China A ETF's investments through Northbound trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund.

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

As for Northbound trading, according to the Securities and Futures Ordinance, the Investor Compensation Fund only covers products traded in Hong Kong's recognised securities market (i.e. SEHK) and recognised futures market (i.e. Hong Kong Futures Exchange Limited or "**HKFE**"). Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or HKFE, so similar to the case of investors trading overseas securities, they are not covered by the Investor Compensation Fund.

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

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

https://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en

10. RMB PAYMENT AND ACCOUNT PROCEDURES

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

Application monies from Participating Dealers to the CSOP MSCI China A ETF will be paid in RMB only. Accordingly a Participating Dealer may require an investor (as its client) to pay CNH to it. (Payment details will be set out in the relevant Participating Dealer's documentation such as the application form for its clients.) As such, an investor may need to have opened a bank account (for settlement) and a securities dealing account if a Participating Dealer is to subscribe for Units on his behalf as such investor will need to have accumulated sufficient CNH to pay at least the aggregate Issue Price and related costs, to the Participating Dealer or if an application to the Participating Dealer is not successful or is successful only in part, the whole or appropriate portion of the monies paid will need to be returned to such investor by the Participating Dealer by crediting such amount into such investor's CNH bank account. Similarly, if investors wish to buy and sell Units in the secondary market on the SEHK, they may need to open a securities dealing account with their broker. Investors will need to check with the relevant Participating Dealer and/or their broker for payment details and account procedures.

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

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

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

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

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

Where payment in RMB is to be made by cheque, investors are advised to consult the bank at which their respective RMB bank accounts are opened in advance whether there are any specific requirements in relation to the issue of RMB cheques. In particular, investors should note that some banks have imposed an internal limit (usually RMB80,000) on the balance of RMB cheque account of their clients or the amount of cheques that their clients can issue in a day and such limit may affect an investor's arrangement of funding for an application (through a Participating Dealer) for creation of Units.

When an individual investor who is a Hong Kong resident opens an RMB bank account or settle RMB payments, he or she will be subject to the daily maximum remittance amount to the PRC which is RMB80,000. A remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

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

Please refer to section "***11.2 Renminbi related risks***" of this Appendix on risks associated with Renminbi.

10A RENMINBI EQUITY TRADING SUPPORT FACILITY ("TSF")

The TSF was launched on 24 October 2011 by the HKEx to provide a facility to enable investors who wish to buy RMB-traded shares (RMB shares) in the secondary market with Hong Kong dollars if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. The coverage of TSF has been extended to equity-related exchange traded funds and real estate investment trusts traded in RMB with effect from 6 August 2012. As such, the TSF is currently available to investors who wish to invest in the CSOP MSCI China A ETF and trading in RMB on the SEHK. For further details on the TSF, please refer to the website of HKEx at https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/RMB-Equity-Trading-Support-Facility?sc_lang=en. Investors should consult their advisers if they have any query on the TSF.

11. RISK FACTORS RELATING TO THE CSOP MSCI CHINA A ETF

In addition to the general risk factors common to all Sub-Funds set out in section "***4. General Risk Factors***" in Part 1 of this Prospectus, investors should also consider the specific risks associated with investing in the CSOP MSCI China A ETF including those set out below. The following statements are intended to be summaries of some of those risks. They do not offer advice on the suitability of investing in the CSOP MSCI China A ETF. Investors should carefully consider the risk factors described below together with the other relevant information included in this Prospectus before deciding whether to invest in Units of the CSOP MSCI China A ETF. The Commission's authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

11.1 China market/China A-Share market risks

China market/Single country investment. Insofar as the CSOP MSCI China A ETF invests substantially in securities issued in mainland China, it will be subject to risks inherent in the China market and additional concentration risks. Please refer to the risk factors under section "***4.1 Risk Factors relating to China***" and section "***4.2 Investment risks***" under headings "***Restricted markets risk***", "***Emerging Market Risk***" and "***Single country risk***" in Part 1 of this Prospectus.

Risks relating to dependence upon trading on China A-Share market. The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. The price at which the China A-Shares may be purchased or sold by the CSOP MSCI China A ETF and the Net Asset Value of the CSOP MSCI China A ETF may be adversely affected if trading markets for China A-Shares are limited or absent. Investors should note that the SZSE and the SSE on which China A-Shares are traded are undergoing development and the market capitalisation of those stock exchanges are lower than those in more developed markets. The China A-Share market may be more volatile and unstable (for examples due to the risk of suspension of a particular stock or government intervention) than those in more developed markets. A Participating Dealer may not be able to create and redeem Units if any China A-Shares constituting the portfolio of the CSOP MSCI China A ETF are not available. Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the China A-Shares traded on such markets and thereby may affect the value of the CSOP MSCI China A ETF.

Risks relating to suspension of the China A-Share market. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible for the Manager to liquidate positions and can thereby expose the CSOP MSCI China A ETF to losses. Under such circumstances, while creation/redemption of the CSOP MSCI China A ETF's Units may be suspended, subject to the Manager's discretion, the trading of the CSOP MSCI China A ETF on the SEHK may or may not be suspended. If some of the China A-Shares comprising the portfolio of the CSOP MSCI China A ETF are suspended, it may be difficult for the Manager to determine the Net Asset Value of the CSOP MSCI China A ETF. Where a significant number of the China A-Shares comprising the portfolio of the CSOP MSCI China A ETF are suspended, the Manager may determine to suspend the creation and redemption of Units of the CSOP MSCI China A ETF, and/or delay the payment of any monies in respect of any Redemption Application. If the trading of the CSOP MSCI China A ETF on the SEHK continues when the China A-Share market is suspended, the trading price of the CSOP MSCI China A ETF may deviate away from the Net Asset Value.

As a result of the trading band limits imposed by the stock exchanges in China on China A-Shares, it may not be possible for Participating Dealers to create and/or redeem Units on a Business Day, because the China A-Shares constituting the portfolio of the CSOP MSCI China A ETF may not be available if the trading band limit has been exceeded for such China A-Shares or it is impossible to liquidate positions. This may lead to higher tracking error and may expose the CSOP MSCI China A ETF to losses. Further, the price of the Units of the CSOP MSCI China A ETF may be traded at a premium or discount to its Net Asset Value. The Manager has put in place measures to tackle the trading band limit as disclosed under section "***9.4 Measures Adopted by the Manager to Address the Differences between the China A-Share Market and the Hong Kong Market"*** in this Appendix.

Risks relating to the differences between the Hong Kong and China stock markets. As the SZSE and the SSE may be open when Units in the CSOP MSCI China A ETF are not priced, the value of the China A-Shares in the CSOP MSCI China A ETF's portfolio may change on days when investors will not be able to purchase or sell the CSOP MSCI China A ETF's Units. Furthermore, the market prices of China A-Shares listed on the above stock exchanges may not be available during part of or all of the SEHK trading sessions due to trading hour differences which may result in Units of the CSOP MSCI China A ETF being traded at a premium or discount to its Net Asset Value.

In addition, differences in trading hours between the SZSE and SSE and the SEHK may increase the level of premium/discount of the price of Units of the CSOP MSCI China A ETF to its Net Asset Value because if the SSE and/or SZSE is closed while the SEHK is open, the Underlying Index level may not be available. The prices quoted by the market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Underlying Index level and as a result, the level of premium or discount of the Unit price of the CSOP MSCI China A ETF to its Net Asset Value may be higher.

There are no trading band limits in Hong Kong. However, trading band limits are imposed by the stock exchanges in China on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has hit the trading band limit during the day. Any dealing suspension of a China A-Share security will render it impossible for the CSOP MSCI China A ETF to acquire China A-Shares or liquidate positions to reflect creation/redemption of the Units. This may result in higher tracking error and may expose the CSOP MSCI China A ETF to losses. Units of the CSOP MSCI China A ETF may also be traded at a significant premium or discount to its Net Asset Value.

11.2 Renminbi related risks

Renminbi currency risk. RMB is currently not a freely convertible currency and is subject to foreign exchange control and fiscal policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the CSOP MSCI China A ETF's or the investors' position may be adversely affected. Please refer to the risk factor "***Renminbi Exchange Risk***" under section "***4.1 Risk Factors relating to China***" in Part 1 of the Prospectus.

Primary market investors must subscribe for Units of the CSOP MSCI China A ETF and will receive redemption proceeds in RMB. Since the CSOP MSCI China A ETF is denominated in RMB, non-RMB based investors are exposed to fluctuations in the RMB exchange rate against their base currencies and may incur substantial capital loss due to foreign exchange risk. There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors wish or intend to convert the redemption proceeds or dividends (in RMB on both HKD traded Units and RMB traded Units) paid by the CSOP MSCI China A ETF or sale proceeds (in RMB on RMB traded units) into a different currency, they are subject to the relevant foreign exchange risk and may suffer losses from such conversion as well as associated fees and charges.

Offshore RMB Market risk. The onshore RMB ("**CNY**") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC ("**Onshore RMB Market**"). Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC ("**Offshore RMB Market**"). Since June 2010, the offshore RMB ("**CNH**") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. As a result of the controls on cross-border transfers of Renminbi between Hong Kong and China, the Onshore RMB Market and the Offshore RMB Market are, to an extent, segregated, and each market may be subject to different regulatory requirements that are applicable to the Renminbi. The CNY may therefore trade at a different foreign exchange rate compared to the CNH. 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 CSOP MSCI China A ETF's investments may potentially be exposed to both the CNY and the CNH, and the CSOP MSCI China A ETF may consequently be exposed to greater foreign exchange risks and/or higher costs of investment (for example, when converting other currencies to the Renminbi at the CNH rate of exchange).

However, the current size of RMB-denominated financial assets outside the PRC is limited. At the end of 30 April 2015, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB 955.16 billion. In addition, participating authorised institutions are required by the Hong Kong Monetary Authority to maintain a total amount of RMB assets (in the form of, inter alia, cash and the institution's settlement account balance with the Renminbi clearing bank, holding of RMB sovereign bonds issued in Hong Kong by the PRC Ministry of Finance and bond investment through the PRC interbank bond market) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi clearing bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The Renminbi clearing bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the Offshore RMB Market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC laws and regulations will not be promulgated, terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the liquidity of the CSOP MSCI China A ETF. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

__Offshore RMB ("CNH") Remittance Risk.__ RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover 20 provinces and municipalities in the PRC and to make RMB trade and other current account item settlement available in all countries worldwide. On 25 February 2011, the Ministry of Commence ("**MOFCOM**") promulgated the Circular on Issues concerning Foreign Investment Management (商務部關於外商投資管理工作有關問題的通知) (the "**MOFCOM Circular**"). The MOFCOM Circular states that if a foreign investor intends to make investments in the PRC (whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities) with RMB that it has generated from cross-border trade settlement or that is lawfully obtained by it outside the PRC, MOFCOM's prior written consent is required. While the MOFCOM Circular expressly sets out the requirement of obtaining MOFCOM's prior written consent for remittance of RMB back in the PRC by a foreign investor, the foreign investor may also be required to obtain approvals from other PRC regulatory authorities, such as the PBOC and SAFE, for transactions under capital account items. As the PBOC and SAFE have not promulgated any specific PRC regulation on the remittance of RMB into the PRC for settlement of capital account items, foreign investors may only remit offshore RMB into the PRC for capital account purposes such as shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities on a case-by-case basis. There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that the pilot scheme introduced in July 2009 (as extended in June 2010) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. Such an event could have a severe adverse effect on the operations of the CSOP MSCI China A ETF, including limiting the ability of the CSOP MSCI China A ETF to redeem and pay the redemption proceeds in RMB and the ability of Participating Dealers to create or redeem in cash and so to settle in RMB to their underlying clients. In addition, such restrictions could cause Units to trade on the SEHK at a significant discount to the Net Asset Value per Unit.

Currently the Bank of China (Hong Kong) Limited is the only clearing bank for offshore RMB in Hong Kong. A clearing bank is an offshore bank that can obtain RMB funding from the PBOC to square the net RMB positions of other participating banks. In February 2004, Bank of China (Hong Kong) Limited launched its RMB clearing services following its appointment by the PBOC. Remittance of RMB funds into China may be dependent on the operational systems developed by the Bank of China (Hong Kong) Limited for such purposes, and there is no assurance that there will not be delays in remittance.

11.3 Risks relating to the RQFII regime

RQFII risk. The CSOP MSCI China A ETF is not a RQFII but may obtain access to China A-Shares, or other permissible investments directly using RQFII quotas of a RQFII. The CSOP MSCI China A ETF may invest directly in RQFII eligible securities investment via the RQFII status of the Manager.

Investors should note that RQFII status could be suspended or revoked, which may have an adverse effect on the CSOP MSCI China A ETF's performance as the CSOP MSCI China A ETF may be required to dispose of its securities holdings. In addition, certain restrictions imposed by the Chinese government on RQFIIs may have an adverse effect on the CSOP MSCI China A ETF's liquidity and performance.

SAFE regulates and monitors the repatriation of funds out of the PRC by the RQFII pursuant to its "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" (國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知) (the "**RQFII Measures**"). Repatriations by RQFIIs in respect of an open-ended RQFII fund (such as the CSOP MSCI China A ETF) conducted in RMB are currently permitted daily and are not subject to repatriation restrictions or prior approval from the SAFE, although authenticity and compliance reviews will be conducted by the PRC Custodian, and monthly reports on remittances and repatriations will be submitted to SAFE by the PRC Custodian. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Further, such changes to the PRC rules and regulations may take effect retrospectively. Any restrictions on repatriation of the invested capital and net profits may impact on the CSOP MSCI China A ETF's ability to meet redemption requests from the Unitholders. Furthermore, as the Custodian's or the PRC Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the Custodian or the PRC Custodian in case of non-compliance with the RQFII Regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Unitholder as soon as practicable, and within 3 Business Days, and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

SAFE is vested with the power to impose regulatory sanctions if the RQFII or the PRC Custodian violates any provision of the RQFII Measures. Any violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact on the portion of the RQFII's quota made available for investment by the CSOP MSCI China A ETF. Therefore in the event that the RQFII quota of the Manager is revoked or cancelled due to violation of the RQFII Measures in relation to any funds under the management of the Manager, this will have an adverse impact on all the funds (including the CSOP MSCI China A ETF) under the Manager's management as a whole.

Investors should note that there can be no assurance that a RQFII will continue to maintain its RQFII status or to make available its RQFII quota, or the CSOP MSCI China A ETF will be allocated a sufficient portion of RQFII quotas from a RQFII to meet all applications for subscription to the CSOP MSCI China A ETF, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. The CSOP MSCI China A ETF may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII, as the RQFII may in its discretion allocate RQFII quota which may otherwise be available to the CSOP MSCI China A ETF to other products and different accounts (subject to SAFE approval). Such restrictions may respectively result in a rejection of applications and a suspension of creation for the CSOP MSCI China A ETF. In extreme circumstances, the CSOP MSCI China A ETF may incur significant losses due to insufficiency of RQFII quota, limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the RQFII laws, rules and regulations will not be abolished. The CSOP MSCI China A ETF, which invests in the PRC markets through a RQFII, may be adversely affected as a result of such changes.

Application of RQFII rules. The application of the RQFII Regulations described under section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix may depend on the interpretation given by the relevant Chinese authorities. The Chinese authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

Any changes to the relevant rules may have an adverse impact on investors' investment in the CSOP MSCI China A ETF. In the worst scenario, the Manager may determine that the CSOP MSCI China A ETF shall be terminated if it is not legal or viable to operate the CSOP MSCI China A ETF because of changes to the application of the relevant rules.

RQFII systems risk. The current RQFII Regulations include rules on investment restrictions applicable to the CSOP MSCI China A ETF.

In the event of any default of the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the CSOP MSCI China A ETF may encounter delays in recovering its assets which may in turn impact the Net Asset Value of the CSOP MSCI China A ETF.

Risks relating to liquidity of China A-Shares. Due to the potential liquidity constraint of the underlying Index Securities, the Manager may not be able to efficiently process the transactions for the Creation and Redemption Applications without adverse impact on the fund value of the CSOP MSCI China A ETF therefore the existing investors' interest. Accordingly, the Manager may impose a limit on the total number of Units to be created or redeemed each day.

PRC Custodian risk. The Trustee shall take into its custody or under its control property of the CSOP MSCI China A ETF and hold it on trust for Unitholders. The assets held/credited in the securities account(s) are segregated and independent from the proprietary assets of the PRC Custodian. However, investors should note that, under PRC law, cash deposited in the cash account(s) of the CSOP MSCI China A ETF with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the CSOP MSCI China A ETF as a depositor. Such cash will be co-mingled with cash that belongs to other clients or creditors of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the CSOP MSCI China A ETF will not have any proprietary rights to the cash deposited in such cash account(s), and the CSOP MSCI China A ETF will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the PRC Custodian. Please refer to the disclosure on the opinion from PRC legal counsel in section "***7. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix. Whilst the opinion from PRC legal counsel indicates the legal position based on understanding of current PRC laws, such opinion may not be conclusive; and ultimately the interpretation and operation of the relevant PRC laws and regulations depend on the judicial and/or regulatory authorities of the PRC.

The CSOP MSCI China A ETF may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the CSOP MSCI China A ETF will suffer.

PRC brokerage risk. The execution of transactions may be conducted by PRC Broker(s) appointed by the RQFII. Currently, only up to three PRC Brokers can be appointed in respect of each stock exchange in the PRC. If any of the designated PRC Broker in the PRC cannot be used, the operation of the CSOP MSCI China A ETF will be adversely affected and may cause Units of the CSOP MSCI China A ETF to trade at a premium or discount to its NAV or the CSOP MSCI China A ETF may not be able to track the Underlying Index. Further, the operation of the CSOP MSCI China A ETF may be adversely affected in case of any acts or omissions of the PRC Brokers, which may result in a higher tracking error or the CSOP MSCI China A ETF being traded at a significant premium or discount to its NAV.

As only a limited number of PRC Brokers may be appointed, the CSOP MSCI China A ETF may not necessarily pay the lowest commission available in the market. The Manager however, in the selection of PRC Brokers will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards.

There is a risk that the CSOP MSCI China A ETF may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the CSOP MSCI China A ETF may be adversely affected in the execution of any transaction. As a result, the net asset value of the CSOP MSCI China A ETF may also be adversely affected.

Subject to the applicable laws and regulations, the Manager will make arrangements to satisfy itself that the PRC Brokers have appropriate procedures to properly segregate the CSOP MSCI China A ETF's securities from those of the relevant PRC Brokers.

Risks relating to premium arising from insufficient RQFII quota. There can be no assurance that additional RQFII quota can be obtained to fully satisfy Creation Application requests, which will lead to such requests of Participating Dealers being rejected by the Manager. This may result in a need for the Manager to close the CSOP MSCI China A ETF to further subscriptions which may lead to a significant premium in the trading price of the CSOP MSCI China A ETF against its Net Asset Value.

11.3A Risks associated with Stock Connect

The CSOP MSCI China A ETF may invest through the Stock Connect and is subject to the following additional risks:

Quota limitations risk. The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the CSOP MSCI China A ETF's ability to invest in China A-Shares through the Stock Connect on a timely basis, and the CSOP MSCI China A ETF may not be able to effectively pursue its investment strategies.

Suspension risk. It is contemplated that each of the SEHK, the SSE and the SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Stock Connect is effected, the CSOP MSCI China A ETF's ability to access the PRC market will be adversely affected.

Differences in trading day. The Stock Connect only operates on days when both the PRC (SSE and SZSE) and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as CSOP MSCI China A ETF) cannot carry out any China A-Shares trading. The CSOP MSCI China A ETF may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connect is not trading as a result.

Operational risk. The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly.

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("**China Stock Connect System**") was set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The CSOP MSCI China A ETF's ability to access the China A-Share market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring risk. PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or the SZSE will reject the sell order concerned. The SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If the CSOP MSCI China A ETF desires to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("**trading day**"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the CSOP MSCI China A ETF may not be able to dispose of holdings of China A-Shares in a timely manner.

Recalling of eligible stocks risk. When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the CSOP MSCI China A ETF, for example, when the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

Clearing and settlement risk. The HKSCC and ChinaClear have established the clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market would on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the CSOP MSCI China A ETF may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

Nominee arrangements in holding China A-Shares risk. HKSCC is the "nominee holder" of the SSE Securities and SZSE Securities acquired by Hong Kong and overseas investors through the Stock Connect.

The CSRC Stock Connect Rules expressly provide that investors enjoy the rights and benefits of the SSE Securities and the SZSE Securities acquired through the Stock Connect in accordance with applicable laws.

The CSRC Stock Connect Rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies.

It should be noted that, under the CCASS Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE Securities and the SZSE Securities in the PRC or elsewhere. Therefore, although the CSOP MSCI China A ETF's ownership may be ultimately recognised, the CSOP MSCI China A ETF may suffer difficulties or delays in enforcing its rights in China A-Shares.

Participation in corporate actions and shareholders' meetings risk. HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Hong Kong and overseas investors (including the CSOP MSCI China A ETF) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be as short as one business day only. Therefore, the CSOP MSCI China A ETF may not be able to participate in some corporate actions in a timely manner.

Hong Kong and overseas investors (including the CSOP MSCI China A ETF) are holding SSE Securities and SZSE Securities traded via the Stock Connect program through their brokers or custodians. According to existing mainland practice, multiple proxies are not available. Therefore, the CSOP MSCI China A ETF may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the SSE Securities and SZSE Securities.

No Protection by Investor Compensation Fund. Investment through the Stock Connect program is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. As disclosed under section "***9.4 A The Stock Connect***", the CSOP MSCI China A ETF's investments through Northbound trading under the Stock Connect is not covered by the Hong Kong's Investor Compensation Fund. Therefore the CSOP MSCI China A ETF is exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the program.

In addition, since CSOP MSCI China A ETF is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, they are not protected by the CSIPF in the PRC.

Regulatory risk. The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The CSOP MSCI China A ETF, which may invest in the PRC markets through the Stock Connect, may be adversely affected as a result of such changes.

Taxation risk. On 14 November 2014, the Ministry of Finance and the State of Administration of Taxation have jointly promulgated Caishui [2014] No.81 ("Notice No.81") in relation to the taxation rule on the Stock Connect. Under Notice No.81, with effect from 17 November 2014, corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the CSOP MSCI China A ETF) on the trading of China A-Shares through the Stock Connect. However, dividends will be subject to 10% withholding tax and the company distributing the dividend has the withholding obligation. If the recipient of the dividend is entitled to a lower treaty rate, it can apply to the in-charge tax bureau of the payor for a refund. Investments in the CSOP MSCI China A ETF may be subject to the risks associated with changes in the PRC tax laws and such changes may have retrospective effect and may adversely affect the CSOP MSCI China A ETF.

Shenzhen-Hong Kong Stock Connect specific risks. The Shenzhen-Hong Kong Stock Connect is newly launched and does not have an operating history and the risks identified above are particularly relevant to the Shenzhen-Hong Kong Stock Connect due to the lack of an operating history. Investors should note that the performance of the Shenzhen-Hong Kong Stock Connect may not be the same as the performance of the Shanghai-Hong Kong Stock Connect to date.

11.4 Dual Counter Trading risks

Dual Counter risk. The SEHK's Dual Counter model is relatively new for exchange traded funds. The Dual Counter arrangement adopted by CSOP MSCI China A ETF may bring additional risks for investment in the CSOP MSCI China A ETF and may make such investment riskier than investment in single counter exchange traded funds. For example where for some reason there is a settlement failure on an inter-counter day trade if the Units of one counter are delivered to CCASS at the last settlement on a trading day, there may not be enough time to transfer the Units to the other counter for settlement on the same day.

Moreover, where there is a suspension of the inter-counter transfer of Units between the HKD counter and the RMB counter for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant Dual Counter. Accordingly it should be noted that inter-counter transfers may not always be available. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Dual Counter trading and inter-counter transfer.

Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in RMB only. As such investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

Inter-counter trading risk. Although an investor may buy from one counter and sell the same on the other counter in the same day, it is possible that some brokers/intermediaries and CCASS Participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade units in both RMB counter and HKD counter at the same time. In such case (i) to (iii), another broker, intermediary or CCASS Participant may need to be used. This may inhibit or delay dealing in both RMB traded

Units and HKD traded Units and may mean investors may only be able to trade their Units in one currency. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Dual Counter trading and inter-counter transfers.

Investors should therefore consult their brokers/intermediaries on the services that the brokers/intermediaries may provide in this regard along with the associated risks and fees. In particular, some brokers/intermediaries may not have in place systems and controls to facilitate inter-counter trading and/or inter-counter day trades.

Difference in trading prices risk. There is a risk that due to different factors such as market liquidity, market supply and demand in the respective counters and the exchange rate between RMB and HKD (in both onshore and offshore markets), the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB. The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

Currency exchange risk. Investors who bought Units on the HKD counter may be subject to currency exchange risk as the assets of the CSOP MSCI China A ETF are denominated in RMB and the Net Asset Value of the CSOP MSCI China A ETF will be calculated in RMB.

RMB distributions risk. Investors should note that where a Unitholder holds Units traded under the HKD counter, the relevant Unitholder will only receive distributions in RMB and not HKD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

11.5 Risks relating to RMB dealing, trading and settlement

Primary market:

Non-RMB or Late Settlement Redemption Risk. Currently, RMB cannot be freely remitted into the PRC and such remittance is subject to certain restrictions. In the event that the remittance of RMB from Hong Kong to the PRC is disrupted, this may impact on the ability of the CSOP MSCI China A ETF to acquire China A-Shares. This in turn may result in tracking error and the CSOP MSCI China A ETF may not be able to fully replicate the Underlying Index in such circumstance.

On the other hand, where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, redemption proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or Hong Kong dollars instead of in RMB (at an exchange rate determined by the Manager after consultation with the Trustee). As such, there is a risk that investors receive settlement in RMB on a delayed basis or may not be able to receive redemption proceeds in RMB (i.e. such proceeds may be paid in US dollars or Hong Kong dollars).

Secondary market:

RMB Trading and Settlement of Units Risk. RMB denominated securities are listed and traded on the SEHK relatively recently. Therefore, trading and settlement of RMB traded Units are recent developments in Hong Kong and there is no assurance that there will not be any problem with the systems or that other logistical problems will not arise. The trading and settlement of the RMB traded Units, may not be capable of being implemented as envisaged.

Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in 2011, some stockbrokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, there is no assurance of their readiness for dealing in RMB denominated securities. Investors should note that not all stockbrokers may be ready and able to carry out trading and settlement of RMB traded Units of the CSOP MSCI China A ETF and thus they may not be able to deal in the Units through some stockbrokers. Investors should check with their brokers/intermediaries in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker/intermediary is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

In addition, the liquidity and trading price of the RMB traded Units of the CSOP MSCI China A ETF may be adversely affected by the limited availability of RMB outside the PRC and the restrictions on the conversion between foreign currency and the RMB. This may result in the CSOP MSCI China A ETF trading at a significant premium/discount to its Net Asset Value.

11.6 Risks relating to the nature of product

Risks in light of the cross-border nature of the CSOP MSCI China A ETF. CSOP MSCI China A ETF being an RMB-denominated physical exchange traded fund that directly invests in China A-Share market (which is a market with restricted access) is a relatively new type of product, i.e. exchange traded fund denominated in RMB and invests in the PRC market under the Stock Connect and RQFII regime. In light of the cross-border nature of the CSOP MSCI China A ETF, it is more risky than traditional exchange traded funds which invest directly in markets other than the China A-Share market and therefore, is subject to operational and settlement risks. Operational risks may arise from technical failures of communication and trading systems, and any breaches of the relevant operational policies or guidelines by the relevant staff of the Manager. 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 that events beyond the control of the Manager (e.g. trading errors or system errors) will not occur. The occurrence of such events may adversely affect the value of the CSOP MSCI China A ETF.

To the extent that the CSOP MSCI China A ETF transacts in the China A-Share market, the CSOP MSCI China A ETF may also be exposed to risks associated with settlement procedures. Any significant delays in the settlement of transactions or the registration of a transfer may affect the ability to ascertain the value of the CSOP MSCI China A ETF's portfolio and adversely affect the CSOP MSCI China A ETF.

11.7 Risks relating to the Underlying Index of CSOP MSCI China A ETF

Index is subject to fluctuation risk. The performance of the Units should, before fees and expenses, correspond closely with the performance of the Underlying Index. If the Underlying Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

New Index risk. The Underlying Index is a new index having only been launched on 23 October 2017. Given the Underlying Index is relatively new, the CSOP MSCI China A

ETF may be riskier than other exchange traded funds tracking more established indices with a longer operating history.

Licence to use Index may be terminated risk. The Manager is granted a licence by the Index Provider to use the Underlying Index to create the CSOP MSCI China A ETF based on the Underlying Index and to use certain trade marks and any copyright in the Underlying Index. The CSOP MSCI China A ETF may not be able to fulfil its objective and may be terminated if the licence agreement is terminated. The initial term of the licence agreement is 1 year and is thereafter renewable on 1 year terms. There can be no guarantee that the licence agreement will be perpetually renewed. The CSOP MSCI China A ETF may also be terminated if the Underlying Index ceases to be compiled or published and there is no replacement Underlying Index using the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index.

Compilation of Index risk. The constituent securities of the Underlying Index are determined and composed by the Index Provider without regard to the performance of the CSOP MSCI China A ETF. The CSOP MSCI China A ETF is not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider makes no representation or warranty, express or implied, to investors in the CSOP MSCI China A ETF or other persons regarding the advisability of investing in constituent securities generally or in the CSOP MSCI China A ETF particularly. The Index Provider has no obligation to take the needs of the Manager or investors in the CSOP MSCI China A ETF into consideration in determining, composing or calculating the Underlying Index. There is no assurance that the Index Provider will compile the Underlying Index accurately, or that the Underlying Index will be determined, composed or calculated accurately. In addition, the process and the basis of computing and compiling the Underlying Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index Provider without notice. Consequently, there can be no guarantee that the actions of the Index Provider will not prejudice the interests of the CSOP MSCI China A ETF, the Manager or investors.

Composition of the Underlying Index may change risk. The securities constituting the Underlying Index will change as the constituent securities of the Underlying Index are delisted, or as the constituent securities mature or are redeemed or as new constituent securities are included in the Underlying Index or where the methodology of the Underlying Index is changed by the Index Provider. In addition, the computation basis of the Underlying Index may change. When this happens the weightings or composition of the constituent securities owned by the CSOP MSCI China A ETF will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. However, there can be no guarantee that the CSOP MSCI China A ETF will, at any given time accurately reflect the composition of the Underlying Index (please refer to the section on “Tracking error risk”).

Difficulties in valuation of investments risk. Constituent securities acquired on behalf of the CSOP MSCI China A ETF may subsequently become illiquid due to events relating to the issuer of the securities, market and economic conditions and regulatory sanctions. In cases where no clear indication of the value of the CSOP MSCI China A ETF’s portfolio securities is available (for example, when the secondary markets on which a security is traded have become illiquid) the Manager may apply valuation methods to ascertain the fair value of such securities, pursuant to the Trust Deed.

11.7A Risks relating to change of Index

Past performance risk. As a result of the change in Underlying Index, past performance of the Sub-Fund prior to 3 May 2018 was achieved under circumstances which no longer apply. Investors should exercise caution when considering the past performance of the Sub-Fund prior to 3 May 2018.

11.8 *Securities Lending Transactions Risks*

Counterparty risk. The borrower may fail to return the securities in a timely manner or at all. The CSOP MSCI China A ETF may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the CSOP MSCI China A ETF's ability in meeting delivery or payment obligations from redemption requests.

Collateral risk. As part of the securities lending transactions, the CSOP MSCI China A ETF must receive at least 105% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, or change of value of securities lent. This may cause significant losses to the CSOP MSCI China A ETF if the borrower fails to return the securities lent out. The CSOP MSCI China A ETF may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

Operational risk. By undertaking securities lending transactions, the CSOP MSCI China A ETF is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the CSOP MSCI China A ETF's ability in meeting delivery or payment obligations from redemption requests."

11.9 *Other risks*

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

Reliance on RMB Market Makers. Investors should note that Units of the CSOP MSCI China A ETF on the RMB counter are traded and settled in RMB. There may be less interest by potential market makers making a market in Units denominated and traded in RMB. Furthermore, any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the Units.

No Market in the Units Risk. Although the Units are to be listed on the SEHK and the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Units traded in the RMB counter and one market maker for Units traded in the HKD counter, investors should be aware that there may be no liquid trading market for the Units or that such market maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of other exchange traded fund which are traded on the SEHK and which are based upon indices.

Termination of Market Maker Risk. A market maker may cease to act as a market maker for any counter of the CSOP MSCI China A ETF in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one market maker for Units of the CSOP MSCI China A ETF for each counter will be ninety (90) days. The liquidity for the RMB traded Units and HKD traded Units of the CSOP MSCI China A ETF may be affected if there is no market maker for the RMB traded Units and the HKD traded Units respectively. The Manager will use its best endeavours to put in place arrangements so that there is at least one market maker for each counter (although these market makers may be the same entity) to facilitate efficient trading of Units of the relevant trading currency (i.e. RMB and HKD). It is possible that there is only one SEHK market maker for each counter of the CSOP MSCI China A ETF or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

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

Tracking error risk. The Manager will adopt a representative sampling indexing strategy. As such there can be no assurance of exact or identical replication at any time of the performance of the Underlying Index. Factors such as the fees and expenses of the CSOP MSCI China A ETF, imperfect correlation between the CSOP MSCI China A ETF's assets and the Index Securities, inability to rebalance the CSOP MSCI China A ETF's holdings of Index Securities in response to changes in the constituents of the Underlying Index, rounding of the Index Securities' prices, and changes to the regulatory policies may affect the Manager's ability to achieve close correlation with the Underlying Index. These factors may cause the CSOP MSCI China A ETF's returns to deviate from the Underlying Index.

Risk relating to distributions paid out of capital. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP MSCI China A ETF are charged to/paid out of the capital of the CSOP MSCI China A ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP MSCI China A ETF and therefore, the CSOP MSCI China A ETF may effectively pay dividend out of the capital. **Investors should note that the payment of distributions out of or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any such distributions may result in an immediate reduction in the Net Asset Value per Unit of the CSOP MSCI China A ETF**.

12. FEES AND CHARGES

12.1 Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate of 0.79% per annum of the Net Asset Value of the CSOP MSCI China A ETF accrued daily and calculated as of each Dealing Day and payable monthly in arrears.

12.2 Trustee's and Registrar's Fee

The management fee is inclusive of the Trustee's and Registrar's fee and the Manager will pay the fees of the Trustee and the Registrar out of the management fee.

The Trustee's fee is inclusive of fees payable to the Custodian and the PRC Custodian.

The Trustee shall also be entitled to be reimbursed out of the assets of the CSOP MSCI China A ETF all out-of-pocket expenses incurred.

12.3 *Service Agent's Fee*

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

12.4 *Other Changes and Expenses of CSOP MSCI China A ETF*

Please refer to section "***12.4 Other Charges and Expenses***" in Part 1 of this Prospectus on other charges and expenses payable by the CSOP MSCI China A ETF.

12.5 *Establishment costs of CSOP MSCI China A ETF*

The costs and expenses incurred by the Manager and the Trustee in establishing the CSOP MSCI China A ETF are estimated to be HKD650,000; such costs shall be borne by the CSOP MSCI China A ETF (unless otherwise determined by the Manager) and amortised over the first 5 financial years of the CSOP MSCI China A ETF (unless the Manager decides a shorter period is appropriate).

12.6 *Fees Payable by Participating Dealers, Primary Market Investors and Secondary Market Investors*

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

12.6.1 *Participating Dealers*

Creation of Units by a Participating Dealer

Application Cancellation Fee	RMB8,500 per cancellation (See Note 1)
Extension Fee	RMB8,500 per extension (See Note 1)
Transaction Fee	RMB3,000 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

Redemption of Units by a Participating Dealer

Application Cancellation Fee	RMB8,500 per cancellation (See Note 1)
Extension Fee	RMB8,500 per extension (See Note 1)
Transaction Fee	RMB3,000 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

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

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

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

12.6.3 *Secondary Market Investors Dealing in Units on the SEHK*

Brokerage	Market rates (in currency determined by the intermediaries used by the investors)
Transaction levy	0.0027% (see Note 4 and Note 8)
Trading fee	0.005% (see Note 5 and Note 8)
Stamp duty	Nil (see Note 6)
Investor compensation levy	0.002% (currently suspended) (see Note 7)
Inter-counter transfers	HKD5 (see Note 9)

Note:

1. The Application Cancellation Fee of RMB8,500 and the Extension Fee of RMB8,500 are payable by the Participating Dealer, and are payable to the Trustee for its own account, on each occasion the Manager grants the request of such Participating Dealer for cancellation or extended settlement in respect of such Application as provided in this Prospectus.

2. A Transaction Fee of RMB3,000 per Application is payable by each Participating Dealer for the account and benefit of the Trustee.

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

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

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

6. For a transfer effected on or after 13 February 2015 executed for a transaction by which a Unit of the CSOP MSCI China A ETF is transferred, stamp duty is waived pursuant to the Stamp Duty (Amendment) Ordinance 2015.

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

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

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

9. HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of Units of the CSOP MSCI China A ETF from one counter to another counter. Investors should check with their brokers regarding any additional fees.

13. <u>ADDITIONAL DOCUMENTS AVAILABLE FOR INSPECTION</u>

The material contracts in respect of the CSOP MSCI China A ETF are set out below:

(a) RQFII Custody Agreement; and

(b) RQFII Participation Agreement.

The above material contracts are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager. Please refer to section "***14.17 Complaints and Enquiries***" in Part 1 of this Prospectus for the address of the Manager.

Please refer to section "***14.11 Documents Available for Inspection***" in Part 1 of this Prospectus for the list of the other documents that are available for inspection.

13A. PUBLICATION OF INFORMATION RELATING TO CSOP MSCI CHINA A ETF

The following information relating to CSOP MSCI China A ETF will be published on the Manager's website http://www.csopasset.com/en/products/msci-china-a-etf:-

- the near real-time indicative Net Asset Value per Unit of the CSOP MSCI China A ETF during normal trading hours on the SEHK in RMB and HKD; and
- the last Net Asset Value of the CSOP MSCI China A ETF in RMB only and, the last Net Asset Value per Unit of the CSOP MSCI China A ETF in RMB and HKD.

The near real-time indicative Net Asset Value per Unit of CSOP MSCI China A ETF in HKD denomination is indicative and for reference purposes only. This is updated during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in HKD uses a real-time HKD:CNH foreign exchange rate – it is calculated using the near real-time indicative Net Asset Value per Unit in RMB multiplied by a real-time HKD:CNH foreign exchange rate provided by Reuters when the SEHK is opened for trading. The near real-time indicative Net Asset Value per Unit in HKD is updated every 15 seconds throughout the SEHK trading hours. Since the indicative NAV per Unit in RMB will not be updated when the underlying China A-Shares market is closed, any change in the indicative NAV per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

The last Net Asset Value per Unit of CSOP MSCI China A ETF in HKD is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate using the CNH exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) as of the same Dealing Day. The official last Net Asset Value per Unit in RMB and the indicative last Net Asset Value per unit in HKD will not be updated when the underlying China A-Shares market is closed.

Please refer to section "***14.14 Publication of Information Relating to the Sub-Funds***" in Part 1 of this Prospectus for other information that will be published on the Manager's website http://www.csopasset.com/en/products/msci-china-a-etf.

14. INDEX LICENCE AGREEMENT

The Manager has been granted a non-exclusive, non-assignable and non transferable licence pursuant to index licence agreement effective from 15 April 2018 (the "**Licence Agreement**") entered into between the Manager and MSCI, to use the Underlying Index (i.e. MSCI China A Inclusion Index) in connection with the creation, issue, offering, marketing, promotion, sale, management, administration and listing of the CSOP MSCI China A ETF. Under the Licence Agreement, MSCI shall use its reasonable endeavours to provide the data services as set out in the Licence Agreement.

The Licence Agreement is subject to an initial fixed term of one year from 15 April 2018, and can thereafter be automatically renewed for successive terms of one year at a time, unless either party raises an objection for such renewal prior to the expiry of the term of the Licence Agreement.

The Manager and MSCI may terminate the Licence Agreement by written notice to the other party given at least 90 days prior to the end of the then-current term. The Licence Agreement may also be terminated in circumstances as summarised below:

(a) there is a material breach by the Manager or MSCI of any of the terms or conditions of the Licence Agreement;

(b) the data licence agreement entered into between the Manager and MSCI has been terminated;

(c) the Underlying Index has been discontinued by MSCI;

(d) there is legislation or regulation that materially impairs the Manager to manage and sell the CSOP MSCI China A ETF or there is material litigation or regulatory proceeding regarding the CSOP MSCI China A ETF;

(e) there is legislation or regulation that materially impairs MSCI's ability to licence the Underlying Index or there is material litigation or regulatory proceeding;

(f) either party has made a general assignment for the benefit of creditors or files for bankruptcy;

(g) there is a change of control of the Manager; and

(h) the Manager is no longer commercially offering the CSOP MSCI China A ETF.

15. MATERIAL CHANGES TO THE UNDERLYING INDEX

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

16. REPLACEMENT OF UNDERLYING INDEX

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

(a) the Underlying Index ceasing to exist;

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

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

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

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

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

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

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

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

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

17. THE UNDERLYING INDEX

The Underlying Index of the CSOP MSCI China A ETF is the MSCI China A Inclusion Index.

General

The Underlying Index is a free float adjusted market capitalisation weighted index that is compiled and published by MSCI Inc. ("**MSCI**" or the "**Index Provider**"). The Underlying Index is designed to track the progressive partial inclusion of A-Shares in the China equity universe of the Index Provider's MSCI China Index and the MSCI Emerging Markets Index over time. Prior to the initial inclusion of A-Shares in the MSCI China Index in June 2018, the constituents of the Underlying Index consist of large-capitalisation A-Shares accessible through Stock Connect derived from the MSCI China All Shares Index and, thereafter, the A-Share constituents derived from MSCI China Index at each index review.

The Underlying Index is a net total return index which means that the performance of the index constituents is calculated on the basis that any dividends or distributions are reinvested after withholding tax deduction. The Underlying Index is denominated and quoted in RMB.

The Underlying Index was launched on 23 October 2017 and had a base level of 1000 on 31 August 2017.

The Manager or its Connected Persons is independent of the Index Provider. Please see below for the Index disclaimer.

Index Methodology and Construction

Each of the Underlying Index, the MSCI China All Shares Index and the MSCI China Index is constructed based on the MSCI Global Investable Market Indexes ("GIMI") Methodology which involves the following steps.

- Defining the equity universe

The Equity Universe is defined by identifying eligible equity securities, and classifying these eligible equity securities into the appropriate country. All listed equity securities including preferred shares that exhibit characteristics of equity securities are generally eligible for inclusion in the equity universe, while mutual funds, exchange traded funds, equity derivatives, limited partnerships and most investment trusts are not eligible.

Each company and its securities (i.e., share classes) is classified in one and only one country, which allows for a distinctive sorting of each company by its respective country.

- Determining the Market Investable Equity Universe

A Market Investable Equity Universe for a market is derived by applying investability screens to individual companies and securities in the Equity Universe that are classified in that market. Generally, a market is equivalent to a single country. To construct a country index, every listed security in the market is identified. Securities are free float adjusted and screened by size, liquidity, minimum free float, global minimum foreign inclusion factor requirement and minimum length of trading requirement.

Prior to the inclusion of certain large-capitalisation A-Shares in the MSCI China Index and the MSCI Emerging Markets Index in June 2018 (the "Initial Inclusion"), the constituents of the Underlying Index are derived at each Underlying Index review from the MSCI China A Large Cap Provisional Index* by excluding securities that have been suspended for 50 consecutive days or more. The constituents of the MSCI China A Large Cap Provisional Index are the China A-Share constituents of the MSCI China Provisional Index, which derives its constituents from the MSCI China All Shares Index by excluding:

- Mid-cap A-Shares;
- A Shares suspended for more than 50 days in the past 12 months; and
- A Shares that are not accessible through Stock Connect.

The MSCI China All Shares Index captures large and mid-capitalisation representation across the integrated MSCI China equity universe, which comprises A-Shares and B-shares listed in China, H-shares, red-chips and P-chips listed in Hong Kong and certain foreign listings (such as ADRs) outside China or Hong Kong, but excludes A-Shares and B-shares listed on the SSE or SZSE with a "ST" or "*ST" status.

After the Initial Inclusion in June 2018, the constituents of the Underlying Index will be the A-Share constituents of the MSCI China Index as determined at each Index review. As at the date of this Prospectus, the MSCI China Index is based on a MSCI China equity universe which comprises H-shares, B-shares, red-chips and P-chips and certain foreign listings, but not A-Shares.

In the event of further inclusion of A-Shares to MSCI China Index and the MSCI Emerging Markets Index, the newly eligible A-Shares will be added to the Underlying Index at the time of the actual implementation of such inclusion.

* Previously known as "MSCI China A International Large Cap Provisional Index" prior to being renamed on 1 December 2017.

- Determining market capitalisation size-segments for each market

Once a Market Investable Equity Universe is defined, each country index is segmented into the following size-based indexes: Investable Market Index (large + mid + small cap), Standard Index (large + mid cap), Large Cap Index and Mid Cap Index segments. To define the size segment indexes for a market, the following free float adjusted market capitalisation market coverage target ranges are applied to the Market Investable Equity Universe:

- Large Cap Index: 70% (+/-5%) in the Investable Equity Universe of the market
- Standard Index: 85% (+/-5%) in the Investable Equity Universe of the market
- Investable Market Index: 99% (+1% or -0.5%) in the Investable Equity Universe of the market

The Mid Cap Index market coverage in each market is derived as the difference between the market coverage of the Standard Index and the Large Cap Index in that market. The Small Cap Index market coverage in each market is derived as the difference between the free float adjusted market coverage of the Investable Market Index and the Standard Index in that market.
Each of the MSCI China All Shares Index and the MSCI China Index is a Standard Index that targets at covering 85% of the free float market capitalisation of its respective market investable equity universe.

- Classifying securities under the Global Industry Classification Standard (GICS®).

All selected securities are assigned to the industry that best describes their business activities. To this end, MSCI has designed, in conjunction with Standard & Poor's, the Global Industry Classification Standard (GICS®). This comprehensive classification scheme provides a universal approach to industries worldwide and forms the basis for achieving MSCI's objective of reflecting broad and fair industry representation in its indexes.

Under the GICS®, each company is assigned uniquely to one sub-industry according to its principal business activity. Therefore, a company can only belong to one industry grouping at each of the four levels of the GICS®, which at the date of this Prospectus, consists of 10 sectors, 24 industry groups, 68 industries, and 154 sub-industries.

The GICS® guidelines used to determine the appropriate industry classification are generally as follows:

- A security is classified in a sub-industry according to the business activities that generate approximately 60% or more of the company's revenues.

- A company engaged in two or more substantially different business activities, none of which contributes 60% or more of revenues, is classified in the subindustry that provides the majority of both the company's revenues and earnings.

- Treatment of companies with foreign headroom

According to the MSCI Global Investable Market Index (GIMI) Methodology, for a security that is subject to a Foreign Ownership Limit (FOL) to be included in the Investable Market Index at its entire free-float adjusted market capitalisation, the proportion of shares still available to foreign investors relative to the maximum allowed (referred to as the "foreign room") must be at least 25%.

New securities that are subject to a Foreign Ownership Limit (FOL) are eligible for inclusion in the Market Investable Equity Universe if the foreign room of the securities is at least 15%.

Existing constituent securities for which there is less than 25% foreign room may have their weight adjusted by the application of an adjustment factor to reflect their actual level of foreign room. If the foreign room of an existing constituent decreases below 3.75% and the security does not have a liquid eligible Depository Receipt (DR), then the adjustment factor equals 0. However, if the foreign room of an existing constituent decreases below 3.75% and the security has a liquid eligible DR, then the adjustment factor equals 0.25.

Foreign room level will be reviewed on a quarterly basis coinciding with the regular MSCI index reviews.

MSCI maintains a consistent index construction and maintenance methodology for all of its international equity indices enabling the aggregation of the country indices into regional and global indices. The details of the MSCI Global Investable Market Index Methodology can be found at: www.msci.com.

Index Weighting and Maintenance

The Underlying Index constituents are weighted by the security's free-float adjusted market capitalisation calculated based on an adjustment factor referred to as the foreign inclusion factor and subject to foreign ownership limits.

The Underlying Index constituents are reviewed quarterly in February, May, August and November, with the objective of reflecting change in the underlying equity markets in a timely manner, while limiting undue index turnover. During the May and November semi-annual index reviews, the Underlying Index is rebalanced and the large- and mid-cap cut-off points are recalculated

The Index Provider will generally implement corporate events as per the current MSCI Corporate Events Methodology for all types of events except for cases when Stock Connect is closed but the onshore Chinese domestic market is trading. For intra-quarter additions, as "Stock Connect" investors cannot participate in primary offerings, all initial public offering (IPO) securities will be reviewed for addition at the subsequent index review. Events such as spinoff, merger, acquisition etc. but except IPO would lead to addition to the Underlying Index at the time of event only if: (1) the relevant security satisfies the inclusion criteria as defined in the MSCI Corporate Events Methodology, and (2) the eligibility for inclusion in Stock Connect is announced on or before the day of sending "Confirmed" corporate event announcement for the relevant event.

For further details on the Index rules including the MSCI GIMI Methodology, please refer to the Index Provider's website at www.msci.com.

Constituents of the Underlying Index selected by index weights

The Underlying Index is calculated and is updated continuously on an intra-second streaming basis until the market closes.

The constituents of the Underlying Index together with their respective weightings can be accessed on www.msci.com/constituents. MSCI also publishes the real time index level on Bloomberg and Reuter (Bloomberg ticker: MBCNA, Reuters Code: .MICNB00L0NCY), updated throughout the day.

MSCI Disclaimer

The CSOP MSCI China A ETF is not sponsored, endorsed, sold or promoted by MSCI Inc. ("**MSCI**"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "**MSCI parties**"). The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by the Manager. None of the MSCI parties makes any representation or warranty, express or implied, to the issuer or owners of the CSOP MSCI China A ETF or any other person or entity regarding the advisability of investing in funds generally or in the CSOP MSCI China A ETF particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to the CSOP MSCI China A ETF or the issuer or owners of the CSOP MSCI China A ETF or any other person or entity. None of the MSCI parties has any obligation to take the needs of the issuer or owners of the CSOP MSCI China A ETF or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of the CSOP MSCI China A ETF to be issued or in the determination or calculation of the equation by or the consideration into which the CSOP MSCI China A ETF is redeemable. Further, none of the MSCI parties has any obligation or liability to the issuer or owners of the CSOP MSCI China A ETF or any other person or entity in connection with the administration, marketing or offering of the CSOP MSCI China A ETF.

Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indexes from sources that MSCI considers reliable, none of the MSCI parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI parties makes any warranty, express or implied, as to results to be obtained by the issuer of the CSOP MSCI China A ETF, owners of the CSOP MSCI China A ETF, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI parties makes any express or implied warranties of any kind, and the MSCI parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

No purchaser, seller or holder of this security, product or the CSOP MSCI China A ETF, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

APPENDIX 5

ICBC CSOP S&P NEW CHINA SECTORS ETF

(a sub-fund of the CSOP ETF Series, a Hong Kong umbrella unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

STOCK CODES:
03167 (HKD counter)
83167 (RMB counter)
9167 (USD counter)

MANAGER

CSOP Asset Management Limited

INVESTMENT ADVISER

ICBC Asset Management (Global) Company Limited

5 September 2019

ICBC CSOP S&P NEW CHINA SECTORS ETF

Stock Codes:
03167 (HKD counter), 83167 (RMB counter) and 9167 (USD counter)

1. KEY INFORMATION

1.1 General

This Appendix sets out information specific to ICBC CSOP S&P New China Sectors ETF (the "**CSOP New China ETF**"). For general information about the Trust and its Sub-Funds, please refer to Part 1 of this Prospectus. Investors should read both Parts of this Prospectus before investing in the CSOP New China ETF. In particular, investors should consider the general risk factors set out in section "***4. General Risk Factors***" of Part 1 of this Prospectus and any specific risk factors set out in section "***10. Risk Factors relating to CSOP New China ETF***" of this Appendix, before investing in the CSOP New China ETF.

Application has been made to the SEHK for the listing of, and permission to deal in, the Units of the CSOP New China ETF. Subject to the compliance with the relevant admission requirements of HKSCC, Units in the CSOP New China 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 Units on the SEHK or such other date as may be determined by HKSCC. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

1.2 Summary of Information

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

Investment Type	Exchange Traded Fund ("**ETF**") authorized as a collective investment scheme by the Commission under Chapter 8.6 of the Code
Underlying Index	S&P New China Sectors (A-shares Capped) Index Inception Date: 24 December 2018 Number of constituents: 116 Base Currency of Underlying Index: HKD
Type of Underlying Index	A net total return index which means that the performance of the index constituents is calculated on the basis that any dividends or distributions are reinvested after withholding tax deduction (if any).
Index Provider	S&P Dow Jones Indices LLC ("**SPDJI**" or "**Index Provider**")
Investment Strategy	Primarily full replication. The CSOP New China ETF may also invest not more than 5% of its Net Asset Value in securities other than Index Securities but which have investment profile that aims to reflect the profile of the Underlying Index. Please refer to section ***"3. Investment Objective and Strategy***" of this Appendix for further details.

Listing Date	8 December 2016* *For HKD-traded Units. Trading for RMB and USD-traded Units commenced on 3 April 2018.
Dealing on SEHK Commencement Date	HKD counter: 8 December 2016 RMB counter: 3 April 2018 USD counter: 3 April 2018
Exchange Listing	SEHK - Main Board
Stock Codes	HKD counter: 03167 RMB counter: 83167 USD counter: 9167
Stock Short Name	HKD counter: ICBCCSOPCHINA RMB counter: ICBCCSOPCHINA-R USD counter: ICBCCSOPCHINA-U
Trading Board Lot Size	HKD counter: 50 Units RMB counter: 50 Units USD counter: 50 Units
Base Currency	Hong Kong dollars (HKD)
Trading Currency	HKD counter: Hong Kong dollars (HKD) RMB counter: RMB (CNH) USD counter: US dollars (USD)
Dividend Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP New China ETF's net income after fees and costs. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP New China ETF are charged to/paid out of the capital of the CSOP New China ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP New China ETF and therefore, the CSOP New China ETF may effectively pay dividend out of capital. Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP New China ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP New China ETF. Please refer to section "***6. Distribution Policy***" in this Appendix for further information on the distribution policy of the CSOP New China ETF and the risk factor headed "***Risk relating to distributions paid out of capital***" under sub-section "***10.9 Other risks***" in this Appendix for the

		risk associated with distributions paid out of capital. **Distributions on all Units (whether traded in HKD, RMB or USD counter) will be in HKD only.***
Application Unit size for Creation/Redemption (only by or through Participating Dealers)		Minimum 100,000 Units (or multiples thereof)
Method of Creation/Redemption		Cash (HKD, RMB and USD) only

* All Units regardless of their trading currency (i.e. HKD, RMB or USD) will receive distributions in the Base Currency (HKD) only. In the event that the relevant Unitholder has no HKD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from HKD into RMB or USD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions. Please refer to section "6. Distribution Policy" and risk factor "Other Currencies Distributions Risk" in this Appendix for further details.

Parties	Manager/RQFII Holder	CSOP Asset Management Limited
	Investment Adviser	ICBC Asset Management (Global) Company Limited
	Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited
	Custodian	The Hongkong and Shanghai Banking Corporation Limited
	PRC Custodian	HSBC Bank (China) Company Limited
	Participating Dealers	ABN AMRO Clearing Hong Kong Limited BNP Paribas Securities Services China Merchants Securities (HK) Co., Limited CLSA Limited Goldman Sachs (Asia) Securities Limited Guotai Junan Securities (Hong Kong) Limited Haitong International Securities Company Limited Masterlink Securities (Hong Kong) Corporation Limited Merrill Lynch Far East Limited **please refer to the Manager's website set out below for the latest list*
	Market Makers	HKD counter: BNP Paribas Securities (Asia) Limited Flow Traders Hong Kong Limited Optiver Trading Hong Kong Limited SG Securities (HK) Limited RMB counter: BNP Paribas Securities (Asia) Limited Flow Traders Hong Kong Limited USD counter: BNP Paribas Securities (Asia) Limited

	Flow Traders Hong Kong Limited **please refer to the Manager's website set out below for the latest list*
Service Agent	HK Conversion Agency Services Limited
Financial Year	Ending 31 December each year
Management Fee	Up to 2% per annum of the Net Asset Value accrued daily and calculated as of each Dealing Day, with the current rate being 0.99% per annum of the Net Asset Value accrued daily and calculated as of each Dealing Day. One month's prior notice will be provided to investors if the management fee is increased up to the maximum rate.
Website	http://www.csopasset.com/en/products/new-china-sectors-etf

1.3 Investment Adviser of CSOP New China ETF

The Manager has appointed ICBC Asset Management (Global) Company Limited (the "**Investment Adviser**") as its Investment Adviser of the CSOP New China ETF pursuant to an investment advisory agreement entered into between the Manager and the Investment Adviser. The Manager has delegated its investment management duties in relation to shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange and traded in Renminbi (regardless of through the Stock Connect and/or the RQFII investment quota granted to the Manager by SAFE) ("**China A-shares**") to the Investment Adviser and the Investment Adviser will exercise investment discretion in respect of the investments in China A-shares of the CSOP New China ETF, in pursuit of the investment objective and in accordance with the investment approach and restrictions described in the Prospectus of the Trust and this Appendix, subject to the control and review of the Manager. The Investment Adviser will not provide investment management and advisory services in relation to securities issued outside of the PRC.

ICBC Asset Management (Global) Company Limited is an asset management company incorporated in Hong Kong. The Investment Adviser is registered as a licensed corporation by the Commission in Hong Kong to carry out advising on securities (Type 4), advising on futures contracts (Type 5) and asset management (Type 9).

The Investment Adviser provides professional investment management and advisory services to unit trusts, institutional clients as well as high net worth private individuals. Directors and senior management of the Investment Adviser are reputable and experienced investment professionals with in-depth international financial market knowledge.

The Investment Adviser is a wholly owned subsidiary of Industrial and Commercial Bank of China (Asia) Limited. Industrial and Commercial Bank of China (Asia) Limited is the Hong Kong banking business of Industrial and Commercial Bank of China Limited, the largest commercial bank in the PRC. Industrial and Commercial Bank of China (Asia) Limited is principally engaged in banking, financial and other financial related services with focus on retail banking, commercial banking as well as corporate banking business.

The fees of the Investment Adviser, if any, will be paid by the Manager.

1.4 *Custodian and PRC Custodian for CSOP New China ETF*

The CSOP New China ETF invests directly in China A-Shares through the Stock Connect and/or the RQFII investment quota granted to the Manager by SAFE. The Hongkong and Shanghai Banking Corporation Limited has been appointed by the Trustee and the Manager as custodian ("**Custodian**") to act through its delegate, the PRC Custodian and will be responsible for the safe custody of the CSOP New China ETF's assets acquired through the RQFII quota of the Manager within the PRC under the RQFII scheme in accordance with the RQFII Custody Agreement (as defined below).

According to the RQFII Custody Agreement, the Custodian is entitled to appoint its subsidiary or associates within the HSBC group of companies as delegate for the performance of its services under the RQFII Custody Agreement. As of the date of this Prospectus, the Custodian has appointed HSBC Bank (China) Company Limited ("**PRC Custodian**") as the PRC Custodian. The PRC Custodian is incorporated in China and is a wholly-owned subsidiary of the Custodian. The PRC Custodian possesses the applicable qualification to provide custody services to RQFIIs.

According to the terms of the RQFII Custody Agreement, the Custodian shall remain responsible for any omission or wilful default of the PRC Custodian, as if no such appointment had been made.

The "**RQFII Custody Agreement**" is the custody agreement entered into between the Custodian, the PRC Custodian, the Manager and the Trustee, as amended from time to time.

Please refer to section "***2.3 Trustee and Registrar***" in Part 1 of this Prospectus in regard to the extent of the Trustee's responsibility for the acts or omissions of the PRC Custodian.

Neither the Custodian nor its delegate is responsible for the preparation of this Prospectus and they accept no responsibility or liability for the information contained here other than the description under this section "***1.4 Custodian and PRC Custodian for CSOP New China ETF***".

1.5 *Market Maker*

The Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Units of the CSOP New China ETF traded in each of the HKD counter, the RMB counter, and the USD counter, although these market makers may be the same entity. If the SEHK withdraws its permit to the existing market maker(s), the Manager will use its best endeavours to put in place arrangements so that there is at least one other market maker per counter to facilitate the efficient trading of Units of the CSOP New China ETF. The Manager will use its best endeavours to put in place arrangements so that at least one market maker per counter is required to give not less than 90 days' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of the CSOP New China ETF is available on http://www.csopasset.com/en/products/new-china-sectors-etf and from time to time will be displayed on www.hkex.com.hk.

2. DEALING

2.1 Exchange Listing and Trading

Dealings in Units of the CSOP New China ETF in HKD, RMB and USD have already commenced.

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as of the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges subject to the applicable RQFII Regulations (as defined in section "***8. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix).

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

2.2 Buying and Selling of Units of CSOP New China ETF on SEHK

A Secondary Market Investor can buy and sell the Units of the CSOP New China ETF on the SEHK through his stockbroker at any time the SEHK is open. Units of the CSOP New China ETF may be bought and sold in the Trading Board Lot Size (or the multiples thereof). The Trading Board Lot Size for each of the HKD counter, the RMB counter and the USD counter is currently 50 Units.

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

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

2.3 Multi-Counter Trading

2.3.1 Introduction of Multi-Counter Trading (Secondary Market)

The Manager has arranged for the Units of the CSOP New China ETF to be available for trading on the secondary market on the SEHK under a Multi-Counter arrangement, whereby the Units of the CSOP New China ETF traded in HKD, RMB and USD are each assigned a separate stock code on the SEHK and are accepted for deposit, clearing and settlement in CCASS in more than one eligible currency (HKD, RMB or USD). Units are denominated in HKD. The CSOP New China ETF will offer three trading counters on the SEHK i.e. HKD counter, RMB counter and USD counter to investors for secondary trading purposes.

Units of the CSOP New China ETF traded under the Multi-Counter can be distinguished by their stock codes, their stock short names and a unique and separate ISIN as follows:-

Counter	Stock code	Stock Short Name	Trading Currency	ISIN Number (ISIN: assigned to each counter)
HKD counter	3167	ICBCCSOPCHINA	HKD	HK0000316767

RMB counter	83167	ICBCCSOPCHINA-R	RMB	HK0000406931
USD counter	9167	ICBCCSOPCHINA-U	USD	HK0000406949

Units of the CSOP New China ETF traded in the HKD counter will be settled in HKD, Units traded in the RMB counter will be settled in RMB, and Units traded in the USD counter will be settled in USD. Apart from settlement in different currencies, the trading prices of Units of the CSOP New China ETF in the Multi-Counter may be different as the HKD counter, RMB counter and USD counter are three distinct and separate markets.

Under the Multi-Counter arrangement, creations and redemptions of new Units for the CSOP New China ETF in the primary market will be made in HKD, RMB and USD only.

Investors can buy and sell Units of the CSOP New China ETF traded in the same counter. Alternatively, they can buy in one counter and sell in any of the other two counters provided their brokers/intermediaries or CCASS participants provide HKD, RMB and USD trading services (as the case may be) at the same time and offer inter-counter transfer services to support Multi-Counter trading. However, investors should note that the trading price of Units of the CSOP New China ETF traded in the HKD counter, RMB counter and USD counter may be different and there is a risk that due to different factors such as market liquidity, market demand and supply in the respective counters and the exchange rate among HKD and RMB (in both onshore and offshore markets) and USD, the market price on the SEHK of Units traded in RMB and USD may deviate significantly from the market price on the SEHK of Units traded in HKD.

Inter-counter buy and sell is permissible even if the trades take place within the same trading day. Investors should also note that some brokers/intermediaries may not provide inter-counter day trade services due to various reasons including operations, system limitations, associated settlement risks and other business considerations. Even if a broker/intermediary is able to provide such service, it may impose an earlier cut-off time, other procedures and/or fees.

More information with regard to the HKD counter and RMB counter is available in the frequently asked questions in respect of the HKD counter and RMB counter published on the HKEx's website https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services?sc_lang=en.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Multi-Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factors under the section headed "***10.6 Multi-Counter Trading risks***" in this Appendix.

2.3.2 Transferability

Units of the CSOP New China ETF traded in the three counters are inter-transferable. Units traded in the HKD counter, Units traded in the RMB counter and Units traded in the USD counter can be transferred amongst each other by way of an inter-counter transfer on a one to one basis.

Inter-counter transfer of Units of the CSOP New China ETF will be effected and processed within CCASS only.

Units of the CSOP New China ETF which are bought using the Renminbi Equity Trading Support Facility (the "TSF"), TSF CCASS Participants should, on behalf of their clients, arrange a TSF stock release before proceeding with the inter-counter transfer. Investors are advised to consult their brokers/intermediaries about their service schedule to effect a TSF Unit release.

2.3.3 *Unitholders' rights*

Units of the HKD, RMB and USD counters belong to the same class in CSOP New China ETF and Unitholders of Units traded on the three counters are entitled to identical rights and are therefore treated equally.

2.3.4 *Fees and Other Transaction Costs*

The fees and costs payable by a Secondary Market Investor for buying and selling Units of the CSOP New China ETF on the SEHK are the same for the HKD, RMB and USD counters.

HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of the CSOP New China ETF from one counter to another counter.

2.4 *Creation Applications and Redemption Applications by Participating Dealers*

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

The Manager currently allows Cash Creations and Cash Redemptions for Units of the CSOP New China ETF. Under the Multi-Counter arrangement, any cash payable by Participating Dealers in Cash Application must be in HKD, RMB or USD. Units which are created must be deposited in CCASS in the HKD counter initially.

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

Units can be redeemed by way of a Redemption Application (through a Participating Dealer). The process of redemption of Units deposited under any counter is the same. Under the Multi-Counter arrangement, any cash proceeds received by Participating Dealers in a Cash Redemption shall be paid only in HKD, RMB or USD.

2.4.1 *Dealing Period*

The dealing period on each Dealing Day for a Creation Application or Redemption Application in respect of the CSOP New China ETF commences at 9:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 2:00 p.m. (Hong Kong time), as may be revised by the Manager from time to time. Any Creation Application or Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the CSOP New China ETF, exercise its discretion to accept an Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such Application, the Manager shall not exercise its discretion to accept any Application.

The cleared funds in respect of Creation Applications must be received by 3:30 p.m. on the relevant Dealing Day or such other time as may be agreed by the Trustee, the Manager and the relevant Participating Dealer.

2.4.2 Issue Price and Redemption Price

The Issue Price of a Unit of any class in the CSOP New China ETF shall be the Net Asset Value per Unit of the relevant class calculated as of the Valuation Point in respect of the relevant Valuation Day rounded to the nearest fourth (4^{th}) decimal place (with 0.00005 being rounded up).

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

The benefit of any rounding adjustments will be retained by the CSOP New China ETF.

The "**Valuation Day**" of the CSOP New China ETF, coincides with, and shall mean, the Dealing Day of the CSOP New China ETF or such other days as the Manager may determine.

The latest Net Asset Value of the Units will be available on the Manager's website at http://www.csopasset.com/en/products/new-china-sectors-etf or published in such other publications as the Manager decides.

2.4.3 Dealing Day

In respect of the CSOP New China ETF, "**Dealing Day**" means each Business Day.

2.4.4 Rejection of Creation of Applications relating to CSOP New China ETF

In addition to the circumstances set out in section "***7.3.5 Rejection of Creation Applications***" in Part 1 of this Prospectus, the Manager, acting reasonably and in good faith, has the absolute discretion to reject a Creation Application in relation to the CSOP New China ETF, in any of the following circumstances:-

(a) where the acceptance of the Creation Application will have a material adverse impact on the China A-Shares market; or

(b) where the RQFII quotas obtained by the Manager as RQFII are reduced or cancelled or are not sufficient to meet the Creation Applications for the CSOP New China ETF.

3. INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The investment objective of the CSOP New China ETF is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Underlying Index, namely, the S&P New China Sectors (A-shares Capped) Index. There is no assurance that the CSOP New China ETF will achieve its investment objective.

Investment Strategy

In order to achieve the investment objective of the CSOP New China ETF, the Manager and the Investment Adviser (as applicable) will primarily use a full replication strategy by directly investing all, or substantially all, of the assets of the CSOP New China ETF in Index Securities constituting the Underlying Index in substantially the same weightings (i.e. proportions) as these Index Securities have in the Underlying Index, as set out in section "***18. The Underlying Index***" of this Appendix.

The CSOP New China ETF may also invest not more than 5% of its Net Asset Value in Non-Index Securities which have investment profile that aims to reflect the profile of the Underlying Index.

The CSOP New China ETF may also invest not more than 5% of its Net Asset Value in money market funds and in cash deposits for cash management purpose.

The Manager and the Investment Adviser (as applicable) reviews the Index Securities held in the CSOP New China ETF's portfolio each Business Day. In order to minimise tracking error*, it closely monitors factors such as any changes in the weighting of each Index Security in the Underlying Index, suspension, dividend distributions and the liquidity of the CSOP New China ETF's portfolio. The Manager and the Investment Adviser (as applicable) will also conduct adjustment on the portfolio of the CSOP New China ETF regularly, taking into account tracking error reports, the index methodology and any rebalance notification of the Underlying Index.

The CSOP New China ETF will not invest in any financial derivative instruments (including structured deposits, products or instruments) for investment or hedging purposes, or in sale and repurchase transactions, reverse repurchase transactions and other similar over-the-counter transactions. Prior approval of the Commission will be sought and not less than one month's prior notice will be given to the Unitholders of the CSOP New China ETF in the event the Manager and the Investment Adviser (as applicable) wishes to invest in any financial derivative instruments (including structured deposits, products or instruments) for investment or hedging purposes, or in sale and repurchase transactions, reverse repurchase transactions and other similar over-the-counter transactions.

Currently it is intended that the CSOP New China ETF will directly obtain exposure to securities issued within the PRC through the Stock Connect (as explained in section "***9.4 The Stock Connect***" in this Appendix) and/or the RQFII investment quota granted to the Manager by SAFE (as explained in section "***8. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix). The CSOP New China ETF may invest up to 100% of the CSOP New China ETF's Net Asset Value through either RQFII and/or the Stock Connect.

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

The investment strategy of the CSOP New China ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

* The Manager intends to limit the annual tracking error to 2% and the daily tracking difference to 0.1% without taking into account the provision of the capital gains tax.

4. SECURITIES LENDING TRANSACTIONS

The Manager may, on behalf of the CSOP New China ETF, enter into securities lending transactions for up to 30% of the CSOP New China ETF's Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the CSOP New China ETF and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion.

As part of the securities lending transactions, the CSOP New China ETF must receive cash collateral of 105% of the value of the securities lent (interests, dividends and other eventual rights included). The Custodian will only take cash as collateral as agreed between the parties. The collateral will be marked-to-market on a daily basis and be safekept by the Custodian. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 105% of the value of the securities lent on any trading day T, the Manager will call for additional collateral on trading day T, and the borrower will have to deliver additional collateral to make up for the difference in securities value by 4 p.m. on trading day T+1.

The Manager will not engage in any reinvestment of collateral received. The valuation of the securities lent will be disclosed in the annual and semi-annual financial reports and on the Manager's website.

To the extent CSOP New China ETF undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the CSOP New China ETF. The cost relating to securities lending transactions will be borne by the borrower.

Securities lending transactions nonetheless give rise to certain risks including valuation risks, operational risks, market risks and counterparty risks. Please refer to section "***10.8 Securities Lending Transactions risks***" for further details.

5. BORROWING RESTRICTIONS

The Manager may borrow up to 10% of the total Net Asset Value of the CSOP New China ETF to acquire investments, to settle redemption proceeds or to pay expenses relating to the CSOP New China ETF.

6. DISTRIBUTION POLICY

Net income earned by the CSOP New China ETF will not be re-invested. The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP New China ETF's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the CSOP New China ETF.

The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP New China ETF are charged to/paid out of the capital of the CSOP New China ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP New China ETF and therefore, the CSOP New China ETF may effectively pay dividend out of capital. **Investors should note that payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP New China ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP New China ETF and will reduce any capital appreciation for the Unitholders of the CSOP New China ETF.**

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/en/products/new-china-sectors-etf.

The distribution policy may be amended subject to the Commission's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the Base Currency of the CSOP New China ETF (i.e. HKD). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in HKD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/en/products/new-china-sectors-etf and on HKEx's website www.hkexnews.hk/listedco/listconews/advancedsearch/ search_active_main.aspx.

There can be no assurance that a distribution will be paid.

Each Unitholder will receive distributions in HKD (whether holding HKD traded Units, RMB traded Units or USD traded Units). In the event that the relevant Unitholder has no HKD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from HKD into RMB, USD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions.

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

7. PRC TAX PROVISIONS

In light of the announcement jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC under Caishui [2014] No.79 and No. 81 which stipulates that trading of China A-Shares through QFIIs, RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) and the Stock Connect will be temporarily exempted from corporate income tax on gains derived from the transfer of PRC equity investment assets (including PRC A-Shares) effective from 17 November 2014, the Manager does not intend to make any WIT provision on the gross unrealised and realised capital gains derived from trading of China A-Shares.

Please refer to the risk factor "***PRC tax considerations***" under section "***4.1 Risk Factors relating to China***" in Part 1 of this Prospectus for further information on PRC taxation.

8. RENMINBI QUALIFIED FOREIGN INSTITUTIONAL INVESTOR (RQFII)

Under current regulations in the PRC, generally foreign investors can invest in the domestic securities market through (i) certain qualified foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota(s) by SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC's domestic securities markets, or (ii) the Stock Connect program (as explained in the section "***9.4 The Stock Connect***" in this Appendix).

The RQFII regime was introduced on 16 December 2011 by the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors which are Asset Management Companies or Securities Companies" (基金管理公司、證券公司人民幣合格境外機構投資者境內證券投資試點辦法) issued by the CSRC, the People's Bank of China ("**PBOC**") and SAFE, which was repealed effective on 1 March 2013.

The RQFII regime is currently governed by (a) the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC, the PBOC and SAFE and effective from 1 March 2013 (人民幣合格境外機構投資者境內證券投資試點辦法); (b) the "Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC and effective from 1 March 2013 (關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》的規定); (c) the "Circular on Issues Related to the Pilot Scheme for Domestic Securities

Investment through Renminbi Qualified Foreign Institutional Investors" (國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知) issued by SAFE and effective from 11 March 2013; (d) the "Notice of the People's Bank of China on the Relevant Matters concerning the Implementation of the Pilot Scheme for Domestic Securities Investment Made through Renminbi Qualified Foreign Institutional Investors", issued by the PBOC and effective from 2 May 2013 (中國人民銀行關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》有關事項的通知); and (e) any other applicable regulations promulgated by the relevant authorities (collectively, the "**RQFII Regulations**").

The CSOP New China ETF will directly invest in securities issued within the PRC through the RQFII quotas of the Manager and/or the Stock Connect. The Manager has obtained RQFII status in the PRC. The Manager (as RQFII Holder) may from time to time make available RQFII quota for the purpose of the CSOP New China ETF's direct investment into the PRC. Under SAFE's RQFII quota administration policy, the Manager has the flexibility to allocate their respective RQFII quota across different open-ended fund products, or, subject to SAFE's approval, to products and/or accounts that are not open-ended funds. The Manager may therefore allocate additional RQFII quota to the CSOP New China ETF or allocate RQFII quota which may otherwise be available to the CSOP New China ETF to other products and/or accounts. The Manager may also apply to SAFE for additional RQFII quota which may be utilised by the CSOP New China ETF, other clients of the Manager or other products managed by the Manager. However, there is no assurance that the Manager will make available RQFII quota that is sufficient for the CSOP New China ETF's investment at all times. The CSOP New China ETF may not have exclusive use of the Manager's RQFII quota.

The Custodian has been appointed by the Trustee and the Manager to hold (by itself or through its delegate) the assets of the CSOP New China ETF in the PRC invested using the RQFII quota of the Manager in accordance with the terms of the RQFII Custody Agreement.

Securities including China A-Shares invested through the RQFII quota of the Manager will be maintained by the Custodian's delegate, the PRC Custodian pursuant to PRC regulations through securities account(s) with the China Securities Depository and Clearing Corporation Limited (the "**CSDCC**") in the joint names of the Manager (as the RQFII Holder) and the CSOP New China ETF. An RMB cash account(s) shall be established and maintained with the PRC Custodian in the joint names of the Manager (as the RQFII Holder) and the CSOP New China ETF. The PRC Custodian shall, in turn, have a cash clearing account with the CSDCC for trade settlement according to applicable regulations.

Repatriations in RMB conducted by the Manager (as RQFII) on behalf of the CSOP New China ETF are permitted daily and not subject to any repatriation restrictions, lock-up periods or prior approval from SAFE.

There are specific risks associated with the RQFII regime and investors' attention is drawn to the risk factors "***RQFII risk***" and "***PRC brokerage risk***" under section "***10.4 Risks relating to the RQFII regime***" in this Appendix.

In the context of investment in securities issued within the PRC using the Manager's RQFII quota, the Manager will assume dual roles as the Manager of the CSOP New China ETF and the holder of the RQFII quota for the CSOP New China ETF. The Manager will be responsible for ensuring that all transactions and dealings will be dealt with in compliance with the Trust Deed (where applicable) as well as the relevant laws and regulations applicable to the Manager as a RQFII.

In connection with the investment in securities issued within the PRC using the Manager's RQFII quota, the Manager has obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC laws:

(a) securities account(s) with the CSDCC and maintained by the PRC Custodian and RMB special deposit account(s) with the PRC Custodian (respectively, the "**securities**

account(s)” and the “**cash account(s)**”) have been opened in the joint names of the Manager (as the RQFII holder) and the CSOP New China ETF for the sole benefit and use of the CSOP New China ETF in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the securities account(s) (i) belong solely to the CSOP New China ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as the RQFII holder), the Custodian, the PRC Custodian and any qualified broker(s) registered in the PRC (“**PRC Broker(s)**”) and from the assets of other clients of the Manager (as the RQFII holder), the Custodian, the PRC Custodian and any PRC Broker(s);

(c) the assets held/credited in the cash account(s) (i) become an unsecured debt owing from the PRC Custodian to the CSOP New China ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as the RQFII holder) and any PRC Broker(s), and from the assets of other clients of the Manager (as the RQFII holder) and any PRC Broker(s);

(d) the Trustee, for and on behalf of the CSOP New China ETF is the only entity which has a valid claim of ownership over the assets in the securities account(s) and the debt in the amount deposited in the cash account(s) of the CSOP New China ETF;

(e) if the Manager or any PRC Broker(s) is liquidated, the assets contained in the securities account(s) and the cash account(s) of the CSOP New China ETF will not form part of the liquidation assets of the Manager or such PRC Broker(s) in liquidation in the PRC; and

(f) if the PRC Custodian is liquidated, (i) the assets contained in the securities account(s) of the CSOP New China ETF will not form part of the liquidation assets of the PRC Custodian in liquidation in the PRC, and (ii) the assets contained in the cash account(s) of the CSOP New China ETF will form part of the liquidation assets of the PRC Custodian in liquidation in the PRC and the CSOP New China ETF will become an unsecured creditor for the amount deposited in the cash account(s).

Further, in connection with the investment in securities issued within the PRC using the Manager’s RQFII quota, the Trustee has put in place proper arrangements to ensure that:

(a) the Trustee takes into its custody or under its control the assets of the CSOP New China ETF, including onshore PRC assets of the CSOP New China ETF acquired by the CSOP New China ETF through the Manager’s RQFII quota and such PRC assets will be maintained by the PRC Custodian in electronic form via the securities account(s) with the CSDCC and cash held in the cash account(s) with the PRC Custodian (“**Onshore PRC Assets**”), and holds the same in trust for the Unitholders;

(b) cash and registrable assets of the CSOP New China ETF, including the Onshore PRC Assets are registered in the name of or held to the order of the Trustee; and

(c) the Custodian and the PRC Custodian will look to the Trustee for instructions and solely act in accordance with such instructions as provided under the RQFII participation agreement between the Custodian, the PRC Custodian, the Manager and the Trustee, as amended from time to time (“**RQFII Participation Agreement**”).

9. <u>CHINA A-SHARE MARKET IN THE PRC</u>

9.1 The Stock Exchanges in Mainland China

Mainland China has two stock exchanges, located in Shanghai and Shenzhen respectively. Shanghai Stock Exchange (“**SSE**”) was established on 26 November 1990 and started trading on 19 December in the same year. Shenzhen Stock

Exchange (“**SZSE**”) was established on 1 December 1990. The two exchanges are under the direct management of the CSRC. Their main functions include: to provide premises and facilities for securities trading; to develop the business rules of the exchanges; to accept listing applications and arrange for the listing of securities; to organize and supervise securities trading; to regulate exchange members and listed companies; to manage and disclose market information.

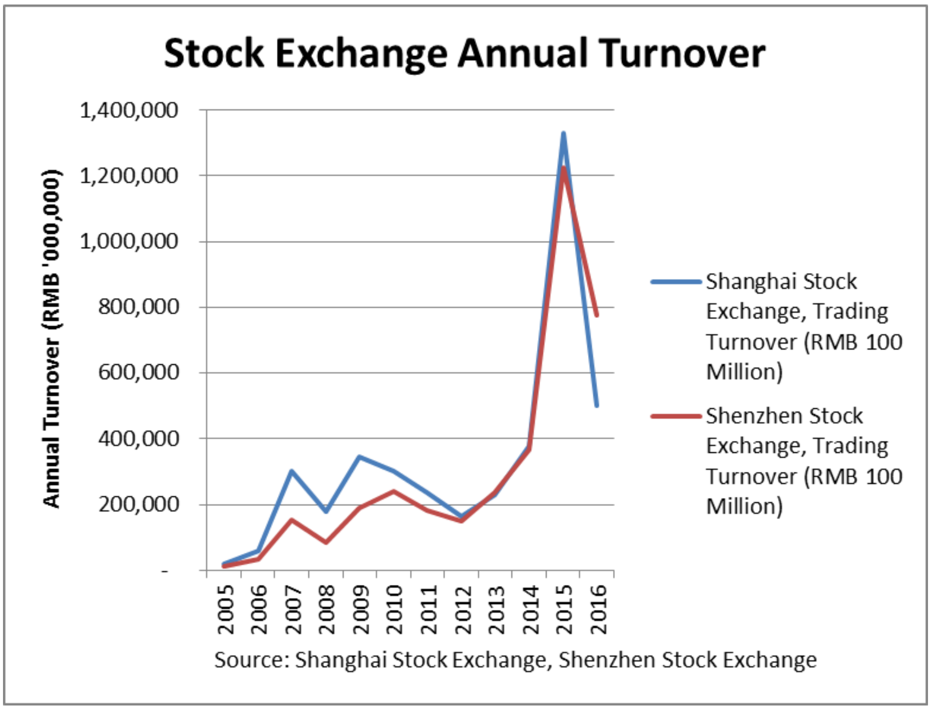
SSE adopts an electronic trading platform. The trading of all exchange-traded securities are required to be submitted to the exchange’s matching engine which automatically matches orders based on price priority and time priority. The SSE's new trading system has a peak order processing capacity of 80,000 transactions per second. It has a bilateral transactions capacity of over 120 million which is equivalent to the size of daily turnover of RMB1.2 trillion by a single market. The system also has parallel scalability.

The SZSE, assuming the mission to build China’s multi-level capital market system, has fully supported small and middle size enterprise development, and promoted the implementation of the national strategy of independent innovation. In May 2004, it officially launched the Small and Medium Enterprise (“**SME**”) board. In January 2006, it started a pilot program for shares trading of non-listed companies of the Zhongguancun Science Park; it officially launched Growth Enterprises Market (“**GEM**”) board in October 2009.

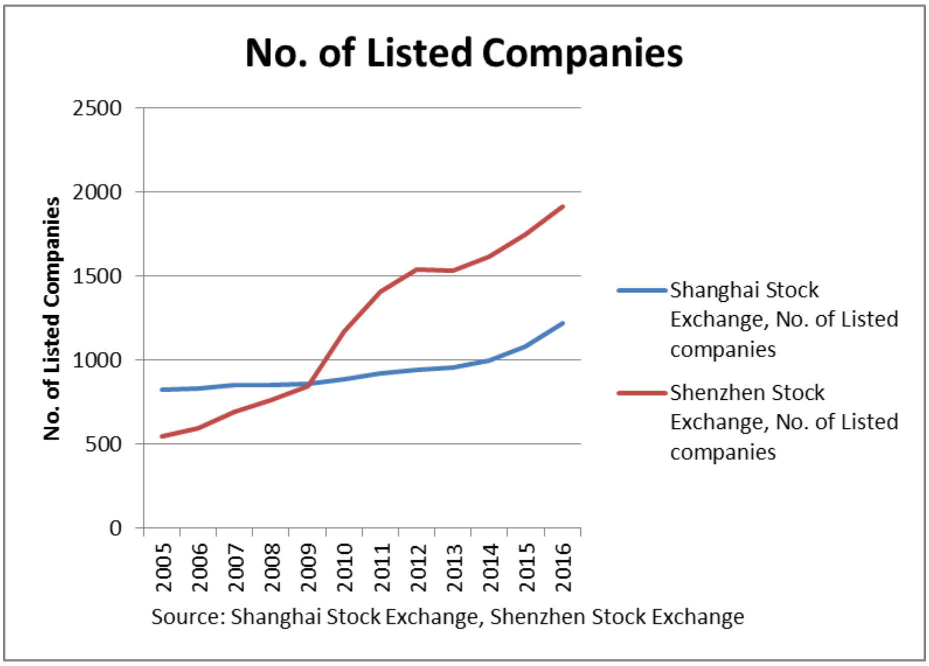
After years of development, the SZSE has basically established a multi-level capital market system architecture consisting the above market boards and systems.

After years of sustained development, the SSE and SZSE have made great achievements in terms of products and quantity listed. Now the listed products include: China A-Shares, China B-Shares, open-ended funds, close-ended funds, exchange traded funds and bonds. As of 07 March 2017, the number of listed companies amounted to 3,145, including 1,227 in Shanghai and 1,918 in Shenzhen. As of 31 December 2016, the combined market capitalisation of the two exchanges amounted to RMB 53.7 trillion of which RMB 41.2 trillion is free float. Currently, there are derivatives such as warrants and index futures and fixed income products listed on the SSE and SZSE.

The chart below shows the annual trading turnover in the SSE and SZSE.



The chart below shows the number of listed company in the SSE and SZSE.



The chart below shows the market capitalisation of the SSE and SZSE.

The regulatory agency of each stock exchange is its Stock Exchange Council. The Council consists of member directors and non-member directors. The highest decision-making body of an exchange is the General Assembly. However, the Council decides the business agenda of the exchange. The Council reports to the General Assembly, and assumes the following powers:

- To convene the General Assembly, report to the General Assembly, to implement the resolutions of the General Assembly;
- To enact and amend the relevant business rules of the Stock Exchange;
- To approve the general work plan submitted by its Chief Executive Officer, budget plan and the draft final financial report;
- To approve the membership admission and approve the sanction of members;
- To decide the stock exchange's internal structure; and
- Any other powers conferred by the General Assembly.

9.2 *The major differences between the China A-Share market and the Hong Kong market*

The table below summarises the differences between the China A-Share market and the Hong Kong market:-

		SEHK	SSE	SZSE
(a)	Key Market Index	Hang Seng Index ("**HSI**")	SSE Composite Index	SZSE Composite Index
(b)	Trading Hours • Morning session • Afternoon session	 • 9:30– 12:00 • 13:00 – 16:00	 • 9:30– 11:30 • 13:00 – 15:00	 • 9:30 – 11:30 • 13:00 – 15:00
	China A-Share market and Hong Kong market have different schedule of holidays.			
(c)	Pre-opening session/ pre-order input/order			

	matching times • Pre-opening session • Order matching times • Close matching times	 • 9:00 to 9:15 • 9:15 to 9:20 (pre-order matching period) • 9:20 to 9:28 (order matching period) • 9:28 to 9:30 (blocking period) • N/A	 • 9:15 to 9:25 • 9:30 to 11:30 and 13:00 to 15:00 • N/A	 • 9:15 to 9:25 • 9:30 to 11:30 and 13:00 to 14:57 • 14:57 to 15:00
(d)	Trading Band Limits	No trading band limit	Daily trading band limits of 10%. Where a listed company is under circumstances deemed abnormal by the SSE and SZSE, the short name of the listed company will be prefixed by "ST" and the daily up and down limit will be reduced to 5%.	
(e)	Trading Rule	The T+1 trading rule do not apply except that some stocks cannot be sold short in Hong Kong market.	The T+1 trading rule applies which means a stock bought on T day (i.e. trading day) can only be sold on T+1 (i.e. one business day after the relevant trading day), and no short-selling is allowed with a few exception (mostly ETFs) permitted by a pilot program.	
(f)	Round Lot	Stocks are generally traded at round lots and odd lots trading have to be facilitated by a broker through a special board.	Stocks can only be bought at the multiples of 100 shares but cannot be bought in odd lots. However, one can sell the shares of any number i.e. even in odd lots.	
(g)	Settlement cycle	The settlement period is 2 business days (i.e. T+2)	The settlement period is one business day (i.e. T+1)	
(h)	Earnings report disclosure requirement	A listed company has to disclose fiscal information twice a year. The annual financial reports have to be published within four months from the financial year end and the interim financial reports have to be published within three months of the end of the period it covers.	A listed company on the SSE and SZSE is required to prepare and disclose the annual financial report within four months as of the end date of each fiscal year, the semi-annual financial report within two months as of the end date of the first half of each fiscal year, and the quarterly financial report within one month as of the end of the first three months and the end of the first nine months of each fiscal year respectively. The time for disclosing the first-quarter report shall not be earlier than the time for disclosing the annual financial report of the previous year. H-Share listed companies also disclose fiscal information quarterly for consistency with the corresponding A -Share schedules.	
(i)	Suspension	There is no	Stocks in the China A-Share market will be	

		requirement to suspend stocks for general assembly or important information disclosure.	suspended for general assembly or important information disclosure.

Investors should inform themselves of the risks associated with the differences between the China A-Share market and the Hong Kong market, as set out in the risk factor "***Risks relating to the differences between the Hong Kong and China stock markets***" in section ***"10.2 China market/China A-Share market risks"*** in this Appendix.

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

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

(a) Trading hours: As regards the difference in trading hours, the shorter trading hours in the China A-Share market is not considered to present a major risk, as it is expected that there is a sufficient level of liquidity for the China A-Shares constituting the CSOP New China ETF's portfolio.

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

If the Hong Kong market is open while the China A-Share market is closed, Units of the CSOP New China ETF will be traded in the Hong Kong market and the Manager will continue to publish information including prices in the manner set out in section "***14.14 Publication of Information Relating to the Sub-Funds***" in Part 1 of this Prospectus. If the China A-Share market is open while Hong Kong market is closed, the Manager will trade the China A-Shares when it is necessary, in order to limit the risk to investors. These trades will be properly settled even when the Hong Kong market is closed for holiday by the Trustee's arrangements in place.

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

9.4 The Stock Connect

The Stock Connect is a securities trading and clearing linked program developed by the HKEx, the SSE, the SZSE and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"), with an aim to achieve mutual stock market access between mainland China and Hong Kong. It comprises of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. The Manager intends to utilise such channels to invest in A Shares.

Through the Stock Connect, the SSE, the SZSE and the SEHK enable investors to trade eligible shares listed on the other's market through local securities firms or brokers. Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link (for investment in PRC shares) and a Southbound Trading Link (for investment in Hong Kong shares). Under the Northbound Trading Link, investors, through their Hong Kong brokers and securities trading service companies (in Shanghai and in Qianhai Shenzhen respectively) established by the SEHK and the HKSCC, will be able to place orders to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through PRC securities firms and securities trading service companies established by the SSE and the SZSE, will be able to place orders to trade eligible shares listed on the SEHK by routing orders to the SEHK.

All Hong Kong and overseas investors (including the CSOP New China ETF) are allowed to trade SSE Securities and SZSE Securities (as described below) through the Stock Connect (through the Northbound Trading Link), subject to rules and regulations issued from time to time.

The following summary presents some key points about the Northbound Trading Link (which may be utilized by the CSOP New China ETF to invest in the PRC):

<u>Eligible securities</u>

Among the different types of SSE-or SZSE-listed securities, only China A-Shares are included in the Stock Connect. Other product types such as China B-Shares, Exchange Traded Funds (ETFs), bonds, and other securities are not included.

At the initial stage, Hong Kong and overseas investors are able to trade certain stocks listed on the SSE market (i.e. "**SSE Securities**") and the SZSE market (i.e. "**SZSE Securities**"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on the SEHK, except the following:

(a) SSE-listed shares which are not traded in RMB; and
(b) SSE-listed shares which are included in the "risk alert board"

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

(a) SZSE-listed shares which are not traded in RMB; and
(b) SZSE-listed shares which are included in the "risk alert board"

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

The list of eligible stocks is subject to review from time to time.

<u>Trading day</u>

Due to differences in public holidays between Hong Kong and mainland China, there may be differences in the trading days in the two markets. Even if the mainland China markets are open on a certain day, the CSOP New China ETF may not necessarily be able to invest in China A-Shares through Northbound trading. For example, the Hong

Kong market closes on Easter and Christmas every year, but those are trading days in mainland China.

Likewise, during Lunar New Year and the National Day golden week periods, mainland China usually arranges for seven-day consecutive holidays by reshuffling workdays and weekends. Even for days on which both markets are open for business, there could be differences because of other reasons such as bad weather conditions. Investors (including the CSOP New China ETF) are only allowed to trade on the other market on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect is subject to a daily quota ("**Daily Quota**") presently set at RMB52 billion for each of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, which is separate for Northbound and Southbound trading. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connect each day.

The quotas do not belong to the CSOP New China ETF and are utilised on a first-come-first-serve basis. The SEHK publishes the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website. Should there be any change in the Daily Quota, the Manager will not inform the Unitholders.

Settlement and Custody

The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), also a wholly-owned subsidiary of HKEx, is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A-Shares traded through the Stock Connect are issued in scripless form, so investors do not hold any physical China A-Shares. In the operation of the Stock Connect, Hong Kong and overseas investors who have acquired SSE Securities and SZSE Securities through Northbound trading should maintain the SSE Securities and SZSE Securities with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on the SEHK).

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities or SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE or SZSE listed companies still treats HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities.

HKSCC monitors the corporate actions affecting SSE Securities or SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("**CCASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE-or SZSE-listed companies usually announce their annual general meeting/extraordinary general meeting information about one month before the meeting date. A poll is called on all resolutions for all votes. HKSCC advises CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Foreign shareholding restrictions

The CSRC stipulates that, when holding China A-Shares through the Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restrictions:

- Single foreign investors' shareholding by any Hong Kong or overseas investor in a China A-Share must not exceed 10% of the total issued shares; and
- Aggregate foreign investors' shareholding by all Hong Kong and overseas investors in a China A-Share must not exceed 30% of the total issue shares.

When Hong Kong and overseas investors carry out strategic investments in listed companies in accordance with the rules, the shareholding of the strategic investments is not capped by the above-mentioned percentages.

Should the shareholding of a single investor in a China A-Share listed company exceed the above restriction, the investor may be required to unwind his position on the excessive shareholding according to a last-in-first-out basis within a specific period. The SSE, the SZSE and the SEHK will issue warnings or restrict the buy orders for the related China A-Shares if the percentage of total shareholding is approaching the upper limit.

<u>Currency</u>

Hong Kong and overseas investors trade and settle SSE Securities and SZSE Securities in RMB only. Hence, the CSOP New China ETF needs to use its RMB funds to trade and settle SSE Securities and SZSE Securities.

<u>Trading fees</u>

In addition to paying trading fees and stamp duties in connection with China A-Share trading, the CSOP New China ETF may be subject to new portfolio fees, dividend tax and taxes concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

<u>Coverage of Investor Compensation Fund</u>

The CSOP New China ETF's investments through Northbound trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund.

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

As for Northbound trading, according to the Securities and Futures Ordinance, the Investor Compensation Fund only covers products traded in Hong Kong's recognised securities market (i.e. the SEHK) and recognised futures market (i.e. Hong Kong Futures Exchange Limited or "**HKFE**"). Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in the SEHK or HKFE, so similar to the case of investors trading overseas securities, they are not covered by the Investor Compensation Fund.

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

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

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

9.5 American Depositary Receipt (ADR)

An American depositary receipt (ADR) is a negotiable certificate issued by a U.S. bank representing a specified number of shares (or one share) in a foreign stock traded on a U.S. stock exchange. ADRs are denominated in US dollars, with the underlying security held by a U.S. financial institution overseas, and holders of ADRs realize any dividends and capital gains in US dollars, but dividend payments in other currencies are converted to US dollars, net of conversion expenses and foreign taxes. ADRs are listed on the NYSE, AMEX or NASDAQ but they are also sold OTC.

Currency

ADR holders do not have to transact in foreign currencies because ADRs are traded in US dollars and cleared through U.S. settlement systems. The U.S. banks require the foreign companies to provide them with detailed financial information, making it easier for investors to assess the company's financial health compared to a foreign company that only transacts on international exchanges.

Trading of ADRs

To offer ADRs, U.S. banks purchase shares from the international company and reissue them, typically on U.S. stock exchanges. An ADR may represent the underlying shares on a one-for-one basis, or it may represent a fraction of a share or multiple shares. The price of an ADR corresponds to the price of the foreign stock in its home market, adjusted to the ratio of the ADRs to foreign company shares.

10. RISK FACTORS RELATING TO CSOP NEW CHINA ETF

In addition to the general risk factors common to all Sub-Funds set out in section "***4. General Risk Factors***" in Part 1 of this Prospectus, investors should also consider the specific risks associated with investing in the CSOP New China ETF including those set out below. The following statements are intended to be summaries of some of those risks. They do not offer advice on the suitability of investing in the CSOP New China ETF. Investors should carefully consider the risk factors described below together with the other relevant information included in this Prospectus before deciding whether to invest in Units of the CSOP New China ETF. The Commission's authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

10.1 Risks relating to Investments

Consumption sector risk. The performance of PRC and Hong Kong companies active in the consumer discretionary sector are correlated to the growth rate of the consumer market, individual income levels and their impact on levels of domestic consumer spending in the PRC and Hong Kong, which in turn depend on the worldwide economic conditions, which have recently deteriorated significantly in many countries and regions and may remain depressed for the foreseeable future. On the other hand, companies in the consumer staples sector are subject to government regulation affecting the permissibility of using various food additives and production methods, which regulations could affect company profitability. The success of food, beverage, household and personal products companies may be strongly affected by marketing campaigns, performance of the overall domestic and international economy, interest rates, competition and consumer confidence and spending.

There are many factors affecting the level of consumer spending, including but not limited to interest rates, currency exchange rates, economic growth rate, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment level and general consumer confidence. There can be no assurance that historical growth rates of the PRC economy and the PRC consumer market will continue. Any future slowdowns or declines in the PRC or Hong Kong economy or consumer spending may materially and adversely affect the business of the companies in the consumer discretionary sector and/or consumer staples sector and as a result the performance of the CSOP New China ETF.

Health care sector risks. The economic prospects of the health care sector are generally subject to greater influences from governmental policies and regulations than those of many other industries. Certain health care companies may allocate greater than usual financial resources to research and product development and experience above-average price movements associated with the perceived prospects of success of the research and development programs. In addition, certain health care companies may be adversely affected by lack of commercial acceptance of a new product or process or by technological change and obsolescence.

Software, internet and related services industries risks. Many of the companies in the software, internet and related services industries have a relatively short operating history. Rapid changes could render obsolete the products and services offered by the companies in which the CSOP New China ETF invests and cause severe or complete declines in the prices of the securities of those companies. Additionally, companies in these sectors may face dramatic and often unpredictable changes in growth rates and competition for the services of qualified personnel. Any errors or vulnerabilities that may be discovered in the code of an internet company after release may adversely affect the business and operating results of such company. If the CSOP New China ETF invests in any of these companies, its investment may be adversely affected.

There may be substantial government intervention in the internet industry, including restrictions on investment in internet companies if such companies are deemed sensitive to relevant national interests. Some governments in the world have sought, and may in the future seek, to censor content available through internet, restrict access to products and services offered by internet companies that the CSOP New China ETF invests in from their country entirely or impose other restrictions that may affect the accessibility of such products and services for an extended period of time or indefinitely. In the event that access to the internet products and services is restricted, in whole or in part, in one or more countries, the ability of such internet companies to retain or increase their user base and user engagement may be adversely affected, and their operating results may be harmed. This may in turn affect the value of investment of the CSOP New China ETF.

The internet business is subject to complex laws and regulations including privacy, data protection, content regulation, intellectual property, competition, protection of minors, consumer protection and taxation. These laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to the business practices, monetary penalties, increased cost of operations or declines in user growth, user engagement or advertisement engagement, or otherwise harm the internet business. They may also delay or impede the development of new products and services. Compliance with these existing and new laws and regulations can be costly and may require significant time and attention of management and technical personnel. All these may have impact on the business and/or profitability of the internet companies in which the CSOP New China ETF invests and this may in turn adversely affect the value of investment of the CSOP New China ETF.

Communication Services sector risk. Companies in the communication services sector may be affected by industry competition, substantial capital requirements, government regulation and obsolescence of communication services products and services due to technological advancement.

Infrastructure industry risk. Companies in the infrastructure industry may be subject to a variety of factors that could adversely affect their business or operations, including high interest costs in connection with capital construction programs, high degrees of leverage, costs associated with governmental, environmental and other regulations, the level of government spending on infrastructure projects, and other factors. The stock prices of transportation companies may be affected by supply and demand for their specific product, government regulation, world events and economic conditions. Utilities companies face intense competition, which may have an adverse effect on their profit margins, and the rates charged by regulated utility companies are subject to review and limitation by governmental regulatory commissions.

Sustainable energy solutions industry risk. The sustainable energy solutions industry can be significantly affected by obsolescence of existing technology, general economic conditions, fluctuations in energy prices and supply and demand of alternative energy fuels, energy conservation, the success of exploration projects and tax and other government regulations and policies. Companies in this industry could be adversely affected by commodity price volatility, imposition of import controls, increased competition, depletion of resources, technological developments and labour relations. Changes in the governments' policies towards sustainable power and energy solutions also may adversely affect the performance of the CSOP New China ETF.

Transportation industry risk. The transportation industry may be adversely affected by economic changes, increases in fuel and operating costs, labour relations, insurance costs and government regulations.

Government intervention and action by governments risk. There may be substantial government intervention in the internet industry, including restrictions on investment in internet companies if such companies are deemed sensitive to relevant national interests. Some governments in the world have sought, and may in the future seek, to censor content available through internet, restrict access to products and services offered by internet companies that the CSOP New China ETF invests in from their country entirely or impose other restrictions that may affect the accessibility of such products and services for an extended period of time or indefinitely. In the event that access to the internet products and services is restricted, in whole or in part, in one or more countries, the ability of such internet companies to retain or increase their user base and user engagement may be adversely affected, and their operating results may be harmed. This may in turn affect the value of investment of the CSOP New China ETF.

Changes in laws and regulations risk. The internet business is subject to complex laws and regulations including privacy, data protection, content regulation, intellectual property, competition, protection of minors, consumer protection and taxation. These laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to the business practices, monetary penalties, increased cost of operations or declines in user growth, user engagement or advertisement engagement, or otherwise harm the internet business. They may also delay or impede the development of new products and services. Compliance with these existing and new laws and regulations can be costly and may require significant time and attention of management and technical personnel. All these may have impact on the business and/or profitability of the internet companies in which the CSOP New China ETF invests and this may in turn adversely affect the value of investment of the CSOP New China ETF.

Concentration risk. The CSOP New China ETF focuses on mainland China- and Hong Kong-domiciled companies, which subjects it to greater concentration risk. The CSOP New China ETF may be more volatile than a broadly-based fund such as a global or regional investment fund as it is more susceptible to fluctuation in value resulting from adverse conditions in a single country. The value of the CSOP New China ETF may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the market in mainland China and Hong Kong.

US market risks. The US economy has traditionally been considered to be one of the most stable and productive economies in the world. However, the recent financial crisis and/or economic recession, decreasing US imports, new trade regulations, changes in the US dollar exchange rates, and increasing public debt pose concerns on the development of the US economy. This may have adverse impact on the US Securities in which the CSOP New China ETF invests and the Net Asset Value of the CSOP New China ETF. The CSOP New China ETF's investment in the US Securities may also be subject to US taxes and this may reduce the CSOP New China ETF's return.

ADRs associated risks. Exposure to American Depository Receipts (ADRs) may generate additional risks compared to a direct exposure to the corresponding underlying stocks, in particular, the risk of non-segregation under applicable law of the depositary bank who hold the underlying stock as collateral and its own assets. In case of bankruptcy of the depositary bank, there could be a risk that the underlying shares would not be attributed to holders of ADRs, although segregation is an integral part of the depositary agreement regulating the issuance of the ADRs. In such case, the likeliest scenario would be the trading suspension and thereafter a freeze of the price of the ADRs impacted by such bankruptcy event. Bankruptcy events in respect of the depositary banks issuing the ADRs may negatively affect the performance and/or the liquidity of the CSOP New China ETF. There are fees related to ADRs, for example fees charged by banks for the custody of underlying assets of ADRs, which may impact the performance of the ADRs. Also, holders of ADRs are not direct shareholders of the underlying company and generally do not have voting and other shareholder rights as shareholders do. The CSOP New China ETF may also be subject to liquidity risk as ADRs are often less liquid than the corresponding underlying stocks.

Foreign exchange risk. The base currency of the CSOP New China ETF is HKD but a portion of the CSOP New China ETF's assets are invested in securities denominated in currency other than HKD (e.g. USD and RMB). If a substantial portion of the revenue and income of the CSOP New China ETF is received in a currency other than HKD, any fluctuation in the exchange rate of the HKD relative to the relevant foreign currency will affect the Net Asset Value of the CSOP New China ETF denominated in HKD regardless of the performance of its underlying portfolio. Investors are therefore, subject to the fluctuation of the exchange rate of the HKD and the currency of denomination of the underlying assets of the CSOP New China ETF.

Trading differences risk. As the relevant PRC or US stock exchanges may be open when Units in the Sub-Fund are not priced, the value of the securities China A-Shares and ADRs in the Sub-Fund's portfolio may change on days when investors will not be able to purchase or sell the Sub-Fund's Units. Further the price of China A-Shares and ADRs listed on the above stock exchanges may not be available during part of or all of the SEHK trading sessions due to trading hour differences which may result in Units of CSOP New China ETF being traded at a premium or discount to its Net Asset Value.

10.2 China market/China A-Share market risks

China market/Single country investment risk. Insofar as the CSOP New China ETF invests substantially in securities issued in mainland China, or issued by China-based issuers, or otherwise relating to the China market, it may be subject to risks inherent in the China market and additional concentration risks. Please refer to the risk factors under section "***4.1 Risk Factors relating to China***" and section "***4.2 Investment risks***" under headings "***Restricted markets risk***", "***Emerging market risk***" and "***Single country risk***" in Part 1 of this Prospectus.

Dependence upon trading on China A-Share market risk. The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. The price at which the China A-Shares may be purchased or sold by the CSOP New China ETF and the Net Asset Value of the CSOP New China ETF may be adversely affected if trading markets for China A-Shares are limited or absent. Investors should note that the SZSE and the SSE on which China A-Shares are traded are undergoing development and the market capitalisation of those stock exchanges are lower than those in more developed markets. The China A-Share market may be more volatile and unstable (for examples due to the risk of suspension of a particular stock or government intervention) than those in more developed markets. A Participating Dealer may not be able to create and redeem Units if any China A-Shares constituting the portfolio of the CSOP New China ETF are not available. Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the China A-Shares traded on such markets and thereby may affect the value of the CSOP New China ETF.

Suspension of the China A-Share market risk. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible for the Manager to liquidate positions and can thereby expose the CSOP New China ETF to losses. Under such circumstances, while creation/redemption of the CSOP New China ETF's Units may be suspended, subject to the Manager's discretion, the trading of the CSOP New China ETF on the SEHK may or may not be suspended. If some of the China A-Shares comprising the portfolio of the CSOP New China ETF are suspended, it may be difficult for the Manager to determine the Net Asset Value of the CSOP New China ETF. Where a significant number of the China A-Shares comprising the portfolio of the CSOP New China ETF are suspended, the Manager may determine to suspend the creation and redemption of Units of the CSOP New China ETF, and/or delay the payment of any monies in respect of any Redemption Application. If the trading of the CSOP New China ETF on the SEHK continues when the China A-Share market is suspended, the trading price of the CSOP New China ETF may deviate away from the Net Asset Value.

As a result of the trading band limits imposed by the stock exchanges in China on China A-Shares, it may not be possible for Participating Dealers to create and/or redeem Units on a Business Day, because the China A-Shares constituting the portfolio of the CSOP New China ETF may not be available if the trading band limit has been exceeded for such China A-Shares or it is impossible to liquidate positions. This may lead to higher tracking error and may expose the CSOP New China ETF to losses. Further, the price of the Units of the CSOP New China ETF may be traded at a premium or discount to its Net Asset Value. The Manager has put in place measures to tackle the trading band limit as disclosed under section "***9.3 Measures Adopted by the Manager to Address the Differences between the China A-Share Market and the Hong Kong Market***" in this Appendix.

10.3 Renminbi related risks

Renminbi currency risk. RMB is currently not a freely convertible currency and is subject to foreign exchange control and fiscal policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the CSOP New China ETF's or the investors' position may be adversely affected. Please refer to the risk factor "***Renminbi Exchange Risk***" under section "***4.1 Risk Factors relating to China***" in Part 1 of this Prospectus.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the fund.

Offshore RMB market risk. The onshore RMB ("**CNY**") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC ("**Onshore RMB Market**"). Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC ("**Offshore RMB Market**"). Since June 2010, the offshore RMB ("**CNH**") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. As a result of the controls on cross-border transfers of Renminbi between Hong Kong and China, the Onshore RMB Market and the Offshore RMB Market are, to an extent, segregated, and each market may be subject to different regulatory requirements that are applicable to the Renminbi. The CNY may therefore trade at a different foreign exchange rate compared to the CNH. 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 CSOP New China ETF's investments may potentially be exposed to both the CNY and the CNH, and the CSOP New China ETF may consequently be exposed to greater foreign exchange risks and/or higher costs of investment (for example, when converting other currencies to the Renminbi at the CNH rate of exchange).

However, the current size of RMB-denominated financial assets outside the PRC is limited. At the end of 31 July 2016, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB 667.11 billion. In addition, participating authorised institutions are required by the Hong Kong Monetary Authority to maintain a total amount of RMB assets (in the form of, inter alia, cash and the institution's settlement account balance with the Renminbi clearing bank, holding of RMB sovereign bonds issued in Hong Kong by the PRC Ministry of Finance and bond investment through the PRC interbank bond market) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi clearing bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The Renminbi clearing bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the Offshore RMB Market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC laws and regulations will not be promulgated, terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the liquidity of the CSOP New China ETF. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

*<u>Offshore RMB ("**CNH**") remittance risk.</u>* RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover 20 provinces and municipalities in the PRC and to make RMB trade and other current account item settlement available in all countries worldwide. On 25 February 2011, the Ministry of Commence (the "**MOFCOM**") promulgated the Circular on Issues concerning Foreign Investment Management (商務部關於外商投資管理工作有關問題的通知) (the "**MOFCOM Circular**"). The MOFCOM Circular states that if a foreign investor intends to make investments in the PRC (whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities) with RMB that it has generated from cross-border trade settlement or that is lawfully obtained by it outside the PRC, MOFCOM's prior written consent is required. While the MOFCOM Circular expressly sets out the requirement of obtaining MOFCOM's prior written consent for remittance of RMB back in the PRC by a foreign investor, the foreign investor may also be required to obtain approvals from other PRC regulatory authorities, such as the PBOC and SAFE, for transactions under capital account items. As the PBOC and SAFE have not promulgated any specific PRC regulation on the remittance of RMB into the PRC for settlement of capital account items, foreign investors may only remit offshore RMB into the PRC for capital account purposes such as shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities on a case-by-case basis. There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that the pilot scheme introduced in July 2009 (as extended in June 2010) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. Such an event could have an adverse effect on the operations of the CSOP New China ETF, including limiting the ability of the CSOP New China ETF to remit RMB in relation to its investment in the PRC domestic markets into or outside the PRC.

Currently the Bank of China (Hong Kong) Limited is the only clearing bank for offshore RMB in Hong Kong. A clearing bank is an offshore bank that can obtain RMB funding from the PBOC to square the net RMB positions of other participating banks. In February 2004, Bank of China (Hong Kong) Limited launched its RMB clearing services following its appointment by the PBOC. Remittance of RMB funds into China may be dependent on the operational systems developed by the Bank of China (Hong Kong) Limited for such purposes, and there is no assurance that there will not be delays in remittance.

10.4 *<u>Risks relating to the RQFII regime</u>*

<u>RQFII risk</u>. The CSOP New China ETF is not a RQFII but may obtain access to China A-Shares, or other permissible investments directly using RQFII quotas of a RQFII. The CSOP New China ETF may invest directly in RQFII eligible securities investment via the RQFII status of the Manager.

Investors should note that RQFII status could be suspended or revoked, which may have an adverse effect on the CSOP New China ETF's performance as the CSOP New China ETF may be required to dispose of its securities holdings. In addition, certain restrictions imposed by the Chinese government on RQFIIs may have an adverse effect on the CSOP New China ETF's liquidity and performance.

SAFE regulates and monitors the repatriation of funds out of the PRC by the RQFII pursuant to its "Circular on Issues Related to the Pilot Scheme for Domestic Securities

Investment through Renminbi Qualified Foreign Institutional Investors" (國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知) (the "**RQFII Measures**"). Repatriations by RQFIIs in respect of an open-ended RQFII fund (such as the CSOP New China ETF) conducted in RMB are currently permitted daily and are not subject to repatriation restrictions or prior approval from SAFE, although authenticity and compliance reviews will be conducted by the PRC Custodian, and monthly reports on remittances and repatriations will be submitted to SAFE by the PRC Custodian. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Further, such changes to the PRC rules and regulations may take effect retrospectively. Any restrictions on repatriation of the invested capital and net profits may impact on the CSOP New China ETF's ability to meet redemption requests from the Unitholders. Furthermore, as the Custodian's or the PRC Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the Custodian or the PRC Custodian in case of non-compliance with the RQFII Regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Unitholder as soon as practicable, and within 3 Business Days, and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

SAFE is vested with the power to impose regulatory sanctions if the RQFII or the PRC Custodian violates any provision of the RQFII Measures. Any violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact on the portion of the RQFII's quota made available for investment by the CSOP New China ETF. Therefore in the event that the RQFII quota of the Manager is revoked or cancelled due to violation of the RQFII Measures in relation to any funds under the management of the Manager, this will have an adverse impact on all the funds (including the CSOP New China ETF) under the Manager's management as a whole.

Investors should note that there can be no assurance that a RQFII will continue to maintain its RQFII status or to make available its RQFII quota, or the CSOP New China ETF will be allocated a sufficient portion of RQFII quotas from a RQFII to meet all applications for subscription to the CSOP New China ETF, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. The CSOP New China ETF may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII, as the RQFII may in its discretion allocate RQFII quota which may otherwise be available to the CSOP New China ETF to other products and different accounts (subject to SAFE approval). Such restrictions may respectively result in a rejection of applications and a suspension of creation for the CSOP New China ETF. In extreme circumstances, the CSOP New China ETF may incur significant losses due to insufficiency of RQFII quota, limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the RQFII laws, rules and regulations will not be abolished. The CSOP New China ETF, which invests in the PRC markets through a RQFII, may be adversely affected as a result of such changes.

Application of RQFII rules risk. The application of the RQFII Regulations described under section "**8*. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix may depend on the interpretation given by the relevant Chinese authorities. The Chinese authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

Any changes to the relevant rules may have an adverse impact on investors' investment in the CSOP New China ETF. In the worst scenario, the Manager may determine that the CSOP New China ETF shall be terminated if it is not legal or viable to operate the CSOP New China ETF because of changes to the application of the relevant rules.

RQFII systems risk. The current RQFII Regulations include rules on investment restrictions applicable to the CSOP New China ETF.

In the event of any default of the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the CSOP New China ETF may encounter delays in recovering its assets which may in turn impact the Net Asset Value of the CSOP New China ETF.

Liquidity of China A-Shares risk. Due to the potential liquidity constraint of the underlying Index Securities, the Manager may not be able to efficiently process the transactions for the Creation and Redemption Applications without adverse impact on the fund value of the CSOP New China ETF therefore the existing investors' interest. Accordingly, the Manager may impose a limit on the total number of Units to be created or redeemed each day.

PRC Custodian risk. The Trustee shall take into its custody or under its control property of the CSOP New China ETF and hold it on trust for Unitholders. The assets held/credited in the securities account(s) are segregated and independent from the proprietary assets of the PRC Custodian. However, investors should note that, under PRC law, cash deposited in the cash account(s) of the CSOP New China ETF with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the CSOP New China ETF as a depositor. Such cash will be co-mingled with cash that belongs to other clients or creditors of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the CSOP New China ETF will not have any proprietary rights to the cash deposited in such cash account(s), and the CSOP New China ETF will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the PRC Custodian. Please refer to the disclosure on the opinion from PRC legal counsel in section "***8. Renminbi Qualified Foreign Institutional Investor (RQFII)***" in this Appendix. Whilst the opinion from PRC legal counsel indicates the legal position based on understanding of current PRC laws, such opinion may not be conclusive; and ultimately the interpretation and operation of the relevant PRC laws and regulations depend on the judicial and/or regulatory authorities of the PRC.

The CSOP New China ETF may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the CSOP New China ETF will suffer.

PRC brokerage risk. The execution of transactions may be conducted by PRC Broker(s) appointed by the RQFII. Currently, only up to three PRC Brokers can be appointed in respect of each stock exchange in the PRC. If any of the designated PRC Broker in the PRC cannot be used, the operation of the CSOP New China ETF will be adversely affected and may cause Units of the CSOP New China ETF to trade at a premium or discount to its Net Asset Value or the CSOP New China ETF may not be able to track the Underlying Index. Further, the operation of the CSOP New China ETF may be adversely affected in case of any acts or omissions of the PRC Brokers, which may result in a higher tracking error or the CSOP New China ETF being traded at a significant premium or discount to its Net Asset Value.

As only a limited number of PRC Brokers may be appointed, the CSOP New China ETF may not necessarily pay the lowest commission available in the market. The Manager however, in the selection of PRC Brokers will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards.

There is a risk that the CSOP New China ETF may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the CSOP New China ETF may be adversely affected in the execution of any transaction. As a result, the Net Asset Value of the CSOP New China ETF may also be adversely affected.

Subject to the applicable laws and regulations, the Manager will make arrangements to satisfy itself that the PRC Brokers have appropriate procedures to properly segregate the CSOP New China ETF's securities from those of the relevant PRC Brokers.

Premium arising from insufficient RQFII quota risk. There can be no assurance that additional RQFII quota can be obtained to fully satisfy Creation Application requests, which will lead to such requests of Participating Dealers being rejected by the Manager. This may result in a need for the Manager to close the CSOP New China ETF to further subscriptions which may lead to a significant premium in the trading price of the CSOP New China ETF against its Net Asset Value.

10.5 Risks associated with Stock Connect

The CSOP New China ETF may invest through the Stock Connect and is subject to the following additional risks:

Quota limitations risk. The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the CSOP New China ETF's ability to invest in China A-Shares through the Stock Connect on a timely basis, and the CSOP New China ETF may not be able to effectively pursue its investment strategies.

Suspension risk. It is contemplated that each of the SEHK, the SSE and the SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Stock Connect is affected, the CSOP New China ETF's ability to access the PRC market will be adversely affected.

Differences in trading day. The Stock Connect only operates on days when both the PRC (SSE and SZSE) and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as CSOP New China ETF) cannot carry out any China A-Shares trading. The CSOP New China ETF may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connect is not trading as a result.

Operational risk. The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly.

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("**China Stock Connect System**") was set up by the SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The CSOP New China ETF's ability to access the China A-Share market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring risk. PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or the SZSE will reject the sell order concerned. The SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If the CSOP New China ETF desires to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("**trading day**"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the CSOP New China ETF may not be able to dispose of holdings of China A-Shares in a timely manner.

Recalling of eligible stocks risk. When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the CSOP New China ETF, for example, when the Manager and the Investment Adviser (as applicable) wishes to purchase a stock which is recalled from the scope of eligible stocks.

Clearing and settlement risk. HKSCC and ChinaClear have established the clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market would on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the CSOP New China ETF may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

Nominee arrangements in holding China A-Shares risk. HKSCC is the "nominee holder" of the SSE Securities and the SZSE Securities acquired by Hong Kong and overseas investors through the Stock Connect.

The CSRC Stock Connect Rules expressly provide that investors enjoy the rights and benefits of the SSE Securities and the SZSE Securities acquired through the Stock Connect in accordance with applicable laws.

The CSRC Stock Connect Rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies.

It should be noted that, under the CCASS Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE Securities and the SZSE Securities in the PRC or elsewhere. Therefore, although the CSOP New China ETF's ownership may be ultimately recognised, the CSOP New China ETF may suffer difficulties or delays in enforcing its rights in China A-Shares.

Participation in corporate actions and shareholders' meetings risk. HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Hong Kong and overseas investors (including the CSOP New China ETF) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be as short as one business day only. Therefore, the CSOP New China ETF may not be able to participate in some corporate actions in a timely manner.

Hong Kong and overseas investors (including the CSOP New China ETF) are holding SSE Securities and SZSE Securities traded via the Stock Connect program through their brokers or custodians. According to existing mainland practice, multiple proxies are not available. Therefore, the CSOP New China ETF may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the SSE Securities and SZSE Securities.

No protection by Investor Compensation Fund risk. Investment through the Stock Connect program is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. As disclosed under section "***9.4 The Stock Connect***", the CSOP New China ETF's investments through Northbound trading under the Stock Connect is not covered by the Hong Kong's Investor Compensation Fund. Therefore the CSOP New China ETF is exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the program.

In addition, since CSOP New China ETF is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, they are not protected by the CSIPF in the PRC.

Regulatory risk. The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The CSOP New

China ETF, which may invest in the PRC markets through the Stock Connect, may be adversely affected as a result of such changes.

Taxation risk. On 14 November 2014, the Ministry of Finance and the State of Administration of Taxation have jointly promulgated Caishui [2014] No.81 ("**Notice No.81**") in relation to the taxation rule on the Stock Connect. Under Notice No.81, with effect from 17 November 2014, corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the CSOP New China ETF) on the trading of China A-Shares through the Stock Connect. However, dividends will be subject to 10% withholding tax and the company distributing the dividend has the withholding obligation. If the recipient of the dividend is entitled to a lower treaty rate, it can apply to the in-charge tax bureau of the payor for a refund. Investments in the CSOP New China ETF may be subject to the risks associated with changes in the PRC tax laws and such changes may have retrospective effect and may adversely affect the CSOP New China ETF.

Shenzhen-Hong Kong Stock Connect specific risks. The Shenzhen-Hong Kong Stock Connect is newly launched and does not have an operating history and the risks identified above are particularly relevant to the Shenzhen-Hong Kong Stock Connect due to the lack of an operating history. Investors should note that the performance of the Shenzhen-Hong Kong Stock Connect may not be the same as the performance of the Shanghai-Hong Kong Stock Connect to date.

10.6 Multi-Counter Trading risks

Multi-Counter risk. The Multi-Counter arrangement adopted by the CSOP New China ETF may bring additional risks for investment in the CSOP New China ETF and may make such investment riskier than investment in single counter exchange traded funds. For example where for some reason there is a settlement failure on an inter-counter day trade if the Units of one counter are delivered to CCASS at the last settlement on a trading day, there may not be enough time to transfer the Units to the other counter for settlement on the same day.

Moreover, where there is a suspension of the inter-counter transfer of Units among the HKD counter, the RMB counter and the USD counter for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant counter. Accordingly it should be noted that inter-counter transfers may not always be available. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Multi-Counter trading and inter-counter transfer.

Investors without RMB accounts or USD accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units or USD traded Units and should note that distributions are made in HKD only.

Inter-counter trading risk. Although an investor may buy from one counter and sell the same on the other counter in the same day, it is possible that some brokers/intermediaries and CCASS Participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade units in the HKD counter, RMB counter and USD counter at the same time. In such case (i) to (iii), another broker, intermediary or CCASS Participant may need to be used. This may inhibit or delay dealing in the HKD traded Units, RMB traded Units and USD traded Units and may mean investors may only be able to trade their Units in one currency. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Multi-Counter trading and inter-counter transfers.

Investors should therefore consult their brokers/intermediaries on the services that the brokers/intermediaries may provide in this regard along with the associated risks and fees. In particular, some brokers/intermediaries may not have in place systems and controls to facilitate inter-counter trading and/or inter-counter day trades.

Difference in trading prices risk. There is a risk that due to different factors such as market liquidity, market supply and demand in the respective counters and the exchange rate among HKD and RMB and USD, the market price on the SEHK of Units traded in RMB or USD may deviate significantly from the market price on the SEHK of Units traded in HKD. The trading price of HKD traded Units, RMB traded Units or USD traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in RMB or USD or buying Units traded in RMB or USD, an investor may receive less or pay more than the equivalent amount in HKD if the trade of the relevant Units is in HKD and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

Currency exchange risk. Investors who bought Units on the RMB counter or USD counter may be subject to currency exchange risk as the assets of the CSOP New China ETF are denominated in HKD and the Net Asset Value of the CSOP New China ETF will be calculated in HKD.

HKD distributions risk. Investors should note that where a Unitholder holds Units traded under the RMB counter or the USD counter, the relevant Unitholder will only receive distributions in HKD and not RMB or USD. In the event the relevant Unitholder has no HKD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from HKD into RMB, USD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

10.7 ***Risks relating to the nature of product***

Risks in light of the cross-border nature of the CSOP New China ETF. CSOP New China ETF is a HKD-denominated physical exchange traded fund that directly invests in China A-Share market (which is a market with restricted access) under the Stock Connect and RQFII regime. In light of the cross-border nature of the CSOP New China ETF, it is riskier than traditional exchange traded funds which invest directly in markets other than the China A-Share market and therefore, is subject to operational and settlement risks. Operational risks may arise from technical failures of communication and trading systems, and any breaches of the relevant operational policies or guidelines by the relevant staff of the Manager and the Investment Adviser (as applicable). Whilst the Manager and the Investment Adviser (as applicable) has in place internal control systems, operational guidelines and contingency procedures to reduce the chances of such operational risks, there is no guarantee that events beyond the control of the Manager and the Investment Adviser (as applicable) (e.g. trading errors or system errors) will not occur. The occurrence of such events may adversely affect the value of the CSOP New China ETF.

To the extent that the CSOP New China ETF transacts in the China A-Share market, the CSOP New China ETF may also be exposed to risks associated with settlement procedures. Any significant delays in the settlement of transactions or the registration of a transfer may affect the ability to ascertain the value of the CSOP New China ETF's portfolio and adversely affect the CSOP New China ETF.

10.8 Risks relating to the Underlying Index of CSOP New China ETF

New index risk. The Underlying Index is a new index having only been launched on 24 December 2018. Given the Underlying Index is relatively new, the CSOP New China ETF may be riskier than other exchange traded funds tracking more established indices with a longer operating history.

Underlying Index risk. The CSOP New China ETF may be subject to the following risks in relation to the Underlying Index:

(i) If the Underlying Index is discontinued or the licence from the Index Provider is terminated, the Manager may, in consultation with the Trustee, seek the Commission's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the Underlying Index. Please refer to section "***17. Replacement of Underlying Index***" below on the circumstances in which the Underlying Index may be replaced by the Manager. Such change shall be made in accordance with the provisions of the Trust Deed and with the prior approval of the Commission under the Code, and Unitholders will be duly notified of the same. For the avoidance of doubt, index-tracking will remain the CSOP New China ETF's investment objective.

The Manager has been granted a licence by the Index Provider to use the Underlying Index in connection with the CSOP New China ETF. The licence granted commenced on 16 August 2016 and is subject to an initial term of five years, and can thereafter be automatically renewed for successive terms of three years unless either party provides written notice to the other party of its intent not to renew at least 90 days prior to the end of the then current term, or unless otherwise terminated in accordance with the Licence Agreement. Please refer to section "***16. Index Licence Agreement***" on the circumstances in which the Licence Agreement may be terminated. There is no guarantee that the Licence Agreement shall not be terminated. In addition, there is no guarantee or assurance of exact or identical replication at any time of the performance of the Underlying Index.

The CSOP New China ETF may be terminated if the Underlying Index is discontinued and/or the 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 Underlying Index and which meets the acceptability criteria under Chapter 8.6(e) of the Code. Accordingly, investors should note that the ability of the CSOP New China ETF to track the Underlying Index and the viability of the CSOP New China ETF depend on the continuation in force of the Licence Agreement in respect of the Underlying Index or a suitable replacement.

(ii) There may be changes in the constituent securities of the Underlying Index from time to time. For example, a constituent security may be delisted or a new eligible security may be added to the Underlying Index. In such circumstances, in order to achieve the investment objective of the CSOP New China ETF, the Manager may rebalance the composition of a Basket. The price of the Units may rise or fall as a result of these changes. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units. Please refer to section "***19. The Underlying Index***" of this Appendix below for more information on how the Underlying Index is compiled.

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

10.8A ***Risks relating to change of Index***

Past performance risk. As a result of the change in Underlying Index, past performance of the CSOP New China ETF prior to 8 April 2019 was achieved under circumstances which no longer apply. Investors should exercise caution when considering the past performance of the CSOP New China ETF prior to 8 April 2019.

10.9 ***Securities Lending Transactions risks***

Counterparty risk. The borrower may fail to return the securities in a timely manner or at all. The CSOP New China ETF may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the CSOP New China ETF's ability in meeting delivery or payment obligations from redemption requests.

Collateral risk. As part of the securities lending transactions, the CSOP New China ETF must receive at least 105% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, or change of value of securities lent. This may cause significant losses to the CSOP New China ETF if the borrower fails to return the securities lent out. The CSOP New China ETF may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

Operational risk. By undertaking securities lending transactions, the CSOP New China ETF is exposed to operational risks such as delay or failure of settlement. Any such delay or failure may restrict the CSOP New China ETF's ability in meeting delivery or payment obligations from redemption requests.

10.10 ***Reliance on the Investment Adviser risk***

The Manager has delegated the investment discretion in relation to China A-Shares of the CSOP New China ETF to the Investment Adviser and will rely on the Investment Adviser's expertise and systems for the CSOP New China ETF's investments in China A-shares. Any disruption in the communication with or assistance from the Investment Adviser or a loss of service of the Investment Adviser or any of its key personnel may adversely affect the operations of the CSOP New China ETF.

10,11 ***Other risks***

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

No market in the Units risk. Although the Units are to be listed on the SEHK and the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Units traded in each of the HKD counter, the RMB counter and the USD counter, investors should be aware that there may be no liquid trading market for the Units or that such market maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of other exchange traded fund which are traded on the SEHK and which are based upon indices.

Termination of Market Maker risk. A market maker may cease to act as a market maker for the Units of the CSOP New China ETF in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one market maker for Units of the CSOP New China ETF for each counter will be ninety (90) days. The liquidity for the HKD traded Units, RMB traded Units and USD traded Units of the CSOP New China ETF may be affected if there is no market maker for the HKD traded Units, RMB traded Units and USD traded Units respectively. The Manager will use its best endeavours to put in place arrangements so that there is at least one market maker for each counter (although these market makers may be the same entity) to facilitate efficient trading of Units of the relevant trading currency (i.e. HKD, RMB and USD). It is possible that there is only one SEHK market maker for each counter of the CSOP New China ETF or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

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

Distributions paid out of capital risk. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP New China ETF are charged to/paid out of the capital of the CSOP New China ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP New China ETF and therefore, the CSOP New China ETF may effectively pay dividend out of the capital. **Investors should note that the payment of distributions out of or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any such distributions may result in an immediate reduction in the Net Asset Value per Unit of the CSOP New China ETF.**

11. FEES AND CHARGES

11.1 Management Fees and Servicing Fees

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

11.2 Trustee's and Registrar's Fee

The management fee is inclusive of the Trustee's and Registrar's fee and the Manager will pay the fees of the Trustee and the Registrar out of the management fee.

The Trustee's fee is inclusive of fees payable to the Custodian and the PRC Custodian.

The Trustee shall also be entitled to be reimbursed out of the assets of the CSOP New China ETF all out-of-pocket expenses incurred.

11.3 *Service Agent's Fee*

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

11.4 *Investment Adviser's Fee*

The management fee is inclusive of the Investment Adviser's fee and the Manager will pay the fees of the Investment Adviser (if any) out of the management fee.

11.5 *Other Changes and Expenses of CSOP New China ETF*

Please refer to section "***12.4 Other Charges and Expenses***" in Part 1 of this Prospectus on other charges and expenses payable by the CSOP New China ETF.

11.6 *Establishment costs of CSOP New China ETF*

The costs and expenses incurred by the Manager and the Trustee in establishing the CSOP New China ETF are estimated to be HKD700,000; such costs shall be borne by the CSOP New China ETF (unless otherwise determined by the Manager) and amortised over the first 3 financial years of the CSOP New China ETF (unless the Manager decides a shorter period is appropriate).

11.7 *Fees Payable by Participating Dealers, Primary Market Investors and Secondary Market Investors*

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

11.7.1 *Participating Dealers*

Creation of Units by a Participating Dealer

Application Cancellation Fee	HKD10,000 per cancellation (See Note 1)
Extension Fee	HKD10,000 per extension (See Note 1)
Transaction Fee	HKD4,000 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

Redemption of Units by a Participating Dealer

Application Cancellation Fee	HKD10,000 per cancellation (See Note 1)
Extension Fee	HKD10,000 per extension (See Note 1)
Transaction Fee	HKD4,000 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

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

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

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

11.7.3 Secondary Market Investors Dealing in Units on the SEHK

Brokerage	Market rates (in currency determined by the intermediaries used by the investors)
Transaction levy	0.0027% (see Note 4)
Trading fee	0.005% (see Note 5)
Stamp duty	Nil (see Note 6)
Investor compensation levy	0.002% (currently suspended) (see Note 7)
Inter-counter transfers	HKD5 (see Note 8)

Note:

1. The Application Cancellation Fee of HKD10,000 and the Extension Fee of HKD10,000 are payable by the Participating Dealer, and are payable to the Trustee for its own account, on each occasion the Manager grants the request of such Participating Dealer for cancellation or extended settlement in respect of such Application as provided in this Prospectus.

2. A Transaction Fee of HKD4,000 per Application is payable by each Participating Dealer for the account and benefit of the Trustee.

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

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

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

6. For a transfer executed for a transaction by which a Unit of the CSOP New China ETF is transferred, stamp duty is waived pursuant to the Stamp Duty (Amendment) Ordinance 2015.

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

8. HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of Units of the CSOP New China ETF from

one counter to another counter. Investors should check with their brokers regarding any additional fees.

12. ADDITIONAL DOCUMENTS AVAILABLE FOR INSPECTION

The material contracts in respect of the CSOP New China ETF are set out below:

(a) RQFII Custody Agreement; and

(b) RQFII Participation Agreement.

The above material contracts are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager. Please refer to section "***14.17 Complaints and Enquiries***" in Part 1 of this Prospectus for the address of the Manager.

Please refer to section "***14.11 Documents Available for Inspection***" in Part 1 of this Prospectus for the list of the other documents that are available for inspection.

13. TERMINATION OF CSOP NEW CHINA ETF

Without prejudice to the grounds of termination as set out in the section headed "***14.5 Termination of the Trust or a Sub-Fund***" in Part 1 of this Prospectus, if on any date, the aggregate Net Asset Value of the Units of the relevant classes outstanding in relation to the CSOP New China ETF shall be less than HKD100 million, the CSOP New China ETF and/or any classes of Units relating to the CSOP New China ETF may be terminated by the Manager in its absolute discretion by notice in writing.

14. PUBLICATION OF INFORMATION RELATING TO CSOP NEW CHINA ETF

The following information relating to the CSOP New China ETF will be published on the Manager's website http://www.csopasset.com/en/products/new-china-sectors-etf:

- the near real-time indicative Net Asset Value per Unit of the CSOP New China ETF during normal trading hours on the SEHK in HKD, RMB and USD; and
- the last Net Asset Value of the CSOP New China ETF in HKD only, and the last Net Asset Value per Unit of the CSOP New China ETF in HKD, RMB and USD, which in respect of a Dealing Day will be published by 12:00 p.m. (Hong Kong time) on the day following the relevant Dealing Day.

The near real-time indicative Net Asset Value per Unit of CSOP New China ETF in RMB denomination and USD denomination is indicative and for reference purposes only. This is updated during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in RMB uses a real-time CNH:HKD foreign exchange rate – it is calculated using a near real-time indicative Net Asset Value per Unit in HKD multiplied by a real-time CNH:HKD foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. The near real-time indicative Net Asset Value per Unit in USD uses a real-time USD:HKD foreign exchange rate – it is calculated using the near real-time indicative Net Asset Value per Unit in HKD multiplied by a real-time USD:HKD foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. The near real-time indicative Net Asset Value per Unit in HKD, RMB and USD is updated every 15 seconds throughout the SEHK trading hours.

The last Net Asset Value per Unit of CSOP New China ETF in RMB and USD is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in HKD multiplied by an assumed foreign exchange rate using the HKD exchange rate quoted by ICE Data Indices at 3:00 p.m. (Hong Kong time) as of the same Dealing Day.

Please refer to section "***14.14 Publication of Information Relating to the Sub-Funds***" in Part 1 of this Prospectus for other information that will be published on the Manager's website http://www.csopasset.com/en/products/new-china-sectors-etf.

15. INDEX LICENCE AGREEMENT

The Manager has been granted a non-exclusive and non-transferable licence by S&P Dow Jones Indices LLC and S&P Opco, LLC ("**S&P**") pursuant to an index licence agreement dated 16 August 2016, together with the Amendment No.1 dated 10 October 2017 and Amendment No.2 dated 15 December 2018 (the "**Licence Agreement**") entered into between the Manager and S&P to use the Underlying Index (i.e. S&P New China Sectors (A-shares Capped) Index) in connection with the creation, issue, offering, marketing, promotion, sale, management, administration and listing of the CSOP New China ETF.

The Licence Agreement is subject to an initial term of 5 years from 16 August 2016, and can thereafter be automatically renewed for successive terms of 3 years at a time, unless either party provides written notice to the other party of its intent not to renew at least 90 days prior to the end of the then current term, or unless otherwise terminated in accordance with the Licence Agreement.

The Licence Agreement may be terminated in circumstances as summarised below:

(a) there is a breach of any of the material terms or conditions of the Licence Agreement, or a persistent breach of any terms and conditions thereunder, by the Manager or S&P;

(b) the Underlying Index has been discontinued by S&P and no substitute Index is made available by S&P or the Manager does exercise the option to use any substitute index;

(c) there is any legislation or regulation that materially impairs the Manager's ability to market and/or promote the CSOP New China ETF or there is material litigation or regulatory proceeding regarding the CSOP New China ETF;

(d) there is legislation or regulation or material litigation or regulatory proceeding that materially impairs S&P's ability to license and provide the Underlying Index;

(e) there is a change in control of the Manager; and

(f) the Manager elects to terminate the public offering or other distribution of the CSOP New China ETF.

16. MATERIAL CHANGES TO UNDERLYING INDEX

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

17. REPLACEMENT OF UNDERLYING INDEX

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

(a) the Underlying Index ceasing to exist;

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

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

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

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

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

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

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

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

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

18. THE UNDERLYING INDEX

The Underlying Index of the CSOP New China ETF is the S&P New China Sectors (A-shares Capped) Index.

General

The Underlying Index is a modified market capitalisation weighted index that is compiled and published by S&P Dow Jones Indices LLC (the "**Index Provider**"). It is designed to measures the performance of China- and Hong Kong-domiciled companies in selected consumption and service-oriented industries. Its constituents include Hong Kong listed companies, US listed American Depository Receipts (ADRs) and China A-Shares.

The Underlying Index is constructed using the S&P New China Sectors Index with additional capping rules applied. In addition to the 10% single stock capping, the cumulative A-shares weight of all constituents is capped at 15%. The capping takes place at each semi-annual rebalancing, in line with the rebalancing of the S&P New China Sectors Index.

The Underlying Index is a net total return index which means that the performance of the index constituents is calculated on the basis that any dividends or distributions are reinvested after withholding tax deduction. The Underlying Index is denominated and quoted in HKD.

The Underlying Index was launched on 24 December 2018 and had a base level of 1000 on 31 December 2010. As of 28 June 2019, it had a total market capitalisation of HKD 24,175.41 billion and 125 constituents.

The Manager, Investment Adviser or their respective Connected Persons is independent of the Index Provider. Please see below for the Index Provider disclaimer.

Index Methodology

The constituents of the Underlying Index are China- and Hong Kong-domiciled companies from selected consumption and service-oriented sectors which are believed to reflect the growing “New China Economy”, and are selected by applying specific market capitalisation, liquidity and sector requirements as described below.

<u>Selection Universe</u>

The selection universe of the Underlying Index comprises constituents of the S&P Total China + Hong Kong BMI Domestic (the “**Parent Reference Index**”)(which is an index representing the entire investable universe of China- and Hong Kong-based companies, and includes Hong Kong-listed companies, US-listed China ADRs and China A-Shares the “**Selection Universe**”).

Companies domiciled in China and Hong Kong are eligible for inclusion in the Parent Reference Index if they meet the following requirements:

Market Capitalization. The Parent Reference Index covers all publicly listed equities available to institutional investors with float-adjusted market values of USD100 million or more. At the annual reconstitution, index constituents are removed if their float-adjusted market capitalization falls below USD75 million.

Trading Volume. At the annual reconstitution, stocks must have an annual dollar value traded of at least USD 50 million over the previous 12 months to be added to the Parent Reference Index. Parent Reference Index constituents are excluded if their liquidity falls below USD 35 million during the previous 12 months.

Ineligible Securities. The following shares are not eligible for inclusion in the Parent Reference Index:

- Fixed-dividend shares
- Investment trusts
- Unit trusts
- Mutual fund shares
- Business Development Companies (BDCs)
- Closed-end funds
- Convertible bonds
- Equity warrants
- Limited Partnerships

<u>Index Eligibility</u>

In order to qualify for inclusion in the Underlying Index, a constituent of the Selection Universe must have the following at each rebalancing:

(i) a float-adjusted market capitalisation of at least USD2.5 billion;
(ii) a three-month average daily value traded of at least USD8 million;
(iii) an Investable Weight Factor (IWF)* of at least 15%; and
(iv) a Global Industry Classification Standard (GICS®)# classification below.

GICS Level	GICS Code	Description
Sector	25	Consumer Discretionary
Sector	30	Consumer Staples
Sector	35	Health Care
Sector	50	Communication Services
Industry Group	2020	Commercial & Professional Services
Industry Group	4030	Insurance
Industry Group	4510	Software & Services Industry
Industry Group	551050	Independent Power and Renewable Electricity Producers

Sub-Industry	20301010	Air Freight & Logistics
Sub-Industry	20302010	Airlines
Sub-Industry	20304010	Railroads
Sub-Industry	20305010	Airport Services
Sub-Industry	20305020	Highways & Railtracks
Sub-Industry	45201020	Communications Equipment

** The Investable Weight Factor is a float factor assigned to all constituents in the Selection Universe. The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company. The company's adjusted market capitalization determines an equity issue's relative weight in the index.*

 # The GICS® methodology was developed jointly by MSCI Inc and S&P in 1999 and has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. The GICS® classification system consists of: 11 sectors, 24 industry groups, 69 industries and 158 sub-industries. The GICS® sectors are: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Communication Services, Utilities and Real Estate.

Constituent Selection

All stocks that pass the index eligibility criteria are added to the Underlying Index, up to a maximum of 300 constituents. If the number of eligible constituents is greater than 300, then all eligible constituents are ranked by float-adjusted market capitalisation, with the largest 300 stocks being selected as constituents of the Underlying Index.

Constituent Weighting

The constituents of the Underlying Index are weighted by the modified market capitalisation. At each rebalancing, the constituents' weights are capped at 10% of the Underlying Index. The cumulative A-shares weight of all constituents is capped at 15%.

Index Rebalancing

The Underlying Index is rebalanced semi-annually, effective at the close of the third Friday of June and December. The rebalancing reference date is the close of the last business day of the previous month.

Furthermore, additions to the Selection Universe that become effective at the same time as the Underlying Index's rebalancing effective date are eligible for index inclusion, provided they meet all of the index eligibility criteria. In addition, if a constituent is removed from the Selection Universe, it is also removed from the Underlying Index simultaneously.

Constituents of the Underlying Index and further information

The constituents of the Underlying Index together with their respective weightings can be accessed on https://supplemental.spindices.com/supplemental-data/hong-kong.

For additional information of the Underlying Index including the index methodology, please refer to the website of the Index Provider at https://us.spindices.com/indices/equity/sp-new-china-sectors-a-shares-capped-index-hkd.

Index code

Bloomberg Code: *SPNCSCHN*

Index Provider disclaimer

The "S&P New China Sectors (A-shares Capped) Index" (the "**Index**") is a product of S&P Dow Jones Indices LLC ("**SPDJI**"), and has been licensed for use by CSOP Asset Management Limited. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("**S&P**"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("**Dow Jones**"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by CSOP Asset Management Limited. The CSOP S&P New China Sectors ETF is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, any of their respective affiliates (collectively, "**S&P Dow Jones Indices**"). S&P Dow Jones Indices makes no representation or warranty, express or implied, to the owners of the CSOP S&P New China Sectors ETF or any member of the public regarding the advisability of investing in securities generally or in the CSOP S&P New China Sectors ETF particularly or the ability of the Index to track general market performance. S&P Dow Jones Indices' only relationship to CSOP Asset Management Limited with respect to the Index is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The Index is determined, composed and calculated by S&P Dow Jones Indices without regard to CSOP Asset Management Limited or the CSOP S&P New China Sectors ETF. S&P Dow Jones Indices have no obligation to take the needs of CSOP Asset Management Limited or the owners of the CSOP S&P New China Sectors ETF into consideration in determining, composing or calculating the Index. S&P Dow Jones Indices are not responsible for and have not participated in the determination of the prices, and amount of units in the CSOP S&P New China Sectors ETF or the timing of the issuance or sale of units in the CSOP S&P New China Sectors ETF or in the determination or calculation of the equation by which unit(s) in the CSOP S&P New China Sectors ETF is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of the CSOP S&P New China Sectors ETF and/or its units. There is no assurance that investment products based on the Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY CSOP ASSET MANAGEMENT LIMITED, OWNERS OF THE CSOP S&P NEW CHINA SECTORS ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBLITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND CSOP ASSET MANAGEMENT LIMITED, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

APPENDIX 6

CSOP HONG KONG DOLLAR MONEY MARKET ETF

(a sub-fund of the CSOP ETF Series, a Hong Kong umbrella unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

STOCK CODES (in respect of the Listed Class of Units):
03053 (HKD counter)
83053 (RMB counter)

MANAGER

CSOP Asset Management Limited

INVESTMENT ADVISER

ICBC Asset Management (Global) Company Limited

5 September 2019

CSOP HONG KONG DOLLAR MONEY MARKET ETF

Stock Codes:

03053 (HKD counter), 83053 (RMB counter)

1. KEY INFORMATION

1.1 *General*

This Appendix sets out information specific to CSOP Hong Kong Dollar Money Market ETF (the "**CSOP HKD ETF**"). For general information about the Trust and its Sub-Funds, please refer to Part 1 of this Prospectus. Investors should read both Parts of this Prospectus before investing in the CSOP HKD ETF. In particular, investors should consider the general risk factors set out in section "***4. General Risk Factors***" of Part 1 of this Prospectus and any specific risk factors set out in section "***7. Risk Factors relating to CSOP HKD ETF***" of this Appendix, before investing in the CSOP HKD ETF.

Investors should note that the CSOP HKD ETF offers both Listed Class of Units and Unlisted Class of Units. Please refer to the sections relevant to your intended holding of Units.

1.2 *Summary of Information*

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

Key information applicable to both Listed Class of Units and Unlisted Class of Units

Investment Type		Exchange Traded Fund ("**ETF**") authorized as a collective investment scheme by the Commission under Chapter 8.2 and 8.6 of the Code.
Benchmark		The 3-month Hong Kong Dollar Interest Settlement Rate (commonly known as Hong Kong Interbank Offered Rate or "**HIBOR**") calculated by the Hong Kong Association of Banks ("**HKAB**")
Investment Strategy		The CSOP HKD ETF invests in Hong Kong Dollar-denominated and settled short-term deposits and money market instruments. Please refer to section "***3. Investment Objective and Strategy***" of this Appendix for further details.
Parties	Manager	CSOP Asset Management Limited
	Investment Adviser	ICBC Asset Management (Global) Company Limited
	Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited
Base Currency		Hong Kong dollars (HKD)
Financial Year		Ending 31 December each year (The first financial year-end of CSOP HKD ETF will be 31 December 2019. The first audited accounts and the first semi-annual unaudited interim financial reports of CSOP HKD ETF will be for the period ending 31 December 2019 and 30 June 2019 respectively.)

Dividend Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP HKD ETF's net income after fees and costs. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP HKD ETF are charged to/paid out of the capital of the CSOP HKD ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP HKD ETF and therefore, the CSOP HKD ETF may effectively pay dividend out of capital. Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP HKD ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP HKD ETF. Please refer to section "***6. Distribution Policy***" in this Appendix for further information on the distribution policy of the CSOP HKD ETF and the risk factor headed "***Risk relating to distributions paid out of capital***" under sub-section "***7.4 Other risks***" in this Appendix for the risk associated with distributions paid out of capital.
Website	http://www.csopasset.com/en/products/money-market-etf

Key information applicable to the Listed Class of Units only

Initial Issue Date	17 July 2018
Listing Date	18 July 2018
Dealing on SEHK Commencement Date	18 July 2018
Exchange Listing	SEHK – Main Board
Stock Codes	03053 (HKD counter) 83053 (RMB counter)
Stock Short Names	CSOP HKD MM (HKD counter) CSOP HKD MM–R (RMB counter)
Trading Board Lot Size	1,000 Units
Trading Currency	Hong Kong dollars (HKD counter) Renminbi (RMB counter)
Application Unit size for Creation/Redemption (only by or through Participating Dealers)	Minimum 1,000 Units (or multiples thereof)

Method of Creation/Redemption		Cash (HKD) only
Management Fee		Up to 2% per annum of the Net Asset Value of the relevant Class of Units accrued daily and calculated as of each Dealing Day, with the current rate being 0.30% per annum of the Net Asset Value of the Listed Class of Units accrued daily and calculated as of each Dealing Day. One month's prior notice will be provided to investors if the management fee is increased up to the maximum rate.
Parties	Participating Dealers	ABN AMRO Clearing Hong Kong Limited BOCOM International Securities Limited China Industrial Securities International Brokerage Limited China International Capital Corporation Hong Kong Securities Limited China Merchants Securities (HK) Co., Limited China Securities (International) Brokerage Company Limited CLSA Limited CMBC Securities Company Limited Credit Suisse Securities (Hong Kong) Limited GF Securities (Hong Kong) Brokerage Limited Guotai Junan Securities (Hong Kong) Limited Guoyuan Securities Brokerage (Hong Kong) Limited Haitong International Securities Company Limited KGI Asia Limited Merrill Lynch Far East Limited Taiping Securities (HK) Co Limited UBS Securities Hong Kong Limited Valuable Capital Limited Zhongtai International Securities Limited **please refer to the Manager's website set out below for the latest list*
	Market Makers	RMB Counter Haitong International Securities Company Limited HKD Counter Haitong International Securities Company Limited KGI Asia Limited Optiver Trading Hong Kong Limited **please refer to the Manager's website set out below for the latest list*
	Service Agent	HK Conversion Agency Services Limited

Key information applicable to the Unlisted Class of Units only

Dealing Deadline	10:30 a.m. (Hong Kong time) on each Dealing Day
Management Fee	Up to 2% per annum of the Net Asset Value of the relevant Class of Units accrued daily and calculated as of each Dealing Day. For Class A Units, the current rate is 0.30% per annum of the Net Asset Value of Class A Units accrued daily and calculated as of each Dealing Day. For Class P Units, the current rate is 0.80% per

annum of the Net Asset Value of Class P Units accrued daily and calculated as of each Dealing Day.

1.3 ***<u>Key similarities and differences between Listed Class of Units and Unlisted Class of Units</u>***

<table>
<tr><td>Investment objective</td><td rowspan="3">Same for both Listed Class of Units and Unlisted Class of Units. Please refer to the section “Investment Objective and Strategy”.</td></tr>
<tr><td>Investment strategy</td></tr>
<tr><td>Investment policy</td></tr>
<tr><td>Valuation policy</td><td>Same for both Listed Class of Units and Unlisted Class of Units. Please refer to the section “Determination of the Net Asset Value” of the Prospectus.</td></tr>
<tr><td>Dealing arrangements</td><td>Different in respect of each of the Listed Class of Units and Unlisted Class of Units. Investors should note that the dealing deadlines in respect of Listed and Unlisted Class of Units are different, subject to the applicable valuation point.

In respect of the Listed Class of Units:

- The dealing period in respect of each Dealing Day for a Creation Application or Redemption Application commences at 9:00 a.m. (Hong Kong time) on the immediately preceding Dealing Day and ends at the Dealing Deadline at 4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day, as may be revised by the Manager from time to time; and

- a Secondary Market Investor can buy and sell the Listed Class of Units on the SEHK through his stockbroker at any time the SEHK is open. Investors can buy or sell the Listed Class of Units at market price.

In respect of the Unlisted Class of Units, the Dealing Deadline is 10:30 a.m. (Hong Kong time) on each Dealing Day. Investors can buy or sell the Unlisted Class of Units at Net Asset Value.

<table>
<tr><td></td><td>Listed Class of Units</td><td>Unlisted Class of Units</td></tr>
<tr><td>Dealing Deadline in respect of a Dealing Day</td><td>4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day*</td><td>10:30 a.m. (Hong Kong time) on the Dealing Day</td></tr>
<tr><td>Valuation Point</td><td colspan="2">Approximately 11:00 a.m. (Hong Kong time) on the applicable Valuation Day</td></tr>
</table>

* Investors should note that Creation and Redemption Applications for Listed Class of Units received during the Dealing Period in respect of a Dealing Day (“Day T”) (i.e. between 9:00 a.m. to 4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day (“Day T-1”)) will be processed at the Net Asset Value per Unit of the Listed Class of Units of Day T, which is determined at the Valuation Point on Day T. For example:

In respect of Listed Class of Units

- a Creation or Redemption Application for Listed Class of Units received</td></tr>
</table>

	at or before 4:00 p.m. (Hong Kong time) on Day T-1 will be processed at the Net Asset Value per Unit of the Listed Class of Units of Day T; and - a Creation or Redemption Application for Listed Class of Units received at 10:00 a.m. (Hong Kong time) on Day T, i.e. after the Dealing Deadline of Day T for such class (i.e. 4:00 p.m. (Hong Kong time) on Day T-1), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class of Units of Day T+1. *In respect of Unlisted Class of Units* - a subscription or redemption application for Unlisted Class of Units received at 10:00 a.m. (Hong Kong time) on Day T, i.e. before the Dealing Deadline of Day T for such class, will be processed on Day T at the Net Asset Value per Unit of Unlisted Class of Units of Day T; and - a subscription or redemption application for Unlisted Class of Units received at 3:00 p.m. (Hong Kong time) on Day T, i.e. after the Dealing Deadline of Day T for such class, will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Unlisted Class of Units of Day T+1. Please refer to sections “Dealing of Listed Class of Units” and “Dealing of Unlisted Class of Units” for information relating to the Listed Class of Units and Unlisted Class of Units respectively.
Fee structure	Different in respect of each of the Listed Class of Units and Unlisted Class of Units. The Servicing Fee, Trustee’s and Registrar’s Fees and Investment Adviser’s Fee are the same in respect of both classes of Units. For Listed Class of Units, the current management fee is 0.30% per annum of the Net Asset Value of the Listed Class of Units accrued daily and calculated as of each Dealing Day. For Class A Units, the current management fee is 0.30% per annum of the Net Asset Value of Class A Units accrued daily and calculated as of each Dealing Day. For Class P Units, the current management fee is 0.80% per annum of the Net Asset Value of Class P Units accrued daily and calculated as of each Dealing Day. An investment in the Listed Class of Units is subject to fees involved in relation to the trading of such Units on the SEHK (such as the Service Agent’s Fee, transaction costs etc). An investment in the Unlisted Class of Units is subject to the payment of subscription fees. Please refer to the “Fees and Charges” section.
Investment return / Net Asset Value	Different in respect of each of the Listed Class of Units and Unlisted Class of Units due to various factors, including but not limited to the different fee structures applicable to each class of Units, different dealing arrangements (i.e. Listed Class of Units can be bought and sold at market price whereas Unlisted Class of Units are bought and sold at Net Asset Value) and charges, stamp duty.

	Please refer to the "Differences in dealing, fee and cost arrangements between Listed Class and Unlisted Class of Units" risk factor of the Prospectus.
Termination procedures	Different in respect of each of the Listed Class of Units and Unlisted Class of Units. Please refer to the "Termination of the Trust or a Sub-Fund" section of the Prospectus.

1.4 ***Investment Adviser of CSOP HKD ETF***

The Manager has appointed ICBC Asset Management (Global) Company Limited (the "**Investment Adviser**") as its Investment Adviser of the CSOP HKD ETF pursuant to an investment advisory agreement entered into between the Manager and the Investment Adviser. The Investment Adviser shall provide investment advice to the Manager in relation to the CSOP HKD ETF in accordance with the investment strategies of the CSOP HKD ETF as set out in the Offering Documents, including without limitation investment advice on interest rates and certificate of deposits. The Investment Adviser is independent of the Manager. For the avoidance of the doubt, the Investment Adviser will not have any discretionary management powers regarding the CSOP HKD ETF which remain with the Manager.

ICBC Asset Management (Global) Company Limited is an asset management company incorporated in Hong Kong. The Investment Adviser is registered as a licensed corporation by the Commission in Hong Kong to carry out advising on securities (Type 4), advising on futures contracts (Type 5) and asset management (Type 9).

The Investment Adviser provides professional investment management and advisory services to unit trusts, institutional clients as well as high net worth private individuals. Directors and senior management of the Investment Adviser are reputable and experienced investment professionals with in-depth international financial market knowledge.

The Investment Adviser is a wholly owned subsidiary of Industrial and Commercial Bank of China (Asia) Limited. Industrial and Commercial Bank of China (Asia) Limited is the Hong Kong banking business of Industrial and Commercial Bank of China Limited, the largest commercial bank in the PRC. Industrial and Commercial Bank of China (Asia) Limited is principally engaged in banking, financial and other financial related services with focus on retail banking, commercial banking as well as corporate banking business.

The fees of the Investment Adviser will be paid by the Manager.

1.5 ***Market Maker (in respect of the Listed Class of Units)***

The Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for the Listed Class of Units of the CSOP HKD ETF traded in each of the HKD counter and the RMB counter, although these market makers may be the same entity. If the SEHK withdraws its permit to the existing market maker(s), the Manager will use its best endeavours to put in place arrangements so that that there is at least one other market maker for each counter to facilitate the efficient trading of Listed Class of Units of the CSOP HKD ETF. The Manager will use its best endeavours to put in place arrangements so that at least one market maker for each counter is required to give not less than 90 days' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of the CSOP HKD ETF is available on http://www.csopasset.com/en/products/money-market-etf and from time to time will be displayed on www.hkex.com.hk.

2. DEALING OF LISTED CLASS OF UNITS

2.1 ***Exchange Listing and Trading***

The Listed Class of Units of the CSOP HKD ETF are listed and traded on the SEHK. Listed Class of Units in the CSOP HKD ETF have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCASS. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in Listed Class of Units of the CSOP HKD ETF in HKD and RMB have already commenced.

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

If trading of the Listed Class of Units of the CSOP HKD ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Listed Class of Units.

2.2 ***Buying and Selling of Listed Class of Units of CSOP HKD ETF on SEHK***

A Secondary Market Investor can buy and sell the Listed Class of Units of the CSOP HKD ETF on the SEHK through his stockbroker at any time the SEHK is open. Listed Class of Units of the CSOP HKD ETF may be bought and sold in the Trading Board Lot Size for each of the HKD counter and the RMB counter is currently 1,000 Units (or the multiples thereof).

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

Please refer to section "***Trading of Listed Class of Units on the SEHK (Secondary Market)***" in Schedule 2 of Part 1 of this Prospectus for further information on buying and selling of Listed Class of Units on the SEHK.

2.3 ***Dual-Counter Trading***

2.3.1 ***Introduction of Dual-Counter Trading (Secondary Market)***

The Manager has arranged for the Listed Class of Units of the CSOP HKD ETF to be available for trading on the secondary market on the SEHK under a Dual-Counter arrangement, whereby the Listed Class of Units of the CSOP HKD ETF traded in HKD and RMB are each assigned a separate stock code on the SEHK and are accepted for deposit, clearing and settlement in CCASS in more than one eligible currency (HKD or RMB). Units are denominated in HKD. The CSOP HKD ETF will offer two trading counters on the SEHK i.e. HKD counter and RMB counter to investors for secondary trading purposes.

Listed Class of Units of the CSOP HKD ETF traded under the Dual-Counter can be distinguished by their stock codes, their stock short names and a unique and separate ISIN as follows:-

Counter	Stock	Stock Short Name	Trading	ISIN Number

	code		Currency	(ISIN: assigned to each counter)
HKD counter	03053	CSOP HKD MM	HKD	HK0000426384
RMB counter	83053	CSOP HKD MM-R	RMB	HK0000426392

Listed Class of Units of the CSOP HKD ETF traded in the HKD counter will be settled in HKD and Listed Class of Units traded in the RMB counter will be settled in RMB. Apart from settlement in different currencies, the trading prices of Listed Class of Units of the CSOP HKD ETF in the Dual-Counter may be different as the HKD counter and RMB counter are two distinct and separate markets.

Under the Dual-Counter arrangement, creations and redemptions of new Listed Class of Units for the CSOP HKD ETF in the primary market will be made in HKD only.

Investors can buy and sell Listed Class of Units of the CSOP HKD ETF traded in the same counter. Alternatively, they can buy in one counter and sell in the other counter provided their brokers/intermediaries or CCASS participants provide HKD and RMB at the same time and offer inter-counter transfer services to support Dual-Counter trading. However, investors should note that the trading price of Listed Class of Units of the CSOP HKD ETF traded in the HKD counter and the RMB counter may be different and there is a risk that due to different factors such as market liquidity, market demand and supply in the respective counters and the exchange rate among HKD and RMB (in both onshore and offshore markets), the market price on the SEHK of Listed Class of Units traded in RMB may deviate significantly from the market price on the SEHK of Listed Class of Units traded in HKD.

Inter-counter buy and sell is permissible even if the trades take place within the same trading day. Investors should also note that some brokers/intermediaries may not provide inter-counter day trade services due to various reasons including operations, system limitations, associated settlement risks and other business considerations. Even if a broker/intermediary is able to provide such service, it may impose an earlier cut-off time, other procedures and/or fees.

More information with regard to the HKD counter and RMB counter is available in the frequently asked questions in respect of the HKD counter and RMB counter published on the HKEx's website https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual-Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factors under the section headed "***6.2 Dual-Counter Trading risks***" in this Appendix.

2.3.2 ***Transferability***

Listed Class of Units of the CSOP HKD ETF traded in the two counters are inter-transferable. Listed Class of Units traded in the HKD counter and Listed Class of Units traded in the RMB counter can be transferred amongst each other by way of an inter-counter transfer on a one to one basis.

Inter-counter transfer of Listed Class of Units of the CSOP HKD ETF will be effected and processed within CCASS only.

2.3.3 ***Switching***

Investors should note that switching between Unlisted Class of Units and Listed Class of Units on the secondary market is not available. Participating Dealers who wish to switch between Listed Class of Units and Unlisted Class of Units should do so in accordance with the procedures as agreed with the Manager and the Trustee.

2.3.4 ***Unitholders' rights***

Listed Class of Units of the HKD and RMB counters belong to the same class in CSOP HKD ETF and Unitholders of Listed Class of Units traded on the two counters are entitled to identical rights and are therefore treated equally.

2.3.5 ***Fees and Other Transaction Costs***

The fees and costs payable by a Secondary Market Investor for buying and selling Listed Class of Units of the CSOP HKD ETF on the SEHK are the same for the HKD and RMB counters.

HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of the CSOP HKD ETF from one counter to another counter.

2.4 ***Creation Applications and Redemption Applications by Participating Dealers***

The general terms and procedures relating to Creation Applications and Redemption Applications by the Participating Dealers are set out in section "***Creation and Redemption of Application Units (Primary Market)***" of Schedule 2 of Part 1 of this Prospectus, which should be read in conjunction with the following specific terms and procedures which relate to the CSOP HKD ETF only.

The Manager currently allows Cash Creations and Cash Redemptions for Listed Class of Units of the CSOP HKD ETF.

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

The Application Unit size for the Listed Class of Units of CSOP HKD ETF is 1,000 Units. Creation Applications submitted in respect of Listed Class of Units other than in Application Unit size will not be accepted. The minimum subscription for the CSOP HKD ETF is one Application Unit.

Listed Class of Units can be redeemed by way of a Redemption Application (through a Participating Dealer).

2.4.1 ***Dealing Period***

The dealing period for the Listed Class of Units in respect of each Dealing Day for a Creation Application or Redemption Application in respect of the CSOP HKD ETF commences at 9:00 a.m. (Hong Kong time) on the immediately preceding Dealing Day and ends at the Dealing Deadline at 4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day, as may be revised by the Manager from time to time. Any Creation Application or Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the CSOP HKD ETF, exercise its discretion to accept an Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such Application, the Manager shall not exercise its discretion to accept any Application.

Investors should note that the Dealing Deadline in respect of Listed Class of Units and Unlisted Class of Units are different, subject to the applicable valuation point.

The cleared funds in respect of Creation Applications must be received by 1:30 p.m. on the relevant Dealing Day or such other time as may be agreed by the Trustee, the Manager and the relevant Participating Dealer.

2.4.2 ***Issue Price and Redemption Price***

The Issue Price of a Unit in respect of the Listed Class of Units in the CSOP HKD ETF shall be the Net Asset Value per Unit of the relevant class calculated as of the Valuation Point in respect of the relevant Valuation Day rounded to the nearest fourth (4^{th}) decimal place (with 0.00005 being rounded up).

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

The benefit of any rounding adjustments will be retained by the CSOP HKD ETF.

The "**Valuation Day**" of the CSOP HKD ETF, coincides with, and shall mean, the Dealing Day of the CSOP HKD ETF or such other days as the Manager may determine.

The latest Net Asset Value of the Units will be available on the Manager's website at http://www.csopasset.com/en/products/money-market-etf published in such other publications as the Manager decides.

2.4.3 ***Dealing Day***

In respect of the CSOP HKD ETF, "**Dealing Day**" means each Business Day.

2.4.4 ***Rejection of Creation of Applications relating to CSOP HKD ETF***

The Manager, acting reasonably and in good faith, has the absolute discretion to reject a Creation Application in relation to the CSOP HKD ETF in any of the circumstances set out in section "***Rejection of Creation Applications***" in Schedule 2 of Part 1 of this Prospectus.

3. DEALING OF UNLISTED CLASS OF UNITS

Available Classes

The Sub-Fund currently has the following Unlisted Class of Units which are available to investors:

- Class A Units
- Class P Units

Dealing procedures

For details of dealing procedures, please refer to the sections headed "Subscription of Unlisted Class of Units", "Redemption of Unlisted Class of Units" and "Switching of Unlisted Class of Units" in Schedule 3 of Part 1 of this Prospectus.

The following apply to the Unlisted Class of Units:

Dealing Day	each Business Day
Valuation Day	each Dealing Day or such other days as the Manager may determine
Dealing Deadline	10:30 am (Hong Kong time) on each Dealing Day

Investors should note that the Dealing Deadline in respect of Listed Class of Units and Unlisted Class of Units are different, subject to the applicable valuation point.

Switching

Subject to the prior consent of the Manager either generally or in any particular case, Unitholders may switch part or all of their Unlisted Class of Units of the CSOP HKD ETF into another Unlisted Class of Units of the CSOP HKD ETF (where available). Switching of Unlisted Class of Units of the CSOP HKD ETF to unlisted shares, units or interests in any other collective schemes (including any other Sub-Funds of the Trust) is currently not permitted.

Payment of redemption proceeds

Save as otherwise agreed by the Manager, and so long as relevant account details have been provided, redemption proceeds in respect of Unlisted Class of Units will normally be paid by telegraphic transfer, within 7 Business Days after the relevant Dealing Day and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented redemption request, unless legal or regulatory requirements (such as foreign currency controls) to which the Sub-Fund is subject render the payment of the redemption proceeds within the aforesaid time period not practicable, and such extended time frame should reflect the additional time needed in light of the specific circumstances in the relevant market.

Investment minima

The following investment minima apply to the Unlisted Class of Units:

	Class A Units	**Class P Units**
Minimum initial investment	HKD10 or equivalent	HKD0.01 or equivalent
Minimum subsequent investment	HKD10 or equivalent	HKD0.01 or equivalent
Minimum holding	HKD10 or equivalent	HKD0.01 or equivalent
Minimum redemption amount	HKD10 or equivalent	HKD0.01 or equivalent

The Manager may, in its absolute discretion, waive or agree to a lower amount of any of the above investment minima (either generally or in any particular case).

4. INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The investment objective of the CSOP HKD ETF is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Benchmark, namely, the 3-month HIBOR. There is no assurance that the CSOP HKD ETF will achieve its investment objective.

Investment Strategy

In order to achieve the investment objective of the CSOP HKD ETF, the Manager will invest all, or substantially all, of the assets of the CSOP HKD ETF in Hong Kong Dollar-denominated and settled short-term deposits and money market instruments issued by Eligible Financial Institutions (including their group companies), including debt securities (issued by governments, quasi-governments, international organisations and financial institutions), commercial papers, certificates of deposits and commercial bills. The CSOP HKD ETF will invest primarily in Hong Kong. Other countries or regions in which the CSOP HKD ETF may invest in include, but are not limited to, Singapore, Australia and Korea.

The Manager will adopt a passive tracking strategy (to provide return that follows the Benchmark) and will construct the portfolio of the CSOP HKD ETF from time to time based on the following criteria:

1. *Credit rating*: First, the Manager will screen the instruments based on the credit rating of the instruments or their issuers. The CSOP HKD ETF will place short-term deposits with, and invest in money market instruments issued by, Eligible Financial Institutions (including their group companies). An "Eligible Financial Institution" is a financial institution which has a minimum short-term rating of F3 by Fitch Ratings Inc. ("Fitch"), P-3 by Moody's Investors Service, Inc. ("Moody's") or A-3 by Standard and Poor's Financial Services LLC ("S&P") (including sub-categories or gradations therein).

   For debt securities issued by governments, quasi-governments, international organisations or financial institutions, the debt securities or their issuer must be rated investment grade or above by Fitch, Moody's or S&P or other international credit rating agencies. A short-term debt security is considered investment grade if its credit rating is A-3 or higher by S&P or F3 or higher by Fitch or P-3 or higher by Moody’s or equivalent rating as rated by one of the international credit rating agencies.

2. *Liquidity*: Investments that satisfy the credit rating requirements will be assessed based on liquidity. The Manager will assess the liquidity of the instruments based on historical liquidity of similar money market instruments, by assessing the days to liquidate for such instruments. Only instruments or deposits with high liquidity will be included in the portfolio of the CSOP HKD ETF.

3. *Target maturity*: Out of investments that fulfil the criteria on credit rating and liquidity, the portfolio will be constructed out of investments with an average maturity close to (but not exceeding) 60 days.

The Manager will regularly monitor the portfolio of the CSOP HKD ETF against the above criteria.

The CSOP HKD ETF is also subject to the following restrictions: The aggregate value of the CSOP HKD ETF’s holding of instruments and deposits issued by a single entity will not exceed 10% of the Net Asset Value of the CSOP HKD ETF except: (i) where the entity is a substantial financial institution (as defined in the Code) and the total amount does not exceed 10% of the entity’s share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of Government and other Public Securities, up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000, where the CSOP HKD ETF cannot otherwise diversify as a result of its size. Not more than 10% of the CSOP HKD ETF’s Net Asset Value will be invested in securities issued or guaranteed by a single sovereign issuer (including its government, a public or local authority) with a credit rating below investment grade or is unrated.

The CSOP HKD ETF will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other Public Securities.

The CSOP HKD ETF may enter into sale and repurchase transactions for up to 10% of its Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. Sale and repurchase transactions are transactions where the CSOP HKD ETF sells securities such as bonds for cash and simultaneously agrees to repurchase the securities from the counterparty at a pre-determined future date for a pre-determined price. A sale and repurchase transaction is economically similar to secured borrowing, with the counterparty of the CSOP HKD ETF receiving securities as collateral for the cash that it lends to the CSOP HKD ETF. The Manager’s policy regarding repurchase transactions as set out in Schedule 1 apply to the CSOP HKD ETF.

Currently the Manager has no intention to invest the CSOP HKD ETF in any financial derivative instruments (including structured deposits, products or instruments) for investment or hedging purposes, and will not enter into securities lending transactions or reverse repurchase transactions and other similar over-the-counter transactions. The Manager will seek the prior approval of the

Commission and provide at least one month's prior notice to Unitholders before the CSOP HKD ETF engages in any such investments.

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

The investment strategy of the CSOP HKD ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

5. BORROWING RESTRICTIONS

The Manager may borrow up to 10% of the total Net Asset Value of the CSOP HKD ETF on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

6. DISTRIBUTION POLICY

Net income earned by the CSOP HKD ETF will not be re-invested. The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP HKD ETF's net income after fees and costs, subject to its discretion.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the CSOP HKD ETF.

The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP HKD ETF are charged to/paid out of the capital of the CSOP HKD ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP HKD ETF and therefore, the CSOP HKD ETF may effectively pay dividend out of capital. **Investors should note that payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP HKD ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP HKD ETF and will reduce any capital appreciation for the Unitholders of the CSOP HKD ETF.**

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/en/products/money-market-etf.

The distribution policy may be amended subject to the Commission's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the Base Currency of the CSOP HKD ETF (i.e. HKD). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in HKD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/en/products/money-market-etf and (in respect of the Listed Class of Units) on HKEx's website http://www.hkexnews.hk/.

There can be no assurance that a distribution will be paid.

Each Unitholder will receive distributions in HKD. In the event that the relevant Unitholder has no HKD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from HKD to RMB or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions.

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

7. RISK FACTORS RELATING TO CSOP HKD ETF

In addition to the general risk factors common to all Sub-Funds set out in section "***4. General Risk Factors***" in Part 1 of this Prospectus, investors should also consider the specific risks associated with investing in the CSOP HKD ETF including those set out below. The following statements are intended to be summaries of some of those risks. They do not offer advice on the suitability of investing in the CSOP HKD ETF. Investors should carefully consider the risk factors described below together with the other relevant information included in this Prospectus before deciding whether to invest in Units of the CSOP HKD ETF. The Commission's authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

7.1 ***Risks relating to Investments***

Investment in CSOP HKD ETF not a deposit: The purchase of a Unit in the CSOP HKD ETF is not the same as placing funds on deposit with a bank or deposit-taking company. The CSOP HKD ETF does not guarantee principal and the Manager has no obligation to redeem the Units at the offer value. The CSOP HKD ETF does not have a constant Net Asset Value. The CSOP HKD ETF is not subject to the supervision of the Hong Kong Monetary Authority. It is not principal protected and is not protected by the deposit protection scheme.

Investors should be aware that investment in the CSOP HKD ETF is subject to normal market fluctuations and other risks inherent in the underlying assets into which the CSOP HKD ETF may invest. There can be no assurance that any appreciation in value of investments will occur. There is no guarantee of repayment of principal.

Interest rate risk: The return of the CSOP HKD ETF tracks the performance of the 3-month HIBOR. The factors influencing interest rates include, amongst other things, monetary policy, fiscal policy and inflation. If the 3-month HIBOR becomes negative, the CSOP HKD ETF will suffer a loss. Moreover, if the 3-month HIBOR is at a low level, the CSOP HKD ETF may also produce a negative return over a given period of time, as ongoing charges of the CSOP HKD ETF may be higher than the interests received by the CSOP HKD ETF. Therefore, the CSOP HKD ETF may suffer a loss even when the 3-month HIBOR is positive.

Not an actively managed money market fund: Investing in the CSOP HKD ETF is not the same as investing in an actively managed money market fund. The management company of an actively managed money market fund actively manages the fund's portfolio from time to time by investing in a range of deposits or debt securities issued by different issuers. An actively managed money market fund's investments are typically diversified and so do not follow a single interest rate reference. Unlike the management company of an actively managed money market fund, the Manager adopts a passive tracking strategy to provide return that follows the 3-month HIBOR.

Risks associated with bank deposits: Bank deposits are subject to the credit risks of the relevant financial institutions. The CSOP HKD ETF's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the CSOP HKD ETF. Therefore, if the relevant financial institution defaults, the CSOP HKD ETF may suffer losses as a result.

Risks associated with debt securities

Short-term debt instruments risk: As the CSOP HKD ETF invests in short-term debt instruments with short maturities, the turnover rates of the CSOP HKD ETF's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term debt instruments may also increase which in turn may have a negative impact on the Net Asset Value of the CSOP HKD ETF.

Credit/counterparty risk: The CSOP HKD ETF is exposed to the credit/default risk of issuers of the debt securities that it may invest in.

Interest rate risk: Investment in the CSOP HKD ETF is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

Sovereign debt risk: The CSOP HKD ETF's investment in debt instruments issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the CSOP HKD ETF to participate in restructuring such debts. The CSOP HKD ETF may suffer significant losses when there is a default of sovereign debt issuers.

Credit rating risk and downgrading risk: Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the CSOP HKD ETF may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

Valuation risk: Valuation of the CSOP HKD ETF's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the CSOP HKD ETF.

Concentration risk. The CSOP HKD ETF will invest primarily in Hong Kong Dollar-denominated and settled short-term deposits, money market instruments and debt securities to track the performance of 3-month HIBOR. The CSOP HKD ETF is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy. The value of the CSOP HKD ETF may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Hong Kong market.

Risks relating to repurchase agreements. In the event of the failure of the counterparty with which collateral has been placed, the CSOP HKD ETF may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

Reliance on the Investment Adviser risk. The Investment Adviser shall provide investment advice to the Manager in relation to the CSOP HKD ETF in accordance with the investment strategies of the CSOP HKD ETF as set out in the Offering Documents, including without limitation investment advice on interest rates and certificate of deposits. Any disruption in the communication with or assistance from the Investment Adviser or a loss of service of the Investment Adviser or any of its key personnel might adversely affect the operations of the CSOP HKD ETF.

7.2 ***Dual-Counter Trading risks (applicable to the Listed Class of Units only)***

Dual-Counter risk. The Dual-Counter arrangement adopted by the CSOP HKD ETF may bring additional risks for investment in the Listed Class of Units of the CSOP HKD ETF and may make such investment riskier than investment in single counter exchange traded funds. For example where for some reason there is a settlement failure on an inter-counter day trade if the Listed Class of Units of one counter are delivered to CCASS at the last settlement on a trading day, there may not be enough time to transfer the Listed Class of Units to the other counter for settlement on the same day.

Moreover, where there is a suspension of the inter-counter transfer of Listed Class of Units among the HKD counter and the RMB counter for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Listed Class of Units in the currency of the relevant counter. Accordingly it should be noted that inter-counter transfers may not always be available. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Dual-Counter trading and inter-counter transfer.

Investors without RMB accounts may buy and sell HKD traded Units of the Listed Class of Units only. Such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in HKD only.

Inter-counter trading risk. Although an investor may buy from one counter and sell the same on the other counter in the same day, it is possible that some brokers/intermediaries and CCASS Participants may not be familiar with and may not be able to (i) buy Listed Class of Units in one counter and to sell Listed Class of Units in the other, (ii) carry out inter-counter transfers of Listed Class of Units, or (iii) trade Listed Class of Units in the HKD counter and the RMB counter at the same time. In such case (i) to (iii), another broker, intermediary or CCASS Participant may need to be used. This may inhibit or delay dealing in the HKD traded Units and RMB traded Listed Class of Units and may mean investors may only be able to trade their Listed Class of Units in one currency. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Dual-Counter trading and inter-counter transfers.

Investors should therefore consult their brokers/intermediaries on the services that the brokers/intermediaries may provide in this regard along with the associated risks and fees. In particular, some brokers/intermediaries may not have in place systems and controls to facilitate inter-counter trading and/or inter-counter day trades.

Difference in trading prices risk. There is a risk that due to different factors such as market liquidity, market supply and demand in the respective counters and the exchange rate among HKD and RMB, the market price on the SEHK of Listed Class of Units traded in RMB may deviate significantly from the market price on the SEHK of Listed Class of Units traded in HKD. The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Listed Class of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Listed Class of Units traded in RMB or buying Listed Class of Units traded in RMB, an investor may receive less or pay more than the equivalent amount in HKD if the trade of the relevant Listed Class of Units is in HKD and vice versa. There can be no assurance that the price of Listed Class of Units in each counter will be equivalent.

Currency exchange risk. Investors who bought Listed Class of Units on the RMB counter may be subject to currency exchange risk as the assets of the CSOP HKD ETF are denominated in HKD and the Net Asset Value of the CSOP HKD ETF will be calculated in HKD.

HKD distributions risk. Investors should note that where a Unitholder holds Listed Class of Units traded under the RMB counter, the relevant Unitholder will only receive distributions in HKD and not RMB. In the event the relevant Unitholder has no HKD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from HKD into RMB or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

7.3 ***Risks specific to the Listed Class of Units***

No market in the Units risk. Although the Listed Class of Units are listed on the SEHK and the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for Listed Class of Units trading in each of the HKD counter and the RMB counter, investors should be aware that there may be no liquid trading market for the Listed Class of Units or that such market maker(s) may cease to fulfil that role. Further, there can be no assurance that Listed Class of Units will experience trading or pricing patterns similar to those of other exchange traded fund which are traded on the SEHK and which are based upon indices.

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

Termination of Market Maker risk. A market maker may cease to act as a market maker for the Listed Class of Units of the CSOP HKD ETF in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one market maker for Listed Class of Units for each counter of the CSOP HKD ETF will be ninety (90) days. The liquidity for the HKD traded and RMB traded Listed Class of Units may be affected if there is no market maker for the Listed Class of Units of the respective counter. The Manager will use its best endeavours to put in place arrangements so that there is at least one market maker for each counter (although these market makers may be the same entity) to facilitate efficient trading of Listed Class of Units of the relevant trading currency (i.e. HKD or RMB). It is possible that there is only one SEHK market maker for each counter of the Listed Class of Units or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

7.4 ***Other risks***

Operating risk. There is no assurance that the performance of the CSOP HKD ETF will be identical to the performance of the Benchmark. The level of fees, taxes and expenses payable by the CSOP HKD ETF will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the CSOP HKD ETF can be estimated, the growth rate of the CSOP HKD ETF, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the CSOP HKD ETF or the actual level of its expenses. Under the terms of the Trust Deed and as summarised under section "***12.5 Termination of the Trust or a Sub-Fund***" in Part 1 of this Prospectus, the Manager may terminate the CSOP HKD ETF. On the termination of the CSOP HKD ETF, the CSOP HKD ETF will be liquidated and investors will receive distributions of cash although the Manager has the power to decide to make distributions in specie.

Distributions paid out of capital risk. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP HKD ETF are charged to/paid out of the capital of the CSOP HKD ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP HKD ETF and therefore, the CSOP HKD ETF may effectively pay dividend out of the capital. **Investors should note that the payment of distributions out of or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any such distributions may result in an immediate reduction in the Net Asset Value per Unit of the CSOP HKD ETF.**

8. FEES AND CHARGES

8.1 ***General***

The following fees apply to investors of both Listed Class of Units and Unlisted Class of Units.

Management Fees and Servicing Fees

The Manager is entitled to receive a management fee. For Listed Class of Units and Class A Units, the current rate is 0.30% per annum of the Net Asset Value of the relevant Class of Units accrued daily and calculated as of each Dealing Day and payable monthly in arrears. For Class P Units, the current rate is 0.80% per annum of the Net Asset Value of Class P Units accrued daily and calculated as of each Dealing Day and payable monthly in arrears.

Trustee's and Registrar's Fee

The management fee is inclusive of the Trustee's and Registrar's fee and the Manager will pay the fees of the Trustee and the Registrar out of the management fee.

The Trustee's fee is inclusive of fees payable to the Custodian.

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

Investment Adviser's Fee

The management fee is inclusive of the Investment Adviser's fee and the Manager will pay the fees of the Investment Adviser out of the management fee.

Other Changes and Expenses of CSOP HKD ETF

Please refer to section "***12.4 Other Charges and Expenses***" in Part 1 of this Prospectus on other charges and expenses payable by the CSOP HKD ETF.

Establishment costs of CSOP HKD ETF

The costs and expenses incurred by the Manager and the Trustee in establishing the CSOP HKD ETF are estimated to be HKD800,000; such costs shall be borne by the CSOP HKD ETF (unless otherwise determined by the Manager) and amortised over the first 3 financial years of the CSOP HKD ETF (unless the Manager decides a shorter period is appropriate).

8.2 ***Listed Class of Units***

The following fees apply to investors of Listed Class of Units only.

Service Agent's Fee

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

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

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

Participating Dealers

Application Cancellation Fee	HKD10,000 per cancellation (See Note 1)
Extension Fee	HKD10,000 per extension (See Note 1)
Transaction Fee	HKD600 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

Creation of Listed Class of Units by a Participating Dealer

Redemption of Listed Class of Units by a Participating Dealer

Application Cancellation Fee	HKD10,000 per cancellation (See Note 1)
Extension Fee	HKD10,000 per extension (See Note 1)
Transaction Fee	HKD600 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

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

Primary Market Investors creating or redeeming Listed Class of Units through a Participating Dealer or a stockbroker

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

Secondary Market Investors Dealing in Listed Class of Units on the SEHK

Brokerage	Market rates ((in currency determined by the intermediaries used by the investors)
Transaction levy	0.0027% (see Note 4)
Trading fee	0.005% (see Note 5)
Stamp duty	Nil (see Note 6)
Investor compensation levy	0.002% (currently suspended) (see Note 7)
Inter-counter transfers	HKD5 (see Note 8)

Note:

1. The Application Cancellation Fee of HKD10,000 and the Extension Fee of HKD10,000 are payable by the Participating Dealer, and are payable to the Trustee for its own account, on each occasion the Manager grants the request of such Participating Dealer for cancellation or extended settlement in respect of such Application as provided in this Prospectus.

2. A Transaction Fee of HKD600 per Application is payable by each Participating Dealer for the account and benefit of the Trustee.

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

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

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

6. For a transfer executed for a transaction by which a Listed Class of Unit of the CSOP HKD ETF is transferred, stamp duty is waived pursuant to the Stamp Duty (Amendment) Ordinance 2015.

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

8. HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of Listed Class of Units of the CSOP HKD ETF from one counter to another counter. Investors should check with their brokers regarding any additional fees.

8.3 ***Unlisted Class of Units***

The following fees apply to investors of Unlisted Class of Units only.

Subscription, redemption and switching fees payable by Unitholders of Unlisted Class of Units

	Unlisted Class of Units
Subscription fee	Up to 5 per cent. of the subscription monies
Redemption fee	Nil
Switching fee	N/A

Investors should note that switching between Unlisted Class of Units and Listed Class of Units on the secondary market is not available. Distributors who wish to switch between Unlisted Class of Units and Listed Class of Units should do so in accordance with the procedures as agreed with the Manager and the Trustee.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Please refer to section "***12.11 Documents Available for Inspection***" in Part 1 of this Prospectus for the list of documents that are available for inspection.

10. TERMINATION OF CSOP HKD ETF

Without prejudice to the grounds of termination as set out in the section headed "***12.5 Termination of the Trust or a Sub-Fund***" in Part 1 of this Prospectus, if on any date, the aggregate Net Asset Value of the Units of the relevant classes outstanding in relation to the CSOP HKD ETF shall be less than HKD100 million, the CSOP HKD ETF and/or any classes of Units relating to the CSOP HKD ETF may be terminated by the Manager in its absolute discretion by notice in writing.

11. PUBLICATION OF INFORMATION RELATING TO CSOP HKD ETF

The following information relating to the CSOP HKD ETF will be published on the Manager's website http://www.csopasset.com/en/products/money-market-etf:

- (in respect of the Listed Class of Units) the near real-time indicative Net Asset Value per Unit in respect of the Listed Class of Units in HKD and RMB of the CSOP HKD ETF updated every 15 seconds throughout the SEHK trading hours; and

- the last Net Asset Value of the CSOP HKD ETF in HKD only, and the last Net Asset Value per Unit of each class of Units of the CSOP HKD ETF (including, in respect of the Listed Class of Units, the last Net Asset Value per Unit in HKD and RMB).

Please refer to section "***12.14 Publication of Information Relating to the Sub-Funds***" in Part 1 of this Prospectus for other information that will be published on the Manager's website http://www.csopasset.com/en/products/money-market-etf.

In respect of the Listed Class of Units, the near real-time indicative Net Asset Value per Unit of CSOP HKD ETF in RMB denomination is indicative and for reference purposes only. This is updated during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in RMB uses a real-time CNH:HKD foreign exchange rate – it is calculated using a near real-time indicative Net Asset Value per Unit in HKD multiplied by a real-time CNH:HKD foreign exchange rate provided by Reuters when the SEHK is opened for trading.

In respect of the Listed Class of Units, the last Net Asset Value per Unit of CSOP HKD ETF in RMB is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in HKD multiplied by an assumed foreign exchange rate using the CNH:HKD exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) as of the same Dealing Day.

12. REPLACEMENT OF BENCHMARK

The Manager reserves the right, with the prior approval of the Commission and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Benchmark. The circumstances under which any such replacement might occur include but are not limited to the following events:

(a) the Benchmark ceasing to exist;

(b) a new benchmark becoming available that supersedes the existing Benchmark;

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

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

The Manager may change the name of the CSOP HKD ETF if the Benchmark changes or for any other reasons. Any change to (i) the use by the CSOP HKD ETF of the Benchmark and/or (ii) the name of the CSOP HKD ETF will be notified to investors.

13. THE BENCHMARK

The Benchmark of the CSOP HKD ETF is the 3-month Hong Kong Dollar Interest Settlement Rate (commonly known as Hong Kong Interbank Offered Rate or "**HIBOR**").

The Manager and its Connected Persons are independent of the HKAB.

HIBOR

The HIBOR are the rates of interest for Hong Kong Dollar deposits for the relevant period calculated by the HKAB each day (except Saturdays and general holidays) and displayed at 11:15 a.m. on the website of the HKAB. The fixings are made on the basis of quotations provided by 12-20 banks designated by the HKAB as reference banks and are available for HKD deposit maturity ranging between overnight deposits and 12 months. The Benchmark of the CSOP HKD ETF is the 3-month HIBOR. The fixings are determined by averaging the middle quotes after excluding the highest three quotes and lowest three quotes received from the reference banks with the result rounded up, if necessary, to the fifth decimal place.

The panel of reference banks appointed by HKAB is subject to annual review having regard to the criteria recommended by the Hong Kong Monetary Authority.

The HIBOR can be viewed on the HKAB's website at https://www.hkab.org.hk/DisplayInterestSettlementRatesAction.do?lang=en (this website is not reviewed by the Commission).

Benchmark code

The Bloomberg Code for the 3-month HIBOR is HIHD03M.

Licence agreement

The Manager has been granted a non-exclusive and non-transferable licence by the HKAB pursuant to an agency agreement dated 27 June 2018 (the "**Licence Agreement**") entered into between the Manager and the HKAB to receive, access, store and use and to disseminate the 3-month HIBOR and the quotations provided by banks designated by HKAB as reference banks in connection with the development, creation, listing, issuance and marketing of the CSOP HKD ETF, subject to the terms of the Licence Agreement. The Manager may download the 3-month HIBOR from the HKAB website or from another agent or third party carrier, for example Bloomberg.

The Licence Agreement may be terminated on not less than 3 months' written notice by either the Manager or the HKAB. The HKAB may also terminate the Licence Agreement at anytime by written notice to the Manager: (a) upon any breach by the Manager or any of its affiliates of any term of the Licence Agreement which is not remedied by the Manager within fourteen days of being required by the HKAB so to do; or (b) immediately in the event the Manager ceases to conduct business in the normal course, a receiver, manager, administrator, liquidator or similar official is appointed to take control of the Manager's business or assets other than for the purposes of amalgamation or reconstruction of the party concerned.

Disclaimer

HKAB makes no warranties, representations or undertakings, expressed or implied by law or otherwise, in relation to HKD Interest Settlement Rates and is not responsible for any errors or omissions, or losses caused by disruptions in the service, late publication or inaccuracy of the rates, or otherwise arising from the use of or reliance on the rates. By viewing, using or downloading HKD Interest Settlement Rates, you implicitly accept this disclaimer and agree to its terms.

APPENDIX 7

CSOP US DOLLAR MONEY MARKET ETF

(a sub-fund of the CSOP ETF Series, a Hong Kong umbrella unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

STOCK CODES (in respect of the Listed Class of Units):
3096 (HKD counter)
9096 (USD counter)

MANAGER

CSOP Asset Management Limited

5 September 2019

CSOP US DOLLAR MONEY MARKET ETF

Stock Codes:
3096 (HKD counter), 9096 (USD counter)

1. KEY INFORMATION

1.1 General

This Appendix sets out information specific to CSOP US Dollar Money Market ETF (the "**CSOP USD ETF**"). For general information about the Trust and its Sub-Funds, please refer to Part 1 of this Prospectus. Investors should read both Parts of this Prospectus before investing in the CSOP USD ETF. In particular, investors should consider the general risk factors set out in section "***4. General Risk Factors***" of Part 1 of this Prospectus and any specific risk factors set out in section "***7. Risk Factors relating to CSOP USD ETF***" of this Appendix, before investing in the CSOP USD ETF.

Investors should note that the CSOP USD ETF offers both Listed Class of Units and Unlisted Class of Units. Please refer to the sections relevant to your intended holding of Units.

1.2 Summary of Information

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

Key information applicable to both Listed Class of Units and Unlisted Class of Units

Investment Type		Exchange Traded Fund ("**ETF**") authorized as a collective investment scheme by the Commission under Chapter 8.2 and 8.6 of the Code
Benchmark		FTSE 3-Month US Dollar Eurodeposit Index Base Currency: USD
Benchmark Provider		FTSE Fixed Income LLC ("**Benchmark Provider**")
Investment Strategy		The CSOP USD ETF invests in US Dollar-denominated and settled short-term deposits and money market instruments. Please refer to section ***"4. Investment Objective and Strategy"*** of this Appendix for further details.
Parties	Manager	CSOP Asset Management Limited
	Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited
Base Currency		US dollars (USD)
Financial Year		Ending 31 December each year (The first financial year-end of CSOP USD ETF will be 31 December 2019. The first audited accounts and the first semi-annual unaudited interim financial reports of CSOP USD ETF will be for the period ending 31 December 2019 and 30 June 2019 respectively.)

Dividend Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP USD ETF's net income after fees and costs. Distributions on all Units (whether traded in HKD counter or USD counter) will be in USD only. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP USD ETF are charged to/paid out of the capital of the CSOP USD ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP USD ETF and therefore, the CSOP USD ETF may effectively pay dividend out of capital. Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP USD ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP USD ETF. Please refer to section "***6. Distribution Policy***" in this Appendix for further information on the distribution policy of the CSOP USD ETF and the risk factor headed "***Risk relating to distributions paid out of capital***" under sub-section "***7.4 Other risks***" in this Appendix for the risk associated with distributions paid out of capital.
Website	http://www.csopasset.com/en/products/usd-money-market-etf

Key information applicable to the Listed Class of Units only

Initial Issue Date	24 January 2019
Listing Date	25 January 2019
Dealing on SEHK Commencement Date	25 January 2019
Exchange Listing	SEHK - Main Board
Stock Codes	3096 (HKD counter) 9096 (USD counter)
Stock Short Names	CSOP USD MM (HKD counter) CSOP USD MM-U (USD counter)
Trading Board Lot Size	1,000 Units
Trading Currency	Hong Kong dollars (HKD counter) US dollars (USD counter)

Application Unit size for Creation/Redemption (only by or through Participating Dealers)	Minimum 1,000 Units (or multiples thereof)
Method of Creation/Redemption	Cash (USD) only
Management Fee	Up to 2% per annum of the Net Asset Value of the relevant Class of Units accrued daily and calculated as of each Dealing Day, with the current rate being 0.35% per annum of the Net Asset Value of the Listed Class of Units accrued daily and calculated as of each Dealing Day. One month's prior notice will be provided to investors if the management fee is increased up to the maximum rate.
Parties	
Participating Dealers	ABN AMRO Clearing Hong Kong Limited BOCOM International Securities Limited China Industrial Securities International Brokerage Limited China International Capital Corporation Hong Kong Securities Limited China Merchants Securities (HK) Co., Limited Haitong International Securities Company Limited **please refer to the Manager's website set out below for the latest list*
Market Maker (for USD counter and HKD counter)	Haitong International Securities Company Limited **please refer to the Manager's website set out below for the latest list*
Service Agent	HK Conversion Agency Services Limited

Key information applicable to the Unlisted Class of Units only

Dealing Deadline	10:30 a.m. (Hong Kong time) on each Dealing Day
Management Fee	Up to 2% per annum of the Net Asset Value of the relevant Class of Units accrued daily and calculated as of each Dealing Day. For Class A Units, the current rate is 0.35% per annum of the Net Asset Value of Class accrued daily and calculated as of each Dealing Day. For Class P Units, the current rate is 0.85% per annum of the Net Asset Value of Class P Units accrued daily and calculated as of each Dealing Day.

1.3 ***<u>Key similarities and differences between Listed Class of Units and Unlisted Class of Units</u>***

Investment objective	Same for both Listed Class of Units and Unlisted Class of Units. Please refer to the section "4. Investment Objective and

<table>
<tr><td>Investment strategy

Investment policy</td><td>Strategy”.</td></tr>
<tr><td>Valuation policy</td><td>Same for both Listed Class of Units and Unlisted Class of Units. Please refer to the section “Determination of the Net Asset Value” of the Prospectus.</td></tr>
<tr><td>Dealing arrangements</td><td>Different in respect of each of the Listed Class of Units and Unlisted Class of Units. Investors should note that the dealing deadlines in respect of Listed and Unlisted Class of Units are different, subject to the applicable valuation point.

In respect of the Listed Class of Units:

- The dealing - period in respect of each Dealing Day for a Creation Application or Redemption Application commences at 9:00 a.m. (Hong Kong time) on the immediately preceding Dealing Day and ends at the Dealing Deadline at 4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day, as may be revised by the Manager from time to time; and

- a Secondary Market Investor can buy and sell the Listed Class of Units on the SEHK through his stockbroker at any time the SEHK is open. Investors can buy or sell the Listed Class of Units at market price.

In respect of the Unlisted Class of Units, the Dealing Deadline is 10:30 a.m. (Hong Kong time) on each Dealing Day. Investors can buy or sell the Unlisted Class of Units at Net Asset Value.

<table>
<tr><th></th><th>Listed Class of Units</th><th>Unlisted Class of Units</th></tr>
<tr><td>Dealing Deadline in respect of a Dealing Day</td><td>4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day*</td><td>10:30 a.m. (Hong Kong time) on the Dealing Day</td></tr>
<tr><td>Valuation Point</td><td colspan="2">Approximately 11:00 a.m. (Hong Kong time) on the applicable Valuation Day</td></tr>
</table>
* Investors should note that Creation and Redemption Applications for Listed Class of Units received during the Dealing Period in respect of a Dealing Day (“Day T”) (i.e. between 9:00 a.m. to 4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day (“Day T-1”)) will be processed at the Net Asset Value per Unit of the Listed Class of Units of Day T, which is determined at the Valuation Point on Day T. For example:

In respect of Listed Class of Units

- a Creation or Redemption Application for Listed Class of Units received at or before 4:00 p.m. (Hong Kong time) on Day T-1 will be processed at the Net Asset Value per Unit of the Listed Class of Units of Day T; and</td></tr>
</table>

	- a Creation or Redemption Application for Listed Class of Units received at 10:00 a.m. (Hong Kong time) on Day T, i.e. after the Dealing Deadline of Day T for such class (i.e. 4:00 p.m. (Hong Kong time) on Day T-1), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class of Units of Day T+1. *In respect of Unlisted Class of Units* - a subscription or redemption application for Unlisted Class of Units received at 10:00 a.m. (Hong Kong time) on Day T, i.e. before the Dealing Deadline of Day T for such class, will be processed on Day T at the Net Asset Value per Unit of Unlisted Class of Units of Day T; and - a subscription or redemption application for Unlisted Class of Units received at 3:00 p.m. (Hong Kong time) on Day T, i.e. after the Dealing Deadline of Day T for such class, will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Unlisted Class of Units of Day T+1. Please refer to sections "Dealing of Listed Class of Units" and "Dealing of Unlisted Class of Units" for information relating to the Listed Class of Units and Unlisted Class of Units respectively.
Fee structure	Different in respect of each of the Listed Class of Units and Unlisted Class of Units. The Servicing Fee, Trustee's and Registrar's Fees and Investment Adviser's Fee are the same in respect of both classes of Units. For Listed Class of Units, the current management fee is 0.35% per annum of the Net Asset Value of the Listed Class of Units accrued daily and calculated as of each Dealing Day. For Class A Units, the current management fee is 0.35% per annum of the Net Asset Value of Class A Units accrued daily and calculated as of each Dealing Day. For Class P Units, the current management fee is 0.85% per annum of the Net Asset Value of Class P Units accrued daily and calculated as of each Dealing Day. An investment in the Listed Class of Units is subject to fees involved in relation to the trading of such Units on the SEHK (such as the Service Agent's Fee, transaction costs etc). An investment in the Unlisted Class of Units is subject to the payment of subscription fees. Please refer to the "Fees and Charges" section.
Investment return / Net	Different in respect of each of the Listed Class of Units and

Asset Value	Unlisted Class of Units due to various factors, including but not limited to the different fee structures applicable to each class of Units, different dealing arrangements (i.e. Listed Class of Units can be bought and sold at market price whereas Unlisted Class of Units are bought and sold at Net Asset Value) and charges, stamp duty. Please refer to the "Differences in dealing, fee and cost arrangements between Listed Class and Unlisted Class of Units" risk factor of the Prospectus.
Termination procedures	Different in respect of each of the Listed Class of Units and Unlisted Class of Units. Please refer to the "Termination of the Trust or a Sub-Fund" section of the Prospectus.

1.4 Market Maker (in respect of the Listed Class of Units)

The Manager will use its best endeavours to put in place arrangements so there is at all times at least one market maker for the Listed Class of Units of the CSOP USD ETF traded in each of the HKD counter and the USD counter, although these market makers may be the same entity. If the SEHK withdraws its permit to the existing market maker(s), the Manager will use its best endeavours to put in place arrangements so that there is at least one other market maker for each counter to facilitate the efficient trading of Listed Class of Units of the CSOP USD ETF. The Manager will use its best endeavours to put in place arrangements so that at least one market maker for each counter is required to give not less than 90 days' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of the CSOP USD ETF is available on http://www.csopasset.com/en/products/usd-money-market-etf and from time to time will be displayed on www.hkex.com.hk

2. DEALING OF LISTED CLASS OF UNITS

2.1 Exchange Listing and Trading

The Listed Class of Units of the CSOP USD ETF are listed and traded on the SEHK. Listed Class of Units in the CSOP USD ETF have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCASS. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in Listed Class of Units of the CSOP USD ETF in HKD and USD have already commenced.

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

If trading of the Listed Class of Units of the CSOP USD ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Listed Class of Units.

2.2 *Buying and Selling of Listed Class of Units of CSOP USD ETF on SEHK*

A Secondary Market Investor can buy and sell the Listed Class of Units of the CSOP USD ETF on the SEHK through his stockbroker at any time the SEHK is open. Listed Class of Units of the CSOP USD ETF may be bought and sold in the Trading Board Lot Size (or the multiples thereof). The Trading Board Lot Size is currently 1,000 Units for each of the HKD counter and the USD counter.

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

Please refer to section "***Trading of Listed Class of Units on the SEHK (Secondary Market)***" in Schedule 2 of Part 1 of this Prospectus for further information on buying and selling of Listed Class of Units on the SEHK.

2.3 *Dual-Counter Trading*

2.3.1 *Introduction of Dual-Counter Trading (Secondary Market)*

The Manager has arranged for the Listed Class of Units of the CSOP USD ETF to be available for trading on the secondary market on the SEHK under a Dual-Counter arrangement, whereby the Listed Class of Units of the CSOP USD ETF traded in HKD and USD are each assigned a separate stock code on the SEHK and are accepted for deposit, clearing and settlement in CCASS in more than one eligible currency (HKD or USD). Units are denominated in USD. The CSOP USD ETF will offer two trading counters on the SEHK i.e. HKD counter and USD counter to investors for secondary trading purposes.

Listed Class of Units of the CSOP USD ETF traded under the Dual-Counter can be distinguished by their stock codes, their stock short names and a unique and separate ISIN as follows:-

Counter	Stock code	Stock Short Name	Trading Currency	ISIN Number (ISIN: assigned to each counter)
HKD counter	3096	CSOP USD MM	HKD	HK0000473303
USD counter	9096	CSOP USD MM-U	USD	HK0000473311

Listed Class of Units of the CSOP USD ETF traded in the HKD counter will be settled in HKD and Listed Class of Units traded in the USD counter will be settled in USD. Apart from settlement in different currencies, the trading prices of Listed Class of Units of the CSOP USD ETF in the Dual-Counter may be different as the HKD counter and USD counter are two distinct and separate markets.

Under the Dual-Counter arrangement, creations and redemptions of new Listed Class of Units for the CSOP USD ETF in the primary market will be made in USD only. Listed Class of Units created can be credited to either the HKD counter or the USD counter; Listed Class of units redeemed can be debited from either the HKD counter or the USD counter.

Investors can buy and sell Listed Class of Units of the CSOP USD ETF traded in the same counter. Alternatively, they can buy in one counter and sell in the other counter provided their brokers/intermediaries or CCASS participants provide HKD and USD at the same time and offer inter-counter transfer services to support Dual-Counter trading. However, investors should note that the trading price of Listed Class of Units of the CSOP USD ETF traded in the HKD counter and the USD counter may be different and there is a risk that due to different factors such as market liquidity, market demand and supply in the respective counters and the exchange rate among HKD and USD, the market price on the SEHK of Listed Class of Units traded in USD may deviate significantly from the market price on the SEHK of Listed Class of Units traded in HKD.

Inter-counter buy and sell is permissible even if the trades take place within the same trading day. Investors should also note that some brokers/intermediaries may not provide inter-counter day trade services due to various reasons including operations, system limitations, associated settlement risks and other business considerations. Even if a broker/intermediary is able to provide such service, it may impose an earlier cut-off time, other procedures and/or fees.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual-Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factors under the section headed "***7.2 Dual-Counter Trading risks***" in this Appendix.

2.3.2 Transferability

Listed Class of Units of the CSOP USD ETF traded in the two counters are inter-transferable. Listed Class of Units traded in the HKD counter and Listed Class of Units traded in the USD counter can be transferred amongst each other by way of an inter-counter transfer on a one to one basis.

Inter-counter transfer of Listed Class of Units of the CSOP USD ETF will be effected and processed within CCASS only.

2.3.3 Switching

Investors should note that switching between Unlisted Class of Units and Listed Class of Units on the secondary market is not available. Participating Dealers who wish to switch between Listed Class of Units and Unlisted Class of Units should do so in accordance with the procedures as agreed with the Manager and the Trustee.

2.3.4 Unitholders' rights

Listed Class of Units of the HKD and USD counters belong to the same class in CSOP USD ETF and Unitholders of Listed Class of Units traded on the two counters are entitled to identical rights and are therefore treated equally.

2.3.5 Fees and Other Transaction Costs

The fees and costs payable by a Secondary Market Investor for buying and selling Listed Class of Units of the CSOP USD ETF on the SEHK are the same for the HKD and USD counters.

HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of the CSOP USD ETF from one counter to another counter.

2.4 <u>Creation Applications and Redemption Applications by Participating Dealers</u>

The general terms and procedures relating to Creation Applications and Redemption Applications by the Participating Dealers are set out in section "***Creation and***

Redemption of Application Units (Primary Market)" of Schedule 2 of Part 1 of this Prospectus, which should be read in conjunction with the following specific terms and procedures which relate to the CSOP USD ETF only.

The Manager currently allows Cash Creations and Cash Redemptions for Listed Class of Units of the CSOP USD ETF.

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

The Application Unit size for the Listed Class of Units of CSOP USD ETF is 1,000 Units. Creation Applications submitted in respect of Listed Class of Units other than in Application Unit size will not be accepted. The minimum subscription for the CSOP USD ETF is one Application Unit.

Listed Class of Units can be redeemed by way of a Redemption Application (through a Participating Dealer).

2.4.1 Dealing Period

The dealing period for the Listed Class of Units on each Dealing Day for a Creation Application or Redemption Application in respect of the CSOP USD ETF commences at 9:00 a.m. (Hong Kong time) on the immediately preceding Dealing Day and ends at the Dealing Deadline at 4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day, as may be revised by the Manager from time to time. Any Creation Application or Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the CSOP USD ETF, exercise its discretion to accept an Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such Application, the Manager shall not exercise its discretion to accept any Application.

Investors should note that the Dealing Deadline in respect of Listed Class of Units and Unlisted Class of Units are different, subject to the applicable valuation point.

The cleared funds in respect of Creation Applications must be received by 1:30 p.m. on the relevant Dealing Day or such other time as may be agreed by the Trustee, the Manager and the relevant Participating Dealer.

2.4.2 Issue Price and Redemption Price

The Issue Price of a Unit in respect of the Listed Class of Units in the CSOP USD ETF shall be the Net Asset Value per Unit of the relevant class calculated as of the Valuation Point in respect of the relevant Valuation Day rounded to the nearest fourth (4^{th}) decimal place (with 0.00005 being rounded up).

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

The benefit of any rounding adjustments will be retained by the CSOP USD ETF.

The "**Valuation Day**" of the CSOP USD ETF, coincides with, and shall mean, the

Dealing Day of the CSOP USD ETF or such other days as the Manager may determine.

The latest Net Asset Value of the Units will be available on the Manager's website at http://www.csopasset.com/en/products/usd-money-market-etf or published in such other publications as the Manager decides.

2.4.3 Dealing Day

In respect of the CSOP USD ETF, "**Dealing Day**" means each Business Day.

2.4.4 Rejection of Creation of Applications relating to CSOP USD ETF

The Manager, acting reasonably and in good faith, has the absolute discretion to reject a Creation Application in relation to the CSOP USD ETF in any of the circumstances set out in section "***Rejection of Creation Applications***" in Schedule 2 of Part 1 of this Prospectus.

3. DEALING OF UNLISTED CLASS OF UNITS

Available Classes

The Sub-Fund currently has the following Unlisted Class of Units which are available to investors:

- Class A Units
- Class P Units

Dealing procedures

For details of dealing procedures, please refer to the sections headed "Subscription of Unlisted Class of Units", "Redemption of Unlisted Class of Units" and "Switching of Unlisted Class of Units" in Schedule 3 of Part 1 of this Prospectus.

The following apply to the Unlisted Class of Units:

Dealing Day	Each Business Day
Valuation Day	each Dealing Day or such other days as the Manager may determine
Dealing Deadline	10:30 am (Hong Kong time) on each Dealing Day

Investors should note that the Dealing Deadline in respect of Listed Class of Units and Unlisted Class of Units are different, subject to the applicable valuation point.

Switching

Subject to the prior consent of the Manager either generally or in any particular case, Unitholders may switch part or all of their Unlisted Class of Units of the CSOP USD ETF into another Unlisted Class of Units of the CSOP USD ETF (where available). Switching of Unlisted Class of Units of the CSOP USD ETF to unlisted shares, units or interests in any other collective schemes (including any other Sub-Funds of the Trust) is currently not permitted.

Payment of redemption proceeds

Save as otherwise agreed by the Manager, and so long as relevant account details have been provided, redemption proceeds in respect of Unlisted Class of Units will normally be paid by telegraphic transfer, within 7 Business Days after the relevant Dealing Day and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented redemption request, unless legal or regulatory requirements (such as foreign currency controls) to which the Sub-Fund is subject render the payment of the redemption proceeds within the aforesaid time period not practicable, and such extended time frame should reflect the additional time needed in light of the specific circumstances in the relevant market.

Investment minima

The following investment minima apply to the Unlisted Class of Units:

	Class A Units	**Class P Units**
Minimum initial investment	USD 1 or equivalent	USD 0.01 or equivalent
Minimum subsequent investment	USD 1 or equivalent	USD 0.01 or equivalent
Minimum Holding	USD 1 or equivalent	USD 0.01 or equivalent
Minimum redemption amount	USD 1 or equivalent	USD 0.01 or equivalent

The Manager may, in its absolute discretion, waive or agree to a lower amount of any of the above investment minima (either generally or in any particular case).

4. INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The investment objective of the CSOP USD ETF is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Benchmark, namely, the FTSE 3-Month US Dollar Eurodeposit Index. There is no assurance that the CSOP USD ETF will achieve its investment objective.

Investment Strategy

In order to achieve the investment objective of the CSOP USD ETF, the Manager will invest all, or substantially all, of the assets of the CSOP USD ETF in US Dollar-denominated and settled short-term deposits and money market instruments issued by Eligible Financial Institutions (including their group companies), including debt securities (issued by governments, quasi-governments, international organisations and financial institutions), commercial papers, certificates of deposits and commercial bills.

The Manager will adopt a passive tracking strategy (to provide return that follows the Benchmark) and will construct the portfolio of the CSOP USD ETF from time to time based on the following criteria:

1. *Credit rating*: First, the Manager will screen the instruments based on the credit rating of the instruments or their issuers. The CSOP USD ETF will place short-term deposits with, and invest in money market instruments issued by, Eligible Financial Institutions (including their group companies). An "**Eligible Financial Institution**" is a financial institution which has a minimum short-term rating of F3 by Fitch Ratings Inc. ("**Fitch**"), P-3 by Moody's Investors Service, Inc. ("**Moody's**") or A-3 by Standard and Poor's Financial Services LLC ("**S&P**") (including sub-categories or gradations therein).

   For debt securities issued by governments, quasi-governments, international organisations or financial institutions, the debt securities or their issuer must be rated investment grade or above by Fitch, Moody's or S&P or other international credit rating agencies. A short-term debt security is considered investment grade if its credit rating is A-3 or higher by S&P or F3 or higher by Fitch or P-3 or higher by Moody's or equivalent rating as rated by one of the international credit rating agencies.

2. *Liquidity*: Investments that satisfy the credit rating requirements will be assessed based on liquidity. The Manager will assess the liquidity of the instruments based on historical liquidity of similar money market instruments, by assessing the days to liquidate for such instruments. Only instruments or deposits with high liquidity will be included in the portfolio of the CSOP USD ETF.

3. *Target maturity*: Out of investments that fulfil the criteria on credit rating and liquidity, the portfolio will be constructed out of investments with an average maturity close to (but not exceeding) 60 days.

The Manager will regularly monitor the portfolio of the CSOP USD ETF against the above criteria.

The CSOP USD ETF is also subject to the following restrictions: The aggregate value of the CSOP USD ETF's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the CSOP USD ETF except: (i) where the issuer is a substantial financial institution (as defined in the Code) and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of Government and other public securities, up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000, where the CSOP USD ETF cannot otherwise diversify as a result of its size. Not more than 10% of the CSOP USD ETF's Net Asset Value will be invested in securities issued or guaranteed by a single sovereign issuer (including its government, a public or local authority) with a credit rating below investment grade or is unrated.

The CSOP USD ETF will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other public securities.

The CSOP USD ETF may enter into sale and repurchase transactions for up to 10% of its Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. Repurchase transactions are transactions where the CSOP USD ETF sells securities such as bonds for cash and simultaneously agrees to repurchase the securities from the counterparty at a pre-determined future date for a pre-determined price. A repurchase transaction is economically similar to secured borrowing, with the counterparty of the CSOP USD ETF receiving securities as collateral for the cash that it lends to the CSOP USD ETF. The Manager's policy regarding repurchase transactions as set out in Schedule 1 apply to the CSOP USD ETF.

Currently the Manager has no intention to invest the CSOP USD ETF in any financial derivative instruments (including structured deposits, products or instruments) for investment purposes, and will not enter into securities lending transactions or reverse repurchase transactions and other similar over-the-counter transactions. The CSOP USD ETF may utilise financial derivative instruments (including interest rate swaps and currency swaps) for the purpose of hedging only. The Manager will seek the prior approval of the Commission and provide at least one month's prior notice to Unitholders before the CSOP USD ETF engages in any such investments for purposes other than hedging.

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

The investment strategy of the CSOP USD ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

5. BORROWING RESTRICTIONS

The Manager may borrow up to 10% of the total Net Asset Value of the CSOP USD ETF on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

6. DISTRIBUTION POLICY

Net income earned by the CSOP USD ETF will not be re-invested. The Manager intends to distribute income to Unitholders annually (in December) having regard to the CSOP USD ETF's net income after fees and costs, subject to its discretion.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the CSOP USD ETF.

The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP USD ETF are charged to/paid out of the capital of the CSOP USD ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP USD ETF and therefore, the CSOP USD ETF may effectively pay dividend out of capital. **Investors should note that payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the CSOP USD ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the CSOP USD ETF and will reduce any capital appreciation for the Unitholders of the CSOP USD ETF.**

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/en/products/usd-money-market-etf

The distribution policy may be amended subject to the Commission's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the Base Currency of the CSOP USD ETF (i.e. USD). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in USD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/en/products/usd-money-market-etf and on HKEX's website http://www.hkexnews.hk/.

There can be no assurance that a distribution will be paid.

Each Unitholder will receive distributions in USD. In the event that the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD to HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions.

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

7. RISK FACTORS RELATING TO CSOP USD ETF

In addition to the general risk factors common to all Sub-Funds set out in section "***4. General Risk Factors***" in Part 1 of this Prospectus, investors should also consider the specific risks associated with investing in the CSOP USD ETF including those set out below. The following statements are intended to be summaries of some of those risks. They do not offer advice on the suitability of investing in the CSOP USD ETF. Investors should carefully consider the risk factors described below together with the other relevant information included in this Prospectus before deciding whether to invest in Units of the CSOP USD ETF. The Commission's authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

7.1 Risks relating to Investments

Investment in CSOP USD ETF not a deposit: The purchase of a Unit in the CSOP USD ETF is not the same as placing funds on deposit with a bank or deposit-taking company. The CSOP USD ETF does not guarantee principal and the Manager has no obligation to redeem the Units at the offer value. The CSOP USD ETF does not have a constant Net Asset Value. The CSOP USD ETF is not subject to the supervision of the Hong Kong Monetary Authority. It is not principal protected and is not protected by the deposit protection scheme.

Investors should be aware that investment in the CSOP USD ETF is subject to normal market fluctuations and other risks inherent in the underlying assets into which the CSOP USD ETF may invest. There can be no assurance that any appreciation in value of investments will occur. There is no guarantee of repayment of principal.

Interest rate risk: The return of the CSOP USD ETF measures the performance of US Dollar money market instruments by tracking three-month Eurodeposits. The factors influencing interest rates, and in turn the performance of money market instruments include, amongst other things, monetary policy, fiscal policy and inflation. If the interest rate of three-month Eurodeposits becomes negative, the CSOP USD ETF will suffer a loss. Moreover, if the interest rate of three-month Eurodeposits is at a low level, the CSOP USD ETF may also produce a negative return over a given period of time, as ongoing charges of the CSOP USD ETF may be higher than the interests received by the CSOP USD ETF. Therefore, the CSOP USD ETF may suffer a loss even when the interest rate of three-month Eurodeposits is positive.

Not an actively managed money market fund: Investing in the CSOP USD ETF is not the same as investing in an actively managed money market fund. The management company of an actively managed money market fund actively manages the fund's portfolio from time to time by investing in a range of deposits or debt securities issued by different issuers. An actively managed money market fund's investments are typically diversified and so do not follow a single interest rate reference. Unlike the management company of an actively managed money market fund, the Manager adopts a passive tracking strategy to provide return that follows the Benchmark.

Risks associated with bank deposits: Bank deposits are subject to the credit risks of the relevant financial institutions. The CSOP USD ETF's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the CSOP USD ETF. Therefore, if the relevant financial institution defaults, the CSOP USD ETF may suffer losses as a result.

Risks associated with debt securities

Short-term debt instruments risk: As the CSOP USD ETF invests in short-term debt instruments with short maturities, the turnover rates of the CSOP USD ETF's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term debt instruments may also increase which in turn may have a negative impact on the Net Asset Value of the CSOP USD ETF.

Credit/counterparty risk: The CSOP USD ETF is exposed to the credit/default risk of issuers of the debt securities that it may invest in.

Interest rate risk: Investment in the CSOP USD ETF is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

Sovereign debt risk: The CSOP USD ETF's investment in debt instruments issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the CSOP USD ETF to participate in restructuring such debts. The CSOP USD ETF may suffer significant losses when there is a default of sovereign debt issuers.

Credit rating risk and downgrading risk: Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the CSOP USD ETF may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

Valuation risk: Valuation of the CSOP USD ETF's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the CSOP USD ETF.

Concentration risk. The CSOP USD ETF will invest primarily in US Dollar-denominated and settled short-term deposits, money market instruments and debt securities to track the performance of the Benchmark. The CSOP USD ETF is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy. The value of the CSOP USD ETF may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the US market.

Risks relating to repurchase agreements. In the event of the failure of the counterparty with which collateral has been placed, the CSOP USD ETF may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

7.2 Dual-Counter Trading risks (applicable to the Listed Class of Units only)

Dual-Counter risk. The Dual-Counter arrangement adopted by the CSOP USD ETF may bring additional risks for investment in the Listed Class of Units of the CSOP USD ETF and may make such investment riskier than investment in single counter exchange traded funds. For example where for some reason there is a settlement failure on an inter-counter day trade if the Listed Class of Units of one counter are delivered to CCASS at the last settlement on a trading day, there may not be enough time to transfer the Listed Class of Units to the other counter for settlement on the same day.

Moreover, where there is a suspension of the inter-counter transfer of Listed Class of Units among the HKD counter and the USD counter for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Listed

Class of Units in the currency of the relevant counter. Accordingly it should be noted that inter-counter transfers may not always be available. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Dual-Counter trading and inter-counter transfer.

Investors without USD accounts may buy and sell HKD traded Units of the Listed Class of Units only. Such investors will not be able to buy or sell USD traded Units and should note that distributions are made in USD only.

Inter-counter trading risk. Although an investor may buy from one counter and sell the same on the other counter in the same day, it is possible that some brokers/intermediaries and CCASS Participants may not be familiar with and may not be able to (i) buy Listed Class of Units in one counter and to sell Listed Class of Units in the other, (ii) carry out inter-counter transfers of Listed Class of Units, or (iii) trade Listed Class of units in the HKD counter and the USD counter at the same time. In such case (i) to (iii), another broker, intermediary or CCASS Participant may need to be used. This may inhibit or delay dealing in the HKD traded Units and USD traded Listed Class of Units and may mean investors may only be able to trade their Listed Class of Units in one currency. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Dual-Counter trading and inter-counter transfers.

Investors should therefore consult their brokers/intermediaries on the services that the brokers/intermediaries may provide in this regard along with the associated risks and fees. In particular, some brokers/intermediaries may not have in place systems and controls to facilitate inter-counter trading and/or inter-counter day trades.

Difference in trading prices risk. There is a risk that due to different factors such as market liquidity, market supply and demand in the respective counters and the exchange rate among HKD and USD, the market price on the SEHK of Listed Class of Units traded in USD may deviate significantly from the market price on the SEHK of Listed Class of Units traded in HKD. The trading price of HKD traded Units or USD traded Units is determined by market forces and so will not be the same as the trading price of Listed Class of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Listed Class of Units traded in USD or buying Listed Class of Units traded in USD, an investor may receive less or pay more than the equivalent amount in HKD if the trade of the relevant Listed Class of Units is in HKD and vice versa. There can be no assurance that the price of Listed Class of Units in each counter will be equivalent.

Currency exchange risk. Investors who bought Listed Class of Units on the HKD counter may be subject to currency exchange risk as the assets of the CSOP USD ETF are denominated in USD and the Net Asset Value of the CSOP USD ETF will be calculated in USD.

USD distributions risk. Investors should note that where a Unitholder holds Listed Class of Units traded under the HKD counter, the relevant Unitholder will only receive distributions in USD and not HKD. In the event the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

7.3 Risks specific to the Listed Class of Units

No market in the Units risk. Although the Listed Class of Units are listed on the SEHK and the Manager will use its best endeavours to put in place arrangements so there is at all times at least one market maker for Listed Class of Units traded in each of the HKD counter and the USD counter, investors should be aware that there may be no liquid trading market for the Listed Class of Units or that such market maker(s) may cease to fulfil that role. Further, there can be no assurance that Listed Class of Units will experience trading or pricing patterns similar to those of other exchange traded fund which are traded on the SEHK and which are based upon indices.

Termination of Market Maker risk. A market maker may cease to act as a market maker for the Listed Class of Units of the CSOP USD ETF in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one market maker for Listed Class of Units for each counter of the CSOP USD ETF will be ninety (90) days. The liquidity for the HKD traded and USD traded Listed Class of Units may be affected if there is no market maker for the Listed Class of Units of the respective counter. The Manager will use its best endeavours to put in place arrangements so that there is at least one market maker for each counter (although these market makers may be the same entity) to facilitate efficient trading of Listed Class of Units of the relevant trading currency (i.e. HKD or USD). It is possible that there is only one SEHK market maker for the Listed Class of Units or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

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

7.4 Other risks

Operating risk. There is no assurance that the performance of the CSOP USD ETF will be identical to the performance of the Benchmark. The level of fees, taxes and expenses payable by the CSOP USD ETF will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the CSOP USD ETF can be estimated, the growth rate of the CSOP USD ETF, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the CSOP USD ETF or the actual level of its expenses. Under the terms of the Trust Deed and as summarised under section "***12.5 Termination of the Trust or a Sub-Fund***" in Part 1 of this Prospectus, the Manager may terminate the CSOP USD ETF. On the termination of the CSOP USD ETF, the CSOP USD ETF will be liquidated and investors will receive distributions of cash although the Manager has the power to decide to make distributions in specie.

Distributions paid out of capital risk. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the CSOP USD ETF are charged to/paid out of the capital of the CSOP USD ETF, resulting in an increase in distributable income for the payment of dividends by the CSOP USD ETF and therefore, the CSOP USD ETF may effectively pay dividend out of the capital. **Investors should note that the payment of distributions out of or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any such distributions may result in an immediate reduction in the Net Asset Value per Unit of the CSOP USD ETF.**

8. FEES AND CHARGES

8.1 General

The following fees apply to investors of both Listed Class of Units and Unlisted Class of Units.

Management Fees and Servicing Fees

The Manager is entitled to receive a management fee. For Listed Class of Units and Class A Units, the currently rate is 0.35% per annum of the Net Asset Value of the relevant Class of Units accrued daily and calculated as of each Dealing Day and payable monthly in arrears. For Class P Units, the current rate is 0.85% per annum of the Net Asset Value of Class P Units accrued daily and calculated as of each Dealing Day and payable monthly in arrears.

Trustee's and Registrar's Fee

The management fee is inclusive of the Trustee's and Registrar's fee and the Manager will pay the fees of the Trustee and the Registrar out of the management fee.

The Trustee's fee is inclusive of fees payable to the Custodian

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

Other Changes and Expenses of CSOP USD ETF

Please refer to section "***12.4 Other Charges and Expenses***" in Part 1 of this Prospectus on other charges and expenses payable by the CSOP USD ETF.

Establishment costs of CSOP USD ETF

The costs and expenses incurred by the Manager and the Trustee in establishing the CSOP USD ETF are estimated to be USD100,000; such costs shall be borne by the CSOP USD ETF (unless otherwise determined by the Manager) and amortised over the first 3 financial years of the CSOP USD ETF (unless the Manager decides a shorter period is appropriate).

8.2 Listed Class of Units

The following fees apply to investors of Listed Class of Units only.

Service Agent's Fee

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

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

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

Participating Dealers

Creation of Listed Class of Units by a Participating Dealer

Application Cancellation Fee	USD1,200 per cancellation (See Note 1)
Extension Fee	USD1,200 per extension (See Note 1)
Transaction Fee	USD75 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

Redemption of Listed Class of Units by a Participating Dealer

Application Cancellation Fee	USD1,200 per cancellation (See Note 1)
Extension Fee	USD1,200 per extension (See Note 1)
Transaction Fee	USD75 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

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

Primary Market Investors creating or redeeming Listed Class of Units through a Participating Dealer or a stockbroker

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

Secondary Market Investors Dealing in Listed Class of Units on the SEHK

Brokerage	Market rates (in currency determined by the intermediaries used by the investors)
Transaction levy	0.0027% (see Note 4)
Trading fee	0.005% (see Note 5)
Stamp duty	Nil (see Note 6)
Investor compensation levy	0.002% (currently suspended) (see Note 7)
Inter-counter transfers	HKD5 (see Note 8)

Note:

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

2. A Transaction Fee of USD75 per Application is payable by each Participating Dealer for the account and benefit of the Trustee.

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

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

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

6. For a transfer executed for a transaction by which a Listed Class of Unit of the CSOP USD ETF is transferred, stamp duty is waived pursuant to the Stamp Duty (Amendment) Ordinance 2015.

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

8. HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of Listed Class of Units of the CSOP USD ETF from one counter to another counter. Investors should check with their brokers regarding any additional fees.

8.3 Unlisted Class of Units

The following fees apply to investors of Unlisted Class of Units only.

Subscription, redemption and switching fees payable by Unitholders of Unlisted Class of Units

	Unlisted Class of Units
Subscription fee	Up to 5 per cent of the subscription monies
Redemption fee	Nil
Switching fee	N/A

Investors should note that switching between Unlisted Class of Units and Listed Class of Units on the secondary market is not available. Distributors who wish to switch between Unlisted Class of Units and Listed Class of Units should do so in accordance with the procedures as agreed with the Manager and the Trustee.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Please refer to section "***12.11 Documents Available for Inspection***" in Part 1 of this Prospectus for the list of documents that are available for inspection.

10. TERMINATION OF CSOP USD ETF

Without prejudice to the grounds of termination as set out in the section headed "***12.5Termination of the Trust or a Sub-Fund***" in Part 1 of this Prospectus, if on any date, the aggregate Net Asset Value of the Units of the relevant classes outstanding in relation to the CSOP USD ETF shall be less than HKD100 million, the CSOP USD ETF and/or any classes of Units relating to the CSOP USD ETF may be terminated by the Manager in its absolute discretion by notice in writing.

11. PUBLICATION OF INFORMATION RELATING TO CSOP USD ETF

The following information relating to the CSOP USD ETF will be published on the Manager's website http://www.csopasset.com/en/products/usd-money-market-etf :

- (in respect of the Listed Class of Units) the near real-time indicative Net Asset Value per Unit in respect of the Listed Class of Units in HKD and USD of the CSOP USD ETF updated every 15 seconds throughout the SEHK trading hours; and

- the last Net Asset Value of the CSOP USD ETF in USD only, and the last Net Asset Value per Unit of each class of Units of the CSOP USD ETF (including, in respect of the Listed Class of Units, the last Net Asset Value per Unit in HKD and USD.

Please refer to section "***12.14Publication of Information Relating to the Sub-Funds***" in Part 1 of this Prospectus for other information that will be published on the Manager's website http://www.csopasset.com/en/products/usd-money-market-etf .

In respect of the Listed Class of Units, the near real-time indicative Net Asset Value per Unit of CSOP USD ETF in HKD denomination is indicative and for reference purposes only. This is updated during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in HKD uses a real-time HKD:USD foreign exchange rate – it is calculated using a near real-time indicative Net Asset Value per Unit in USD multiplied by a real-time HKD:USD foreign exchange rate provided by Reuters when the SEHK is opened for trading.

In respect of the Listed Class of Units, the last Net Asset Value per Unit of CSOP USD ETF in HKD is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in USD multiplied by an assumed foreign exchange rate using the HKD:USD exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) as of the same Dealing Day.

12. REPLACEMENT OF BENCHMARK

The Manager reserves the right, with the prior approval of the Commission and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Benchmark. The circumstances under which any such replacement might occur include but are not limited to the following events:

(a) the Benchmark ceasing to exist;

(b) a new benchmark becoming available that supersedes the existing Benchmark;

(c) a benchmark becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Benchmark.

The Manager may change the name of the CSOP USD ETF if the Benchmark changes or for any other reasons. Any change to (i) the use by the CSOP USD ETF of the Benchmark and/or (ii) the name of the CSOP USD ETF will be notified to investors.

13. THE BENCHMARK

The Benchmark of the CSOP USD ETF is the FTSE 3-Month US Dollar Eurodeposit Index.

General

The Benchmark is compiled and published by FTSE Fixed Income LLC (the "**Benchmark Provider**").

The Benchmark measures the performance of USD money market instruments, by tracking three-month Eurodeposits. "Eurodeposit" or "Eurodollar" refers to US Dollar-denominated deposits at foreign banks or at the overseas branches of American banks. They are called

"Eurodollar"/ "Eurodeposit" because these US Dollar-denominated deposits are not subject to US banking regulations and were originally held almost exclusively in Europe.

A large number of banks quote their Eurodeposit yield on Thomson Reuters every day, which then collect the data and show the real-time average price. The Benchmark is calculated using Thomson Reuters 4:00 pm London time yields, as further discussed below.

Please see below the key information about the Benchmark:

Currency	USD
Maturity	Three Months. All Eurodeposits are held to maturity.
Composition	The Benchmark comprises only three-month US Dollar Eurodeposits.
Rebalancing	Once a month on the last business day of the month (pricing as of the last business day of the monthly and settlement as of the last calendar day of the month.)
Pricing	Monthly yields (bid) obtained from Thomson Reuters, 4:00 p.m. London time
Calculation frequency	Daily
Settlement date	Monthly: Last calendar day Daily: Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month
Base date	31 December 1997

The Manager and its Connected Persons are independent of the Benchmark Provider. Please see below for the disclaimer of the Benchmark Provider.

The daily index value of the Benchmark is available on https://www.yieldbook.com/m/indices/returns.shtml (this website is not reviewed by the Commission).

Methodology

The Benchmark Provider computes daily and monthly returns for each instrument in its local currency and in USD terms, using the following assumptions:

- At the beginning of each month, a fraction of the Benchmark matures and is rolled over into a new Eurodeposit of the same maturity (i.e. three-month maturity). In any given month, a three-month index comprises three three-month Eurodeposits: one maturing this month, one maturing next month and one maturing in month three. Each month, one three-month Eurodeposit matures and one three-month Eurodeposit is added.

- The returns for a three-month index are computed from the actual Eurodeposits that constitute the index in that particular month. For example, the October return for the three-month index includes the return of a laddered investment with securities added in July, August, and September. At the end of October, the July 31 Eurodeposit matures and a new Eurodeposit is added as of October 31, to continue the ladder for future returns.

Pricing is based on monthly yields (bid) obtained from Thomson Reuters at 4:00 p.m. London time.

Local currency rate computation

The steps for computing returns on three-month Eurodeposits for a given month, *m* are detailed below.

Step 1
Obtain the nominal three-month Eurodeposit rates (quoted on an annual basis), Y_{m-i}, as of the end of the months *m-1*, *m-2*, and *m-3*.

Step 2
Convert y_{m-i} into an effective term yield (equivalent to the three-month return), E_{m-i}, for the three-month term starting on the last calendar day of month *m-i* and ending on the last calendar date of month *m-i+3*, using the actual number of days in the term and the day-count convention of the quoted rate (360 days per year for most, but not all, Eurodeposit rates):

$$E_{m-i} = U_{m-i} \text{ x } \left(\frac{\text{Actual days in 3-month term}}{360} \right), i = 1, 2, 3$$

Step 3
Calculate the effective monthly return, R_{m-i}, which, when compounded through the length of the three-month term, equals in the effective term yield computed in Step 2:

$$R_{m-I} = (1 + E_{m-i})^{\text{Days in m / Days in 3-month term}} - 1, i = 1, 2, 3$$

Step 4
Calculate an average of the three monthly yields derived in Step 3. This is the return on three-month deposits for the month m.

The same method is used to compute month-to-date returns on three-month Eurodeposits; the number of days used in Step 3 is appropriately modified.

Vendor code

Bloomberg Code: SBWMUD3L

Licence agreement

The Manager has been granted a licence by the Benchmark Provider use the Benchmark and relevant data in connection with the CSOP USD ETF pursuant to a licence agreement dated 15 October 2014, as amended and supplemented by (among others) an amendment agreement and a schedule both dated 18 January 2019 (together, the "**Licence Agreement**") entered into between the Manager and the Benchmark Provider (formerly known as Citigroup Index LLC).

The term of the licence is two years, commencing as of 18 January 2019. Thereafter, the licence shall automatically renew from year to year unless either party notifies the other, at least thirty days prior to the date the Licence Agreement would otherwise renew, that such party does not desire to renew the Licence Agreement. The Licence Agreement may otherwise be terminated in accordance with the provisions therein.

Disclaimer

The CSOP US Dollar Money Market ETF (the "**CSOP USD ETF**") has been developed solely by CSOP Asset Management Limited. The CSOP USD ETF is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "**LSE Group**"). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the FTSE 3-Month US Dollar Eurodeposit Index (the "**Index**") vest in the relevant

LSE Group company which owns the Index. FTSE®", "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®", "The Yield Book®" are trade marks of the relevant LSE Group companies and are used by any other LSE Group company under license. TMX®" is a trade mark of TSX, Inc. and used by the LSE Group under license.

The Index is calculated by or on behalf of FTSE Fixed Income, LLC or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the CSOP USD ETF. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the CSOP US Dollar Money Market ETF or the suitability of the Index for the purpose to which it is being put by CSOP Asset Management Limited.

CSOP
ASSET MANAGEMENT

www.csopasset.com
Telephone: (852) 3406 5688
Address: 2801-2803 Two Exchange Square, 8 Connaught Place, Central, Hong Kong